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Standard Foods Corporation

2015

Annual Report

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Standard Foods Corporation

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GDR Trading Market
Market: Euro MTF Market, Luxembourg Stock Exchange
Website: http://www.bourse.lu

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One. Letter to Shareholders

Dear shareholders,

In 2015, the food industry in Taiwan endeavored to escape the food safety crisis; the constantly changing global political and economic environments volatilized exchange rate and bulk commodity prices; and domestic consumption was weakened by the domestic economic slowdown. Although the macro environment was tough, we made no compromise to product quality and safety and continuously developed and released nutritious and healthy products for consumers. With the concerted effort of all employees, the consolidated revenue and profit in 2015 rose slightly compared to 2014. In China, we built new factories, continuously increased brand investments, and strengthened sales channel cultivation; and 2015 revenue increased significantly compared to 2014. Given that “quality and safety” are our ultimate commitment for customers, we will continue to affirm consumer faith with high quality, so that we can stand apart from the competition and create better performance.

In this report, we will present to you our combined business performance in 2015, the summary of our 2016 business plan, our future development strategies, along with impacts from external competitions, the legal environment, and the macro environment.

1. Business performance 2015

1.1. Consolidated revenue and profit overview

Unit: NT$1,000

	2015	%	2014	%	±%
Sales revenue	25,514,586	100	21,800,013	100	17
Cost of goods sold	17,473,736	68	15,577,607	72	12
Gross Profit	8,040,850	32	6,222,406	28	29
Earnings before tax	3,398,551	13	2,570,025	12	32
Net income of the year	2,752,467	11	2,090,360	10	32
Total comprehensive profit and loss	2,560,855	10	2,314,234	11	11

Compared to 2014, performances in 2015 included: consolidated revenue increased by 17% or NT$3.71 billion to NT$25.5 billion; individual revenue increased by 2% or NT$260 million to NT$11.75 billion; comprehensive income increased by 11% or NT$250 million to NT$2.56 billion. This amount included the comprehensive income of this Company at NT$2.54 billion, with an increase of 10% or NT$240 million.

1.2. Status of research and development

In 2015, Standard Foods invested a combined R&D fund amounted to NT$102 million. In addition to new product research, clinical trials, and technology development, we made continual review, improvement, and optimization of the current products, so as to provide consumers with higher quality products.

2. Summary of 2015 business plan and future development strategies

2.1. Operating guidelines

(1) Studying consumer shopping habits and product market trends to develop products meeting consumer needs, and developing new products to create new demand, to cultivate the blue ocean on the market.

(2) Optimizing quality control, enforcing product testing procedures from source management, enhancing product processing technology, and providing consumers with safe, nutritious, and healthy food.

(3) Enhancing occupational training to diversify personnel development, strengthening the Group's vertical and horizontal cooperation, reengineering internal organization, and improving the organization's operational flexibility and efficiency.

2.2. Expected sales volume and important marketing policies

Based on the estimated sales of 393,253 tons in 2016, the future production-marketing policy is summarized as follows:

(1) Production

- Aligning equipment investments with the Group's development strategy to effectively allocate internal resources and maximize benefits.
- Reinforcing cooperation with upstream suppliers and downstream distributors to enhance the efficiency of supply chain operation and smooth supply and demand.
- Strictly controlling each process of food manufacture, enforcing source management, to ensure all processes, from material input to product delivery to consumers, conform to the control standards.

(2) Marketing

- Capturing market trends: With the rise of health awareness and regimen trend in consumers, we will continuously promote products with equal emphasis on health, nutrition, and high quality and release new products that meet different consumer demands.
- Serving customers sincerely and getting closer to consumer needs and feelings to maintain brand coherence.
- Increasing product exposure with creative and flexible marketing strategies and omni-channel, to raise sales performance and increase market share.

3. Impacts of external competitions, the legal environment, and the macro environment

3.1. External competitions

Food products diversify as globalization continues. As increasing food manufacturers, both at home and abroad, are vying for the limited domestic food consumer market, competitions are getting keener, and successful products and markets also attract competitors to enter the game. By providing consumers with safe and nutritious products with our unchanged rigorous attitude, we win consumer support among competitors and became a market-leading brand. In the future, we will continue this attitude and develop innovative and highly value-added products to cope with the competitive and constantly changing market.

3.2. Legal environment

After a series of food safety crises, the government of Taiwan has optimized the management system of food safety and sanitation by amending relevant laws and regulations to protect food safety and consumer rights for citizens. The Ministry of Health and Welfare promulgated on July 31, 2015 the "Food Manufacturers Requiring the Establishment of Food Traceability and Tracking Systems" to request food manufacturers to establish own food traceability and tracking system and to upload data to the "Food Product Traceability and Tracking Management System (Must Trace)" every month. Aiming to become the most trustworthy food company in the Chinese world, we surpass statutory and regulatory requirements. Besides ensuring all products are 100% traceable and trackable, we implement product data registration to progressively coordinate with relevant laws and regulations.

3.3. Macro environment

In 2015, the US economy recovered and grew steadily, while the growth of the Chinese economy slowed down. As the USD strongly appreciated, the New Taiwan Dollar, CNY, and other Asian currencies all depreciated. To the food industry that highly depends on imported ingredients, foreign exchange volatility brings considerable impacts. The export decline lasted for several months led to a negative economic growth for the first time since the last global economic crisis. As economic uncertainties were ahead, consumers became more conservative, and the already weakened domestic consumer market diminished. In addition, as consumers are still under the shadow of the previous food safety crises, the overall food industry has not yet recovered. In the future, the alternation in the economic condition between major countries and regions, the adjustment of market supply and demand, and the flow and deployment of global capitals, the bulk materials, food ingredients, and exchange rate will naturally have considerable effects and impacts. As the domestic economic condition will also affect the momentum of the consumer market, the challenge ahead will be tougher for the domestic food industry that relies on imported ingredients and distributed products mainly domestically.

Looking to the future, we will continue to uphold the commitment: quality and safety for consumers and impose strict controls over each part of food manufacture. We firmly believe that providing consumers with satisfactory products and winning consumer trust and word of mouth are key to sustainable operations.

Chairman:	CEO:	Chief Accounting Office:
Mr. Ter-Fung Tsao	Mr. Ter-Fung Tsao	Chirs Hong

Two. Company Profile

I. Approval date: June 6, 1986

II. Development history

1986	• Standard Foods Taiwan Ltd. was invested and established by Standard International Foods Corp. The paid-in capital was NT$4,788,300. • Quaker Products Taiwan Ltd. invested in Standard Foods Taiwan Ltd., the paid-in capital increased to NT$4,788,400. • Standard Foods acquired the assets of Quaker Products Taiwan Ltd. and was granted its business license on August 8 to continue to manufacture and sell Quaker’s White Oats and Baby Cereal. • Increased the paid-in capital to NT$15,000,000 by cash capitalization of NT$10,211,600.
1987	• Quaker Products Taiwan Ltd. transferred all its shares in the Company to Quaker Oats Company. • Expansion of Ta Yuan plant facilities at an expense of over NT$15 million.
1988	• Increased the paid-in capital to NT$45,000,000 with retained earnings of NT$30,000,000 for expanding facilities and acquiring manufacturing equipment.
1990	• Acquired land in Wugu Industrial District for an amount over NT$120 million. • Grand opening of the first Pizza Inn Restaurant in Taiwan. • Increased the paid-in capital to NT$162,000,000 with retained earnings of NT$117,000,000. Par value of each share split from NT$100 to NT$10. • Securities and Exchange Commission authorized the Company as a public company.
1991	• Expansion of Ta Yuan shipping warehouse at an expense of over NT$21 million. • Increased the paid-in capital to NT$194,400,000 with retained earnings of NT$32,400,000
1992	• Increased the paid-in capital to NT$307,152,000 with retained earnings of NT$64,152,000 and cash capitalization of NT$48,600,000.
1993	• Invested in Standard Foods Singapore Pte Ltd. of US$2.32 million to re-invest an amount of US$2.25 million in Suzhou Standard Foods Co. to manufacture cereal products. • Increased the paid-in capital to NT$430,012,800 with retained earnings of NT$122,860,800. • Invested $79,999 thousand in Standard Friendship Taiwan Ltd. for 99.99% shareholdings. • Food and beverages operations transferred to Standard Friendship Taiwan Ltd. for professional management.
1994	• Increased the paid-in capital to NT$602,017,920 with retained earnings of NT$172,005,120. • The Company became a listed company in the Taiwan Stock Exchange on April 9.

1995 • Increased the paid-in capital to NT$848,338,570 with retained earnings of NT$246,320,650.
• Wired US$8.5 million, to repurchase the 51% equity interest of Standard Foods Singapore Pte Ltd. held by Quaker Oats Company for US$3.8 million and increased the investment in China by US$4.7 million.

1996 • Increased the paid-in capital to NT$1,191,168,430 with retained earnings of NT$342,829,860.

1997 • Increased the paid-in capital to NT$1,672,052,910 with retained earnings of NT$480,884,480.
• As resolved in the shareholders' meeting, Standard Friendship ceased its operations and sold its operational assets in December 1996.
• Invested in Charng-Li Investment Ltd. with an amount of NT$289,994 thousand for a shareholding of 99.9% to run investment business.
• In June 1997, Mr. Ter-Fung Tsao (Chairman of the Company) and Ms. H.D. Mon (major shareholder of the Company) used part of their equity interest in the Company to issue 3,000,000 Global Depositary Receipts ("GDRs") in Asia, Europe, and the United States; each unit represents 5 common shares of the Company.

1998 • Increased the paid-in capital to NT$2,094,702,360 with retained earnings of NT$422,649,450.
• Invested in Standard Beverage Ltd. with an amount of NT$99,999 thousand for a shareholding of 99.9% to produce bottled water.
• Increased investment in China by US$5 million.

1999 • Increased the paid-in capital to NT$2,623,606,510 with retained earnings of NT$528,904,150.
• Invested NT$328 million to establish Standard Dairy Products Taiwan Ltd. for the production of yogurt with 75% shareholding acquired. The products are included in the "Yoplait" brand.
• Acquired the factory, machinery and trademark of Fresh Dairy with NT$350 million to launch Fresh Delight series products.

2000 • Increased the paid-in capital to NT$3,022,645,060 with retained earnings of NT$399,038,550.
• Invested additional NT$108 million in Standard Dairy Products Taiwan Ltd. with 99% shareholding acquired in total.
• Increased the equity of Domex Technology Corporation to 49% by NT$214 million.
• Disposed of 900,000 shares of Standard Beverage Ltd. The equity interest decreased to 91%.
• Invested 100% equity in Accession Limited, based on BVI, with US$2 million. Then increased the equity by transferring assets as capital contribution and by cash total up to US$11.9 million.

2001 • Charng-Li Investment Ltd., our wholly-owned company, was renamed as Charng Hui Ltd.
• Automated storage was completed.
• Accession Limited invested in Shanghai Standard Foods Co. to sell cereal products.
• Increased the paid-in capital to NT$3,209,184,420 with retained earnings of NT$186,539,360.

- Invested 56% equity in Renewable Resource Technology (Cayman) Co., Ltd. with US$2.8 million with the goal of re-investing in Hunan Jiage Biotechnology Co., Ltd. with US$3.4 million to manufacture fermented organism products.

2002
- Accession Limited increased the paid-in capital to US$20,344,080 with US$5 million cash injection and US$1.42 million retained earnings.
- Accession Limited acquired the equity of Suzhou Standard Foods Co. from Standard Foods Singapore Pte Ltd. and Standard Foods Singapore Pte Ltd. went into liquidation.
- Changed the Company's name from "Standard Foods Taiwan Ltd." to "Standard Foods Corporation".

2003
- Shanghai Standard Foods Co., merged with Suzhou Standard Foods Co., Shanghai Standard Foods Co., is the continuing company. Suzhou Standard Foods Co., became a branch company of Shanghai Standard Foods Co.
- Invested in Accession Limited by US$2.2 million.
- Charng Hui Ltd., our wholly-owned, decreased the paid-in capital to NT$194 million by NT$96 million.

2004
- Liquidation of Singapore Standard Foods was completed.
- Accession Limited increased the paid-in capital to US$37,344,080 with US$14.8 million cash injection. Accession Limited decreased the paid-in capital to US$33,100,000 by US$4,244,080 in October 2004.

2005
- Accession Limited increased the paid-in capital to US$38,100,000 with US$5,000,000 cash injection.
- Increased the equity of Standard Dairy Products Taiwan Ltd. from 99.9% to 100%.

2006
- Changed the fiscal year to calendar year on January 1.
- SAP ERP system officially online.
- Charng Hui Ltd., our wholly-owned, decreased the paid-in capital to NT$150 million by NT$44 million.

2007
- Accession Limited increased the paid-in capital to US$43,100,000 with US$5,000,000 cash injection.

2008
- Signed a distribution agreement with Fonterra Brands (Far East) Limited (Hong Kong).
- Accession Limited increased the paid-in capital to US$50,600,000 with US$7,500,000 cash injection.

2009
- Accession Limited increased the paid-in capital to US$73,600,000 with US$23,000,000 cash injection.
- Increased the paid-in capital to NT$3,225,230,340 with retained earnings of NT$16,045,920

2010
- The Company's tangible stock shares are converted to intangible stock shares.
- Accession Limited increased the paid-in capital to US$123,600,000 with US$50,000,000 cash injection.
- Increased the paid-in capital to NT$3,709,014,890 with retained earnings of NT$483,784,550

2011 • The Company invested in and established Standard Investment (Cayman) Limited, which reinvested in and established Standard Corporation (Hong Kong) Limited.

- Standard Corporation (Hong Kong) Limited invested in and established Standard Investment (China) Limited.
- Standard Investment (China) Limited made reinvestment to set up Standard Food (China) Limited.
- Increased the paid-in capital to NT$4,636,268,610 with retained earnings of NT$927,253,720.

2012 • Increased the paid-in capital to NT$5,748,973,070 with retained earnings of NT$1,112,704,460

- Made a cash injection of US$ 30,010,000 to Standard Investment (Cayman) Limited. Total paid-in capital of the Company increased to US$ 30,010,000.

2013 • Increased the paid-in capital to NT$6,611,319,030 with retained earnings of NT$862,345,960.

- Made a cash injection of US$ 15,035,000 to Standard Investment (Cayman) Limited. Total paid-in capital of the Company increased to US$ 45,045,000.
- An increase in cash capital of NT$380,000,000 was invested in Charng Hui Ltd. for a total investment of NT$541,000,000.

2014 • Increased the paid-in capital to NT$7,206,337,740 with retained earnings of NT$595,018,710.

- Increased shareholding of Standard Beverage Ltd. from 97.1% to 100%
- Increased the paid-in capital of Standard Investment (Cayman) Limited to US$66,396,296 with retained earnings of CNY131,211,500 (equivalent to US$21,351,296).
- Established Shanghai Dermalab Corporation with re-investments through Standard Investment (China) Limited.
- Established Shanghai Lebinto Health Technology Corporation with re-investments through Standard Investment (China) Limited.

2015 • Increase the paid-in capital to NT$7,926,971,510 with retained earnings of NT$720,633,770.

- Increased the paid-in capital to US$89,295,753 with US$22,899,457 cash injection to Standard Investment (Cayman) Limited to establish Standard Foods (Xiamen) Limited and Shanghai Dermalab Corporation with re-investment through Standard Corporation (Hong Kong) Limited and Standard Investment (China) Limited.
- Standard Foods (Shanghai) Limited established Shanghai Lebinde Limited through asset partitioning at US$1,000,000.
- Accession Limited acquitted 80% shares of Dermalab S.A..
  Shanghai Lebinto Health Technology Corporation merged Beijing YiShengTongKang Biotechnology Limited with equivalent cash.

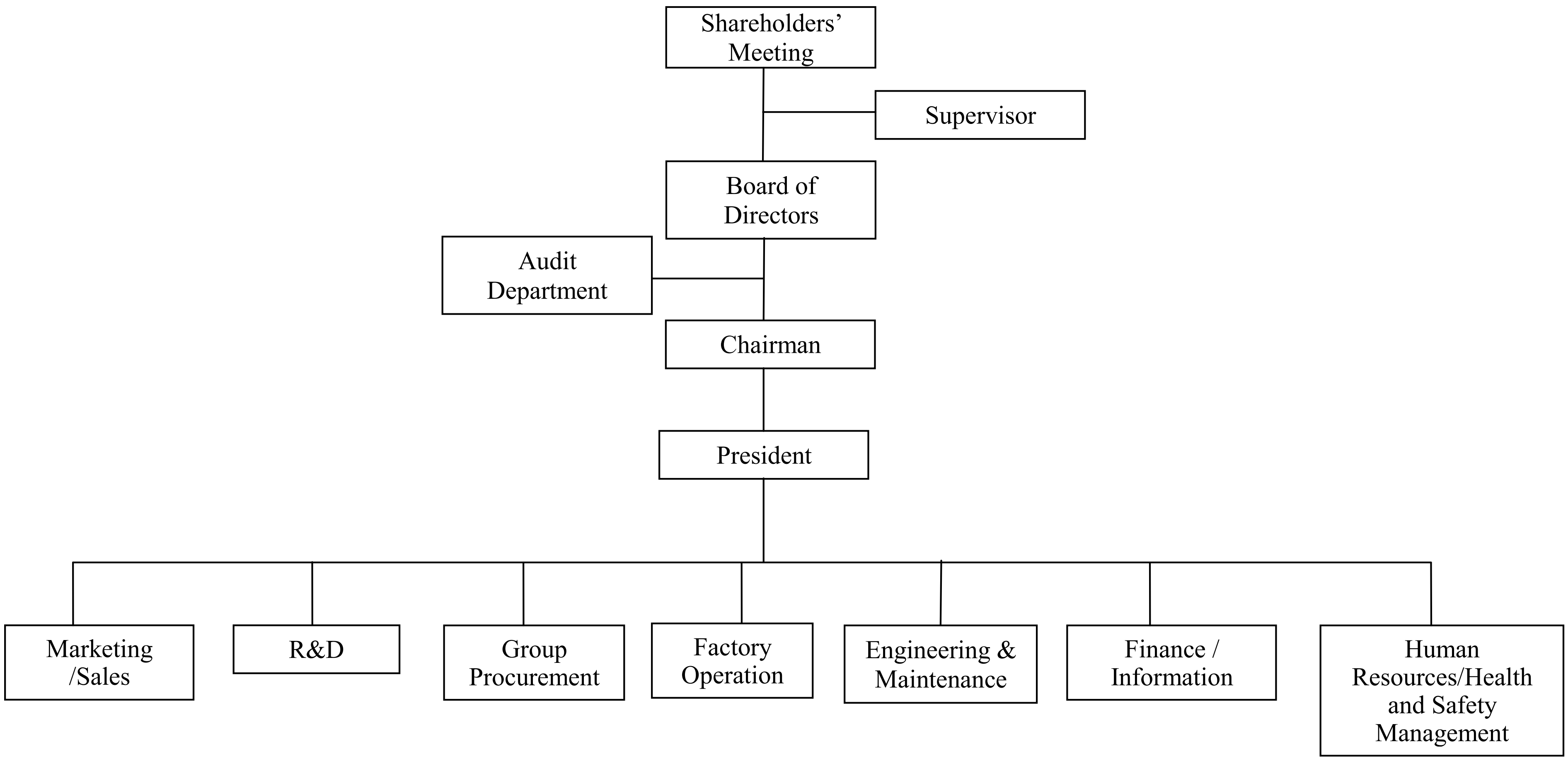
2016 • Increased the paid-in capital to US$125,722,805 with US$36,427,052 cash injection to Standard Investment (Cayman) Limited to establish Shanghai Lehe Industrial Limited and Shanghai Leming Industrial Limited with re-investment through Standard Corporation (Hong Kong) Limited.

- Acquitted 100% shares of Le Bonta Wellness International Corporation.

Three. Corporate Governance Report

I. Organization of company

I.1. Organization chart



I.2. Department function description

- Marketing/Sales:
  Sales: Classified into three major distribution channels in accordance with the nature of customers. The General Trade, Post Exchange and Key Accounts. Salespersons are responsible for quotations, new product pricing and launching, product distribution and display, channel, activity planning and execution, annual customer service and operation planning and execution, agreement negotiation and logistics management.

  Marketing: Responsible for product advertising and marketing strategy planning.

- R&D:
  For the R&D of innovative products and technology, improvement of product quality, reduction of costs, evaluation of new business and the application for health certification.

- Group Procurement:
  Imported production and packaging materials procurement and sub-contractor management.

- Factory Operation:
  For the production, packaging, quality control, warehousing and delivery of our products.

- Engineering & Maintenance
  Planning and execution of new production equipment; procurement, contracting, and maintenance of production equipment; new processes and process change and improvement.

- Finance/Information:
  Finance: Responsible for the summary and supply of accounting information, management and operation of finances and investment, annual budgeting, bank credit line control, and stock affair services.
  Computer Information: Planning and enforcement of information system, planning andmanagement of network system, and construction and management of system data.

- Human Resources/Health and Safety Management:
  Responsible for the planning and execution of human resource management as well as the stipulations and enforcement of all regulations and systems, business legal risk management, legal affairs and consulting services, general affairs, and labor safety and health management.

- Internal Auditor:
  In charge of the auditing process of the group.

II. Directors, Supervisors, President, Vice President, Assistant VP, and Department Heads

II.1. Directors and Supervisors

II.1.1. Information of directors and supervisors

(By 18 April, 2016)
Unit: Shares; NT$1,000)

Title	Nationality or Residency	Name	Date elected (inaugurated)	Term (year)	Date of First Elected	Shareholding when elected		Current Shareholding		Shareholding of spouse and minor		Shares held by other persons in their names		Experience (Education)	Current Position With Other Company	Executives who are spouses or within 2 degrees of consanguinity		
						Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%			Title	Name	Relation
Chairman	ROC	Ter-Fung Tsao	June 14, 2013	3 years	June 6, 1986	230,665,980	40.12%	177,688,153	22.42%	0	0	0	0	Ph.D., Colorado University, USA R&D Director of Quaker Plant Manager of Quaker(Taiwan) General Manager of Quaker(Taiwan)	President of the Company Chairman of Standard Dairy Products Taiwan Ltd. Chairman of Domex Chairman of Standard Beverage Ltd. Director of Accession Limited Director of GeneFerm Biotechnology Co., Ltd Director of Polytronics Technology Corporation Director of Green Wall Enterprise Co., Ltd. Supervisor of Crosslink Semiconductor, Inc. Director of Standard Investment (Cayman) Limited Director of Standard Corp (HK) Ltd. Director of Standard Investment (China) Ltd.	Director	Wendy Tsao	Sibling
Director	ROC	Jason Hsuan	June 14, 2013	3 years	June 17, 2010	0	0	0	0	0	0	0	0	Polytechnic Institute of New York University Ph.D. of Systems Engineering	Chairman and Chief Executive Officer of TPV Technology Limited Independent director of Array Inc. Chairman of Shanghai Standard Foods Co. Chairman of Standard Investment (China) Ltd. Chairman of Standard Foods (China) Ltd. Chairman of Standard Foods (Ximen) Ltd. Chairman, Shanghai Lebinto Health Technology Corporation	NONE	NONE	NONE
Director	ROC	Wendy Tsao	June 14, 2013	3 years	July 20, 1989	3,112,885	0.54%	4,292,200	0.54%	0	0	0	0	Soochow University, R.O.C.	Chairman of Green Wall Enterprise Co., Ltd. Chairman of Crosslink Semiconductor, Inc. Chairman of SPARKLE Inc. Director of Charng Hui Ltd.	Chairman	Ter-Fung Tsao	Sibling
Director	ROC	Jack Hsieh	June 14, 2013	3 years	December 29, 1992	201,818	0.04%	278,275	0.04%	0	0	0	0	National Chung Hsing University, R.O.C.	Honorary Director of Taiwan Association for Food Science and Technology President of Ying-Po Trading (Shanghai) Co., Ltd.	NONE	NONE	NONE
Director	ROC	Howard Tong	June 14, 2013	3 years	November 27, 2003	0	0	0	0	0	0	0	0	Master, Columbia University	Chairman of the Golden Gate Trading Co. Chairman of Foseco Golden Gate Co., Ltd. Chairman of Li-Hua Trading Co.	NONE	NONE	NONE
Supervisor	ROC	Tom A. Chien	June 14, 2013	3 years	November 27, 2003	197,054	0.03%	271,707	0.03%	114,007	0.01%	0	0	MA, Massachusetts Institute of Technology, USA	Representative and agent of Eaton Electrical Inc. Director of Mei-Ning Limited	NONE	NONE	NONE

Title	Nationality or Residency	Name	Date elected (inaugurated)	Term (year)	Date of First Elected	Shareholding when elected		Current Shareholding		Shareholding of spouse and minor		Shares held by other persons in their names		Experience (Education)	Current Position With Other Company	Executives who are spouses or within 2 degrees of consanguinity		
						Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%			Title	Name	Relation
Supervisor	ROC	Charng Hui Ltd.	June 14, 2013	3 years	June 17, 2010	4,190,040	0.73%	5,777,436	0.73%	0	0	0	0	-	-	NONE	NONE	NONE
	ROC	Representative: Samson Wang	June 14, 2013	Assignment period	December 29, 1992	4,336,187	0.75%	0	0	0	0	0	0	MA, University of California, Berkeley, USA Certified Civil Engineering Technician (California, USA) Certified Technician (R.O.C.) Arbitrator of R.O.C. Commerce Arbitration Association	Chairman and President of I Cheng Construction & Development Corporation	NONE	NONE	NONE

II.1.2. Major shareholders of institutional shareholders (by 18 April, 2016)

Name of institutional shareholders	Major shareholders of institutional shareholders	Shareholding (%)
Charng Hui Ltd.	Standard Foods Corporation	100.00

II.1.3. Major institutional shareholders of institutional shareholders, if available

(by 18 April, 2016)

Name of legal person	Major shareholders of the legal persons	Shareholding (%)
Standard Foods Corporation	Ter-Fung Tsao	22.42
	Jiayun Investment Co., Ltd. Trust Account	14.55
	H.D. Mon	12.13
	Bilai Investment Co., Ltd.	3.61
	Mude Investment Co. Ltd.	2.48
	Nan Shan Life Insurance Co., Ltd.	1.89
	RBC Emerging Markets Equity Fund under the custody of HSBC	1.80
	Deutsche Bank Escrows FS Fund FS Asia Pacific Fund Investment Account	1.70
	Cathay Life Insurance Co. Ltd.	1.59
	Chun-Yao, Lin	1.32

II.1.4. Independence of directors and supervisors

Conditions / Name	With or without five years of work experience or more and the following professional experience			Independence (Note 1)										Also an independent director of another public company
	Teachers of public or private colleges for the subject of commerce, law, finance, accounting, or business	Judge, prosecutor, attorney, accountant, or business salesperson who passed national exams & certified specialists or technicians	With job experience in commerce, law, finance, accounting, or business	1	2	3	4	5	6	7	8	9	10	
Ter-Fung Tsao			V					V		V		V	V	0
Jason Hsuan			V	V		V	V	V		V	V	V	V	1
Wendy Tsao			V	V				V	V	V		V	V	0
Jack Hsieh			V	V	V	V	V	V	V	V	V	V	V	0
Howard Tong			V	V	V	V	V	V	V	V	V	V	V	0
Tom A. Chien			V	V		V	V	V		V	V	V	V	0
Representative of Charng Hui Ltd.: Samson Wang			V	V	V	V	V	V	V	V	V	V		0

Note 1: Please tick the corresponding items when directors and supervisors comply with the following conditions two years before being elected and during their term.

(1) Not an employee of the Company or any of its affiliates.
(2) Not a director or supervisor of the Company or any of its affiliates (except for being an independent director of the Company or its parent company, or a subsidiary where the Company holds, either directly or indirectly, over 50% of the voting shares).
(3) Does not hold more than 1% of total stock issued directly or indirectly nor is a natural shareholder on the top-ten shareholdings list;
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the preceding three subparagraphs;
(5) Not a director, supervisor or employee of the institutional shareholder that holds over 5% of total stock issued directly or indirectly; and is not on the top-five shareholdings list of the Company;
(6) Not a director, supervisor, manager or a shareholder with over 5% shareholdings of a Company or organization that is in business with the Company;
(7) Not an owner, partner, Director, Supervisor, manager of a partnership or institution or his/her spouse that provides commerce, law, finance, accounting and consulting service to the Company or related party; this does not include members from a remuneration committee who exercises his/her power based on Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded over the Counter.
(8) Not the spouse or a relative within two degrees of lineal consanguinity of an individual;
(9) Free of any of the behaviors as defined in Article 30 of Company Act;
(10) Not a governmental officer, juridical person or its representative as defined in Article 27 of Company Act.

II.2. President, Vice President, Assistant V.P. and Department Heads (by April 18, 2016)

Title	Nationality or Residency	Name	Date elected (inaugurated)	Shareholding		Shareholding of spouse and minor		Shares held by other persons in their names		Experience (Education)	Currently holds a position with other companies	Manager who is with a spouse or 2nd cousin status		
				Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%			Title	Name	Relation
President	ROC	Ter-Fung Tsao	August 6, 1986	177,688,153	22.42%	0	0	0	0	Ph.D., Colorado University, USA R&D Director of Quaker Plant Manager of Quaker(Taiwan) General Manager of Quaker(Taiwan)	President of the Company Chairman of Standard Dairy Products Taiwan Ltd. Chairman of Domex Chairman of Standard Beverage Ltd. Director of Accession Limited Director of GeneFerm Biotechnology Co., Ltd Director of Polytronics Technology Corporation Director of Green Wall Enterprise Co., Ltd. Supervisor of Crosslink Semiconductor, Inc. Director of Standard Investment (Cayman) Limited Director of Standard Corp (HK) Ltd. Director of Standard Investment (China) Ltd.	NONE	NONE	NONE
Vice President, Sales and Marketing	ROC	Glendy Chiang	July 1, 1992	382,641	0.05%	0	0	0	0	National Taiwan University Marketing Director of Standard Foods Corporation	Director of Standard Beverage Company Ltd. Director of Standard Dairy Products Taiwan Ltd. Director, Dermalab S.A Director of Standard Investment (China) Ltd.	NONE	NONE	NONE
Vice President of Supply Chain	USA	Yao Steven Yih-Chun	April 17, 2014	0	0	0	0	0	0	Master of Northwestern University U.S.A. Attorney Partner, Bluefield Ventures, Partner, Dubuglo Vice President of California Pacific Bank	Chairman, Changhui Ltd. Director, Dermalab S.A. Director, Le Bonta Wellness International Corporation	NONE	NONE	NONE
Director of Finance and Information	ROC	Chris Hong	Sep 30, 2015	0	0	0	0	0	0	Master's Degree, National Cheng Chi University. Financial Director, Flextronics International (Taiwan) Ltd. President, Standard Dairy Products Taiwan Ltd.	Director of Standard Dairy Products Taiwan Ltd. Director of Standard Beverage Company Ltd. Director, Domex Technology Corporation Supervisor of , Shanghai Standard Foods Co.. Supervisor of Standard Investment (China) Ltd. Supervisor of Standard Foods (China) Ltd. Supervisor of Shanghai Dermalab Corporation Supervisor of Shanghai Lebinto Health Technology Ltd. Supervisor of Shanghai Lehe Industrial Ltd. Supervisor of Shanghai Leming Industrial Ltd. Supervisor of Standard Foods (Xiamen) Ltd.	NONE	NONE	NONE
Director of Human Resources	ROC	Larry Fong	March 1, 2011	0	0	0	0	0	0	Master of NCU Director of Human Resources, SINTEK Administration Officer of Sunplus/HT mMobile Inc. Vice Director of Human Resources, HannStar	NONE	NONE	NONE	NONE
Audit Chief	ROC	Lizzy Liu	Nov 12, 2015	0	0	0	0	0	0	Tamkang University Associated Manager of Deloitte Touch Tohmatsu CPA Firm	NONE	NONE	NONE	NONE

II.3. Remuneration of Directors, Supervisors, President and Vice President

II.3.1. Remuneration of Directors

Unit: NT$1,000)

Title	Name	Remuneration of Directors								Ratio of A+B+C+D to Net income (%) (Note 2)		Remuneration of part-time employees												Ratio of A+B+C+D+E +F+G to Net income (%) (Note 2)		Remuneration from the invested company other than the Company's subsidiary
		Remuneration (A)		Pension (B)		Remuneration for directors (C)		Business expense (D) (Note 1)				Salary, bonus, and compensation (E) (Note 1)		Pension (F)		Compensations for employees (G)				Employee Stock Option Certificates (H)		Granted Employee Restricted Stock (I)				
		From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company		From all consolidated entities in this report		From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	
																Cash	Stock	Cash	Stock							
Chairman	Ter-Fung Tsao	0	0	0	0	14,066	14,066	300	300	0.53	0.53	8,999	8,999	809	809	200	0	200	0	0	0	0	0	0.89	0.89	NONE
Director	Jason Hsuan																									
Director	Wendy Tsao																									
Director	Howard Tong																									
Director	Jack Hsieh																									

Note 1: Expenses incurred in 2015

Note 2: Net income after tax in 2015

Remuneration Bracket

Remuneration to directors	Name of directors			
	Total amount of the first four categories(A+B+C+D)		Total amount of the first seven categories(A+B+C+D+E+F+G)	
	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report
Below $2,000,000	0	0	0	0
2,000,000 (inclusive) ~ 5,000,000 (non-inclusive)	Ter-Fung Tsao, Jason Hsuan, Wendy Tsao, Howard Tong, Jack Hsieh	Ter-Fung Tsao, Jason Hsuan, Wendy Tsao, Howard Tong, Jack Hsieh	Jason Hsuan, Wendy Tsao, Howard Tong, Jack Hsieh	Jason Hsuan, Wendy Tsao, Howard Tong, Jack Hsieh
5,000,000 (inclusive) ~ 10,000,000 (non-inclusive)	0	0	0	0
10,000,000 (inclusive) ~ 15,000,000 (non-inclusive)	0	0	Ter-Fung Tsao	Ter-Fung Tsao
15,000,000 (inclusive) ~ 30,000,000 (non-inclusive)	0	0	0	0
30,000,000 (inclusive) ~ 50,000,000 (non-inclusive)	0	0	0	0
50,000,000 (inclusive) ~ 100,000,000 (non-inclusive)	0	0	0	0
$100,000,000 and over	0	0	0	0
Total	5	5	5	5

II.3.2. Remuneration of Supervisors

Unit: NT$1,000)

Title	Name	Remuneration of Supervisors						Ratio of A+B+C to Net income (%) (Note 2)		Remuneration from the invested company other than the Company's subsidiary
		Remuneration (A)		Compensation (B)		Business expense (C) (Note 1)				
		From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	
Supervisor	Tom A. Chien	0	0	5,400	5,400	120	120	0.20	0.20	NONE
Supervisor	Charng Hui Ltd.									

Note 1: Expenses incurred 2015.
Note 2: Net income after tax in 2015.

Remuneration Bracket

Remuneration of Supervisors	Name of Supervisors	
	Total amount of the first three categories(A+B+C)	
	From the Company	All companies in financial statements (D)
Below $2,000,000	0	0
2,000,000 (inclusive) ~ 5,000,000 (non-inclusive)	Tom A. Chien, Charng Hui Ltd.	Tom A. Chien, Charng Hui Ltd.
5,000,000 (inclusive) ~ 10,000,000 (non-inclusive)	0	0
10,000,000 (inclusive) ~ 15,000,000 (non-inclusive)	0	0
15,000,000 (inclusive) ~ 30,000,000 (non-inclusive)	0	0
30,000,000 (inclusive) ~ 50,000,000 (non-inclusive)	0	0
50,000,000 (inclusive) ~ 100,000,000 (non-inclusive)	0	0
$100,000,000 and over	0	0
Total	2	2

II.3.3. Remuneration of President and Vice President

Unit: Shares/NT$1,000)

Title	Name	Salary (A) (Note 2)		Pension (B) (Note 4)		Bonuses and Allowance (C) (Note 2 and Note 3)		Compensations for Employees (D)				Ratio of A+B+C+D to Net income (%) (Note 1)		Employee Stock Option Certificates		Employee stock options received		Remuneration from the invested company other than the Company's subsidiary
		From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	The Company (Note 2)	From all consolidated entities in this report	From the Company		From all consolidated entities in this report		From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	From the Company	From all consolidated entities in this report	
								Cash	Stock	Cash	Stock							
President	Ter-Fung Tsao	5,700	5,700	809	809	3,299	3,299	200	0	200	0	0.37	0.37	0	0	0	0	NONE

Note 1: Net income after tax in 2015.
Note 2: Expenses incurred in 2015.
Note 3: A company car with a rent of NT$ 570,000
Note 4: Appropriation of pension expense for the contracted management.

Remuneration Bracket

Remuneration to President and Vice President	Name of President and Vice President	
	From the Company	From all consolidated entities in this report
Below $2,000,000	0	0
2,000,000 (inclusive) ~ 5,000,000 (non-inclusive)	0	0
5,000,000 (inclusive) ~ 10,000,000 (non-inclusive)	0	0
10,000,000 (inclusive) ~ 15,000,000 (non-inclusive)	Ter-Fung Tsao	Ter-Fung Tsao
15,000,000 (inclusive) ~ 30,000,000 (non-inclusive)	0	0
30,000,000 (inclusive) ~ 50,000,000 (non-inclusive)	0	0
50,000,000 (inclusive) ~ 100,000,000 (non-inclusive)	0	0
$100,000,000 and over	0	0
Total	1	1

II.3.4. Employee Compensations for Management (by 18 April, 2016)

(Unit: NT$1,000)

	Title	Name	Stock	Cash	Total	Ratio of the total amount of net income[1] (%)
Management	President	Ter-Fung Tsao	0	290	290	0.01%
	Assistant Vice President, Sales and Marketing	Glendy Chiang				
	Assistant Vice President, Supply Chain	Yao Steven Yih-Chun				
	Director of Finance and Information	Larry Chung[2]				
	Director, Finance/Information	Chirs Hong[3]				
	Director-Human Resources	Larry Fong				
	Chief Auditor	Paula Lee[4]				
	Audit Chief	Lizzy Fu[5]				

[1]Net income after tax in 2015
[2]Retired on Sep 30, 2015
[3]Inaugurated on Sep 30, 2015
[4]Traferred on Nov 12, 2015
[5]Inaugurated on Nov 12, 2015

II.4. The ratio of remuneration paid to the directors, supervisors, president and vice president of the Company and the companies included the financial statements in the last two years to the net income, as well as, the correlation of remuneration policy, standard and combination, remuneration procedure, operating performance, and risk:

II.4.1. Remuneration analysis of the last two years

(Unit: Shares/NT$1,000)

Title	2014				2015			
	Total amount of remuneration		Ratio of total amount to net income (%)		Total amount of remuneration		Ratio of total amount to net income (%)	
	From the Company	From the Company	From the Company	From the Company	From the Company	Companies in the consolidated financial statements	From the Company	Companies in the consolidated financial statements
Director	13,983	13,983	0.67	0.67	14,366	14,366	0.53	0.53
Supervisor	5,120	5,120	0.25	0.25	5,520	5,520	0.20	0.20
President	9,784	9,784	0.47	0.47	10,008	10,008	0.37	0.37
Total	28,887	28,887	1.39	1.39	29,894	29,894	1.10	1.10

(1) The ratio of remuneration paid to directors, supervisors, and president of the Company in last two years to net income:
The ratio of the remuneration paid to the Company's directors, supervisors, and President by the Company and all the companies included in the 2015 consolidated financial statements to the net income was lower than that of 2014 and it was mainly due to the Company's 2015 net income less than the year of 2014.
(2) Please refer to Provision (IX) on page 47 for the payment policy of bonus to employees and remuneration to directors and supervisors.

II.4.2. Remuneration policies, standards, portfolio, procedures, and the relevance of operating performance and future risks:

The performance evaluation and remuneration of the Company's directors, supervisors, and managers is determined by referring to the payment standard of the industry, individual performance, Company's operating performance and the reasonableness of related risk.

III. Corporate Governance

III.1. Operation of the Board of Directors

The Board of Directors held seven (7) board meetings (A) last years, director and supervisor attendances were as follows:

Title	Name	Number of attendances (B)	Proxy	Ratio of attendances 【B / A】 (%)	Remarks
Chairman	Ter-Fung Tsao	7	0	100%	Successive after re-election on Jun 14, 2013.
Director	Jason Hsuan	7	0	100%	
Director	Wendy Tsao	7	0	100%	
Director	Howard Tong	7	0	100%	
Director	Jack Hsieh	6	1	86%	
Supervisor	Tom A. Chien	6	0	86%	
Supervisor	Charng Hui Ltd. Representative: Samson Wang	7	0	100%	

Supplementary information:

1. The events stated in SEC Article 14-3 and other opposing or qualified opinions of independent directors that are recorded or declared in writing: Not applicable since the Company does not have any independent director appointed.
2. The name of the directors who have excused themselves from the meeting due to a conflict of interest (the content of the case, the reason for the conflict of interest and the voting must be stated in detail): The Company does not have any director that needs to be excused from the meeting due to a conflict of interest.
3. The goal and the enforcement of reinforcing the function of the board of directors then and in the most recent years: The eighth board meeting in of 11th term had resolved the "Code of Ethics and Conduct."

III.2. The operation of the Auditing Committee: N/A; the Company does not have an Auditing Committee.

III.3. Attendance of supervisors for board meetings

The Board of Directors held seven board meetings (A) last years,, and supervisor attendances are as follows:

Title	Name	Number of attendances (B)	Ratio of attendances [B / A] (%)	Remarks
Supervisor	Tom A. Chien	6	86%	Successive after re-election on Jun 14, 2013.
Supervisor	Charng Hui Ltd. Representative: Samson Wang	7	100%	

Supplementary information:

1. **Composition and responsibilities of supervisors:**
   (1) Communication between supervisors, employees and shareholders:
   In addition to presenting the supervisor’s report at the general shareholder’s meeting, the shareholders may ask the supervisors questions about the financial position of the Company.
   In addition to attending the board meeting, supervisors may ask to have a meeting arranged with the related personnel responsible for business or financial review or to communicate regarding certain events.
   (2) Communication between supervisors, internal auditors, and the CPA:
   Supervisors will discuss with the CPA current changes in accounting principles and related matters, and will exchange opinions on material changes in financial conditions or operating risks.
   The internal auditing manage shall submit the auditing plan of the year along with

monthly audit report to the supervisors for review. Internal auditors can be invited by supervisors to attend the meeting held between the supervisors and CPAs.

2. **For the statement of supervisors made at the board meeting, the date of the board meeting, the term, the proposals, the resolution of the board meeting, and the response of the Company to the statement of the supervisor must all be detailed:** None

III.4. Corporate Governance and Compliance with the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies (CGBPP)

Assessment Item	Status of Implementation			Non-compliance with the CGBPP and reasons
	Yes	No.	Performance Summary	
1. Does the Company establish and disclose own corporate practice principles with reference to the "CGBPP"?		✓	Although the Company has not established our own code of corporate governance practice, we have established documentation relating to corporate governance with reference to the CGBPP to progressively increase information transparency, improve board function, and reinforce corporate governance spirit. In the future, we will comply with relevant statutory and regulatory requirements. Those relevant documentation includes: "Procedures for Shareholder Meetings," "Procedures for Board Meetings," "Procedures for Endorsements and Guarantees ," "Procedures for Loaning of Company Funds," "Procedures for Acquisition and Disposition of Assets , including derivatives trade)", and "Procedures for Handling Material Inside Information ."	Although the Company has not established a code of corporate governance practice, we have established documentation relating to corporate governance with reference to the CGBPP. In the future, we will comply with relevant statutory and regulatory requirements based on actual needs or relevant regulations.
2. Shareholding structure & shareholders' rights:				The Company complies with Articles 10, 13, 14, 19 and 30 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.
(1) Does the Company establish and implement the internal operation procedures to handle shareholders' suggestions, concern, disputes and litigation matters?	✓		1. To protect the rights and benefits of shareholders, the Company has established the spokesperson, stock service, and legal affairs departments to handle shareholders' suggestions and disputes.	
(2) Does the Company maintain a list of major shareholders and their beneficial owners?	✓		2. The Company requests the latest list of major shareholders from the stock agent at regular planned intervals to substantively maintain a list of major shareholders and their beneficial owners; maintains good interaction with major shareholders; and reports and discloses on MOPS relevant changes with reference to the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities .	
(3) Has the Company established and implemented a risk management mechanism and "firewall" between the Company and its affiliates?	✓		3. The Company and affiliates implement independent management over assets, sales, and finance. We have also established relevant regulations, including the "Subsidiaries Supervision Regulations", "Procedures for Acquisition and Disposition of Assets," "Procedures for Loaning of Company Funds," and "Procedures for Endorsements and Guarantees" to manage the risk management mechanism and firewall of affiliates.	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		4. The Company has established the "Insider Trading Prevention Regulations to prohibit employees from trading securities with insider information.	

Assessment Item	Status of Implementation			Non-compliance with the CGBPP and reasons
	Yes	No.	Performance Summary	
3. Formation and responsibility of the board of directors:				Except for 27, the Company complies with Articles 20, 28-1 and 37 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.
(1) Does the Company establish and implement diversified policies with reference to board formation?	✓		1. The Company has five directors and two supervisors. Directors and supervisors perform duties according to the regulations, Company Charter and resolutions reached in the shareholder meeting.	
(2) After establishing the compensations committee and audit committee by the law, does the Company voluntarily establish other functional committees?		✓	2. Apart from establishing the Compensations Committee with reference to the Company Act, the Company plans to elect three independent directors and establish an audit committee during the re-election of the board at the 2016 annual meeting of shareholders.	
(3) Does the Company establish board performance evaluation regulations and methods to evaluate board performance every year?	✓		3. Based on the Compensations Committee Charter, the Compensations Committee establishes and regularly reviews the annual and long-term performance targets, remuneration policy, system, standard, and structure of directors, supervisors, and managers.	
(4) Does the Company assess the independency of its CPAs?	✓		4. The Company hires one of the leading domestic CPA firms as our certifying accountant. This firm is not a related party of the Company. The Company also assesses the independence of the CPA.	
4. Does the Company establish mechanisms for communicating with stakeholders and a stakeholder site on the corporate website to appropriately respond to material CSR topics they concern about?	✓		Apart from establishing the spokesperson system, the Company effectively discloses information over MOPS for shareholders and stakeholders to fully understand the status of the Company's finance, sales, and corporate governance. We have also established an "stakeholder site" on the corporate website. Stakeholders can reach us by phone or email to express their concerns about CSR to our contact window.	The Company complies with Article 51 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.
5. Does the Company assign professional registers to handle shareholder meeting affairs?	✓		The Company assigns Transfer Agency Department of CTBC Bank Co., Ltd. to provide shareholder services.	The Company complies with Article 7 of the CGBPP.
6. Information disclosure				The Company complies with Articles 55-58 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.
(1) Does the Company establish a website to disclose financial and corporate governance information?	✓		1. (1) Financial information disclosure: The Company has established an "investor information site" on the corporate website and discloses and updates financial information at regular intervals for investors. (2) Sales information disclosure: The Company discloses the information of all products and the latest promotional activities on the corporate website for customers to enquire. (3) Corporate governance information disclosure: The Company discloses on the corporate website information regarding the internal audit organization and operation, material information notification, board meeting resolutions, and major regulations.	

Assessment Item	Status of Implementation			Non-compliance with the CGBPP and reasons
	Yes	No.	Performance Summary	
(2) Does the Company disclose such information by other methods (e.g. English website, assigning a staff to gather and disclose relevant information, implementing the spokesperson system, and posting the conference call on the corporate website)?	✓		2. The Company has appointed a spokesperson and a deputy spokesperson and assigned a dedicated unit to gather and disclose corporate information. For material information required public disclosure, we proceed with reference to the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities. However, no investor conference has been held this year. When we hold investor conferences in the future, we will disclose the process and relevant information on our corporate website.	
7. Does the Company disclose other information for investors better understand its corporate governance practices (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, stakeholder rights and benefits, training for directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of customer relations policies, and insurance for directors and supervisors)?	✓		1. Employees benefits and care (1) Given that employee capital is one of the most important corporate assets, the Company has established the Employee Work Rules with reference to the Labor Standards Law and relevant laws and regulations to define the rights, benefits, and obligations of employees. (2) The Company continuously and systematically improves employee quality. Apart from arranging employee education and training, we provide opportunities and funds for external training and cultivate excellent employees through job rotation, project participation, and guidance of senior officers. (3) The Company has established an employee welfare committee. Apart from issuing cash gifts on major festivals and employee birthdays, we subsidize employee club activities and travels and provide allowances for weddings, funerals, childbirth, and occupational injury and disease. In addition, we arrange health examination, group accident insurance, and healthcare insurance for employees all at the Company’s expense. (4) Apart from conducting satisfaction surveys and promoting occupational safety and health, the Company has established and implemented a complete recommendation system and the QCC to encourage employees to make recommendations for continual improvement and innovation. In addition, we emphasize a steady and pragmatic team spirit in corporate culture and encourage employees to face work challenges with mutual respect and mutual support. 2. Investor relations: The Company discloses different kinds of information over MOPS to protect the rights and benefits of investors. In addition, we have established the “investor information” site on the corporate website to keep investors posted with relevant corporate information. We have also provided stock service contact information to maintain virtuous and harmonious relations between the Company and shareholders. 3. Supplier relations: The Company maintains unobstructed communication with	The Company complies with Article 59 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.

Assessment Item	Status of Implementation			Non-compliance with the CGBPP and reasons
	Yes	No.	Performance Summary	
			suppliers through unimpeded channels and conduct business with suppliers in a fair and ethical manner, so as to establish long-term, steady, and mutual trust cooperation and pursue sustainable growth together. In addition, we evaluate suppliers at planned intervals to select good suppliers as our partners. 4. Stakeholder rights: The Company provides unimpeded channels to communicate with stakeholders and respects and maintains their rights and benefits proper. Stakeholders can express their concerns to us from the “stakeholder site” on our corporate website. 5. Further education for directors and supervisors: Directors and supervisors of the Company are all professionals in respective fields, and we also provide them with information relating to finance, accounting, and legal affairs at planned intervals. 6. Risk management policy and risk assessment: Please refer to “Risk Management Last Year and by Report Publishing Date” in pp. 258-260 for the details of the risk management policy, organizational framework, and relevant risk controls of the Company. In addition, the Company has analyzed, followed up, and addressed events that could cause high risk to operational goals to optimize the risk management mechanism. 7. Customer service policy: The Company has set up a customer service line to provide an impeded channel for customer communication. We also actively participate in relevant food safety associations, perform our member responsibilities and obligations, care about community care and philanthropy, and apply for relevant health food certification. 8. Insurance for directors and supervisors: Directors and supervisors of the Company uphold the integrity principle and no involvement in litigation or illegal act has been reported. In the future, they will look in to affairs related to insurance for directors and supervisors with insurance companies, plan and assess overall policies, and report to the board before arranging insurance for directors and supervisors according to the law.	
8. Does the Company implement self-evaluation of its corporate governance practices or appoint a third party to do so and maintain a report? (If yes, please specify the board opinion, self-evaluation or third-party evaluation results, major defects or recommendations and improvement.)	✓		At the end of each March, the Company self-assessed the effectiveness of the internal control system last year. The assessment result of this year is appropriate. In addition, we were rated “A” in the 13th Information Disclosure and Transparency Ranking.	The Company complies with Article 60 of the Corporate Governance Best-Practice Principles for TWSE/OTC Listed Companies.

III.5. Disclosure of the formation, responsibility, and operation of the compensation committee, if any.

III.5.1. Information of members of the Compensations Committee

By identity (Note 1)	Conditions / Name	With or without five years of work experience or more and the following professional experience			Independence (Note 2)								Also an compensation committee member of another public company	Remarks (Note 3)
		Teachers of public or private colleges for the subject of commerce, law, finance, accounting, or business	Judge, prosecutor, attorney, accountant, or business salesperson who passed national exams & certified specialists or technicians	With job experience in commerce, law, finance, accounting, or business	1	2	3	4	5	6	7	8		
Others	Hong-Chi Tsai			V	V	V	V	V	V	V	V	V	NONE	-
Others	Geng-Shen Fang			V	V	V	V	V	V	V	V	V	NONE	-
Others	Feng-Nian Chiang			V	V	V	V	V	V	V	V	V	NONE	-

Please specify whether it's director, independent director, or other under "Position";

Note 2: Please tick the corresponding items when directors and supervisors comply with the following conditions two years before being elected and during their term.

(1) Not an employee of the Company or any subsidiary.
(2) Not a director or supervisor of affiliated companies. This does not include in cases where the person is an independent director of the Company, its parent company, or any subsidiaries in which the Company holds, directly or indirectly, more than 50% of the voting shares.
(3) Does not hold more than 1% of total stock issued directly or indirectly nor is a natural shareholder on the top-ten shareholdings list;
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the above three items.
(5) Not a director, supervisor or employee of the institutional shareholder that holds over 5% of total stock issued directly or indirectly; and is not the top five shareholders of the Company;
(6) Not a director, supervisor, manager or a shareholder with over 5% shareholdings of a company or organization that has business with the Company;
(7) Not a professional or an owner, partner, director, supervisor, officer, or spouse of a sole proprietorship, partnership, company, or institution that providing commercial, legal, financial, and accounting services or consultation to the Company or its affiliates.
(8) No violation of any items specified in Article 30 of the Company Act.

Note 3: If a committee member is also a director of the Company, please specify compliance with paragraph 5 of Article 6 of the "Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Companies whose Stock is Listed on the TWSE or Traded on the GTSM".

III.5.2. Operation of the Compensation Committee

(1) The Compensations Committee is composed of three members.

(2) Tenure of current members: June 18, 2013 to June 13, 2016. Three (A) Compensations Committee meetings were held last year, with the qualifications and attendance of members are as follows:

Title	Name	Number of attendances (B)	Ratio of attendances [B / A] (%)	Remarks
Convener	Hong-Chi Tsai	2	100%	Elected on Jun 18, 2012
Committee members	Geng-Shen Fang	2	100%	
Committee members	Feng-Nian Chiang	2	100%	

Supplementary information:

(1) If the board dissents or modifies the recommendation made by the committee, specify the date and term of the board meeting and proposal content, board resolution and handling of committee opinion: N/A.

(2) When members dissent or have reservations of a resolution made at the committee meeting with track records or written statements, specify the date and term of the committee meeting, proposal content, opinion of all members, and handling of their opinion: N/A.

III.6. CSR Performance

Assessment Item	Implementation			Non-compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Performance Summary	
1. Corporate governance promotion				Although the Company has not established a CSR policy or mechanism, we have formed a dedicated team to promote CSR. In addition, the Company has been concerning about and practicing CSR over time. In the future, we will carry out CSR according to actual needs or with reference relevant defined laws and regulations.
(1) Does the Company establish a CSR policy or system and review the effectiveness of implementation?		✓	1. Although the Company has not established our own code of corporate social responsibility policy (CSR) or mechanism, we have practiced CSR in routine business activities, including legal compliance, provision of a good and safe work environment and reasonable wage and benefits for employees, active implementation of environmental protection and energy conservation, and involvement in philanthropy.	
(2) Does the Company arrange CSR training on a regular basis?	✓		2. The Company provides education on occupational safety and health and arranges disaster response exercises at planned intervals.	
(3) Does the Company establish a dedicated (concurrent) unit to promote CSR with authorization from top management and to report the effectiveness of implementation to the board?	✓		3. The Company has formed a dedicated team to promote CSR and related affairs and report the results to the management.	
(4) Does the Company establish a fair compensations policy combing with the employee performance evaluation system and CSR policy and an effective and well-defined reward and punishment system?	✓		4. The Company has defined the organizational reward and punishment policies in the "Employee Work Rules" and has established a well-planned system to evaluate employee performance and reward excellent employees.	
2. Development of a sustainable environment:				The Company complies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
(1) Does the Company make efforts to enhance resource efficiency and use recycled materials with lower environmental impact?	✓		1. The Company is committed to enhancing the efficiency of various resources. For example, we have implemented paper recycling, simplified business processes to minimize paper consumption, adopted electronic approval to some processes, and reused Kraft paper envelopes for internal document delivery.	
(2) Does the Company establish an appropriate environmental management system (EMS) according to the characteristics of its industry?	✓		2. The Company has passed TOSHMS certification and is aggressively implementing the ISO14001 environmental management system. For occupational health and safety (OSH), environmental protection, we have established comprehensive specifications that meet the audit standard of competent authorities and fulfill public expectations for corporate requital for society. In addition, the Company has assigned dedicated personnel under the Occupational Health and Safety & Administration Department to implement and supervise operation of the OSH system and EMS. The	

			Company also established standards to control wastewater and emissions with reference to applicable environmental protection regulations. In practice, we check relevant meters and take samples regularly to ensure effluent and emissions comply with statutory and regulatory requirements.	
(3) Has the Company noticed the effect of climate change on its business activities and does it implement GHG inventory and establish an energy conservation and GHG reduction strategy?	✓		3. The Company aggressively implements various energy conservation and emission reduction policies. Apart from implementing continuous process monitoring and equipment efficiency enhancement, we have implemented energy conservation management with different means, such as recycling condensate and hot water from bottle washers to save water and reduce wastewater; installing the dissolved air flotation (DAF) equipment at the wastewater treatment system, increasing wastewater treatment, and enhancing fuel and electricity efficiency, so as to achieve targets for energy conservation, emissions reduction, and GHG reduction.	
3. Implementation of philanthropy (1) Does the Company establish relevant management policies and procedures with reference to relevant international regulations and international human rights treaties?	✓		1. The Company has established the "Employee Work Rules" to protect the rights and benefits of employees and contributed pension funds for employees. The Company has also established the Employee Welfare Committee to undertake various employee welfare affairs.	The Company complies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
(2) Does the Company establish mechanisms and channels for and properly handle employee grievances?	✓		2. The Company has established a grievance system and procedures as defined in the "Measures for Workplace Sexual Harassment Prevention" and Regulations for Grievances and Punishment". The Company has also established the Grievance Address Committee to implement the grievance system. Apart from reporting grievances to the committee, employees can file their grievances by grievance hotline or e-mail.	
(3) Does the Company provide employees with a safe and healthy work environment and regularly arrange safety and health training/education for employees?	✓		3. The Company arranges education and training activities on occupational safety and health in May and November each year, employee health examination every November, and publicizes safe workplace and health inform from time to time.	
(4) Does the Company establish mechanisms for periodic employee communication and reasonably notify employees of significant operational changes that could substantially affect them?	✓		4. The Company holds the employer-employee (labor/management) meeting at planned intervals and has set up a suggestion box on the intranet mechanism to interact with employees. In addition, the Company gives notices to employees through harmonious employer-employee communication and maintains sound and harmonious employer-employee relations, to prevent significant operational changes.	
(5) Does the Company establish effective training programs for employees to develop employability?	✓		5. The Company continually and systematically improves employee quality, designs training programs with reference to the required competencies of corresponding positions, and promotes personal and organizational development and growth through a multidimensional learning environment.	

(6) Does the Company establish policies and procedures to protect consumer rights and benefits in R&D, procurement, production, operation, and service processes?	✓		6. The Company provides the customer service line and e-mail on the corporate website to provide immediate services and assistance so as to maintain and protect consumer rights and benefits.	
(7) Does the Company follow relevant regulations and international standards to market and label products and services?	✓		7. The Company labels foods and manages advertisements with reference to the "Act Governing Food Safety and Sanitation" and discloses ingredient supplier information with reference to the "Regulations Governing the Registration of Food Businesses".	
(8) Does the Company assess if suppliers have records of causing impacts on the environment and society?	✓		8. The Company evaluates each supplier prior to having business with them. The evaluation also includes if suppliers have food safety records and assesses the severity of their offences, so as to select excellent suppliers as partners through the supplier evaluation process.	
(9) When signing contracts with major suppliers, does the Company include the following terms in the contract: when suppliers violate the Company's CSR policy and have significant impact on the environment and society, the Company may terminate or rescind the contract at any time?	✓		9. Given food safety is the most important thing to protect consumer rights and benefits, although the Company does not include CSR-related terms in contracts signed with suppliers, through periodic visits and annual evaluation and audit of active suppliers, the Company reinforces supplier management to ensure the quality (Q), cost (C), delivery (D), and service (S) of suppliers and ingredients conform to production needs and thereby ensure consumer health and safety.	
4. Reinforcement of disclosure of CSR information. (1) Does the Company disclose relevant and reliable CSR information on the corporate website and MOPS?	✓		The Company has form a dedicated team to promote CSR affairs In addition, we began publishing our own CSR report and established the "CSR" site on the corporate website in 2014 for the public to download our CSR reports.	The Company complies with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.

5. If the Company has established own code of CSR practice with reference to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," specify its operation and non-compliance with the best practice principles: The Company has not established our own code of corporate social responsibility policy.

6. Other material information enabling a better understanding of CSR implementation:
Major activities sponsored by the Company last year

Item	Beneficiary	Item	Beneficiary
1	Me Works	11	Changhua County Christian Joy Orphanage
2	Chinese Christian Relief Foundation	12	Good Shepherd Welfare Services
3	Harvest365 Foundation	13	Kaohsiung United Charity Association
4	Social Enterprise Commitment Foundation	14	Hung Hua Tung Hsin
5	Assets Protection Plans Certification	15	Keelung City Bor-Ay Home for the Aged
6	Foundation for Poison Control	16	Yu An Children's Home
7	Christian Good 119 Organization	17	Cathwel Service
8	Miaoli County Haiching Home for the Aged	18	Foundation Julin Nursing Private Institution in Yilan
9	Catholic Marian Long-term Care Center	19	Operation Dawn
10	Old Five Old Foundation	20	National Taiwan University Academic Development Foundation

7. If the organizational CSR report has passed the verification standards of relevant certification authorities, please specify: The Company's 2014 CSR Report has been verified by Deloitte Taiwan with the limited assurance report. Please refer to our 2014 CSR Report for details.

III.7. Enforcement of Fair and Ethical Business Operations

Assessment Item	Implementation			Non-compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Performance Summary	
1. Policies and plans for fair and ethical business operations (1) Does the Company specify its policies and practices to maintain fair and ethical business operations in relevant regulations and external documents? Do the board and management actively implement the commitments made in relevant policies? (2) Does the Company draw up programs to prevent unethical conduct and set out in each program and implement SOPs, conduct guidelines, penalties for violation, and a grievance system? (3) Does the Company take precautionary action to prevent business activities specified in paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and other business activities within its scope of business with higher behavioral risk?	✓ ✓ ✓		The Company has specified in the "Employees Work Rules" that employees are not allowed to extort treatments, gifts, kickbacks, or benefits of any forms based on their authority. The Company also makes known to employees that "maintaining business integrity through fair and ethical operations" is the backbone policy of Standard Foods. To protect organizational trade secrets and intellectual property, employees are requested to sign a "letter of undertaking" to promise not to accept commissions, kickbacks, paybacks, cash, loans, or undue or improper advantage (including, but not limited to, treatment or travel or gift). In addition, the Company has specified the policy for avoiding conflicts of interest in the "Rules of Procedure for Board Meetings".	The Company complies with the spirit of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
2. Implementation of fair and ethical business operations (1) Does the Company assess if trading counterparts involved in any unfair and unethical business operations and include the fair and ethical business operations clause in the transaction agreement signed with them?	✓		The Company does not accept cash gifts or kickbacks of any kind from suppliers to ensure reasonable prices and premium quality. Although the Company does not have a dedicated (concurrent) unit to promote fair and ethical business operations, all departments fulfill the due social responsibilities of enterprises within their scope of business. In addition, the Company has established a sound internal control system where internal auditors audit the performance of each unit at planned intervals.	The Company complies with the spirit of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

(2) Does the Company establish a dedicated (concurrent) unit directly under the board to promote fair and ethical business operations and report the effectiveness of implementation directly to the board? (3) Does the Company establish and implement policies to prevent conflicts of interest and provide appropriate channels for reporting such conflicts? (4) Has the Company established effective accounting and internal control systems to implement fair and ethical business operations? Does the Company have these system audited regularly by the internal audit unit or a CPA? (5) Does the Company arrange regular internal/external training/ education for fair and ethical business operations?	✓ ✓ ✓ ✓		When new employees report to the Company, the human resources unit will inform them of the Company's fair and ethical business operations. In addition, we have established a laws and regulations site on the intranet to provide employees with relevant legal knowledge.	
3. Operation of the whistleblower system (1) Does the Company establish a practical whistleblower and reward system and channels to facilitate reporting of unfair and unethical business operations and assign appropriate personnel to handle a reported case? (2) Does the Company establish a SOP and a non-disclosure mechanism of relevant investigations? (3) Does the Company establish and implement an informer protection policy to ensure no informer will receive indecent treatment?	✓ ✓ ✓		The audit unit accepts reports on unfair and unethical business operations, and such reports and rewards for informers are handled with reference to relevant personnel affairs regulations. By the publishing date of this report, no relevant case was reported.	The Company complies with the spirit of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
4. Reinforcement of information disclosure (1) Does the Company disclose the content and effectiveness of	✓		The Company posts the annual report on the corporate website for investors to download to understand relevant information.	The Company complies with the spirit of the Ethical Corporate

implementation of the Code of Business Ethics on the corporate website and MOPS?				Management Best Practice Principles for TWSE/TPEX Listed Companies.
5. If the Company has established own code of business ethics with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," specify its operation and non-compliance with the best practice principles: The Company has not established our own code of business ethics.				
6. Other material information enabling a better understanding of fair and ethical business operations (such as review and revise the code of business ethics): (1) The Company always observes the Company Act, Securities and Exchange Act, Business Entity Accounting Act, relevant rules and regulations governing TWSE/TPEX listed companies, and other business behaviors to implement fair and ethical business operations. (2) The Company has specified the policy for avoiding conflicts of interest in the "Rules of Procedure for Board Meetings". Under this policy, for proposals constituting a conflict of interest between himself/herself or his/her representatives that may harm the interest of the Company, a director may express opinions and answer to interpellation but is not allowed to join relevant discussions and vote for the proposal. In addition, this director should recur from the discussions and voting of the proposal. (3) The Company has established the "Insider Trading Prevention Regulations" to prohibit directors, supervisors, managers, and employees from disclosing material internal information to a third party or from enquiring or collecting undisclosed material internal information unrelated with own duties from those acknowledging such material internal information. They are also requested not to disclose to others undisclosed material internal information acknowledged from work.				

III.8. Corporate governance rules and regulations of the Company

(1) Please visit our corporate website at http://www.sfworldwide.com for updates of corporate governance.
(2) Corporate website information collected and maintained by dedicated personnel, and all disclosed financial information is posted on the corporate website for public retrieval.

III.9. Other material information enabling a better understanding of corporate governance: None.

III.10. Status of implementation of the internal control system
III.10.1. Statement of Internal Control

Standard Foods Corporation
Statement of Compliance of the Internal Control System

Date: March 24, 2016

This Company makes the following statements on the compliance of the internal control system during January 1-December 31, 2015 with reference to self-assessment results.

1. We understand that it is the responsibility of the Company's management to establish, implement, and maintain the internal control system. The Company has established the internal control system to provide a reasonable assurance for the realization of operating effectiveness and efficiency (including profits, performance, and assets safety), the reliability, timeliness, transparency, and compliance of reports, and the conformity to relevant laws and regulations.
2. The internal control system is designed with limitations; therefore, no matter how perfect it is designed, an effective internal control system ensures only the realization of the aforementioned three objectives. Due to the changes in the environment and conditions, the effectiveness of an internal control system could change at any time. Our internal control system is designed with self-monitoring mechanisms; therefore, we are able to have corrective actions initiated upon identifying any nonconformity.
3. We have based the internal control criteria on the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (referred to as “the Governing Rules” hereinafter) to determine the effectiveness of internal control design and enforcement. The internal control criteria of the “Governing Rules” are the management control processes. The internal control, are divided into five elements: (1) environment control, (2) risk analysis, (3) control process, (4) information and communication, and (5) supervision. Each element is subdivided into several items. Please refer to the “Governing Rules” for the details of the said items.
4. We have established the aforementioned internal control criteria to assess the effectiveness of internal control design and enforcement.
5. According to the aforementioned assessment results, the Company’s internal control system on December 31, 2015 (including the supervision and management over subsidiaries), including the understanding of business performance and efficiency, the reliability, timeliness, transparency, and regulatory compliance of reports, the conformity to governing regulations, and the design and enforcement of the internal control system are effective and feasible to ensure the realization of the aforementioned objectives.
6. The Declaration of Internal Control is in our annual report and prospectus for public information. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Securities Transaction Regulation No. 20, No. 32, No. 171 and No. 174.
7. We hereby declare that the Declaration of Internal Control was approved by the five directors at the board meeting unanimously on March 24, 2016.

Standard Foods Corporation

Chairman: Ter-Fung Tsao (Signature)

resident: Ter-Fung Tsao (Signature)

III.10.2. The CPA audit review should be disclosed if the internal control system is audited by a CPA: None.

III.11. Punishment of the Company and employees by the law, punishment of employees by the Company for violation of internal control system regulations, and major defects and improvement in last year and by the report publishing date: None.

III.12. Major resolutions made at the shareholders' meeting and board meeting in last year and by the report publishing date:

(1) Major resolutions made at shareholders' meetings or board meetings in last year

Date	Meeting	Proposals	Resolutions
March 24, 2015	Board Meeting	1. Adoption of the Company's financial statements and consolidated statements for 2014. 2. Adoption of the Company's business plan and budget for 2014. 3. Determination of the data and preparation of the proposals of the 2015 annual meeting of shareholders. 4. Authorizing the chairman to represent this Company to sign documents for account opening, raising loans, and trading derivatives. 5. Approval of offshore subsidiaries to increase capitals to re-invest in Shanghai Lehe Industrial Ltd. and Shanghai Leming Industrial Ltd. 6. Provision of guarantee for the bank credit of the wholly-owned Standard Beverage Ltd. 7. Approval of the Company's 2014 Statement of Compliance of the Internal Control System. 8. Amendment of the Company's "accounting system". 9. Adoption of the remunerations for managers in 2014 and remuneration proposal for 2015. 10. Adoption and discussion of Adoption the remuneration for directors and supervisors and employee bonus for 2014.	1. Unanimously approved as proposed by all attended directors.. 2. Unanimously approved as proposed by all attended directors. 3. The meeting date was unanimously approved on Jun 26, 2015 as proposed by all attended directors. 4. Unanimously approved as proposed by all attended directors. 5. Unanimously approved as proposed by all attended directors. 6. Unanimously approved as proposed by all attended directors. 7. Unanimously approved as proposed by all attended directors. 8. Unanimously approved as proposed by all attended directors. 9. Unanimously approved by all attended directors. 10. Unanimously approved by all attended directors.
May 8, 2015	Board Meeting	1. Approval of the 2014 earnings distribution proposal. 2. Approval of the increase of paid-in capital from 2014 retained earnings to issue new shares. 3. Approval of the revision of the Company Charter. 4. Approval of the motion for discussing the agenda of the 2015 annual meeting of shareholder.	1. Unanimously approved as proposed by all attended directors. 2. Unanimously approved as proposed by all attended directors. 3. Unanimously approved as proposed by all attended directors. 4. Unanimously approved as proposed by all attended directors.
June 29, 2015	Board Meeting	Increase of paid-in capital from retained earnings to issue new shares and cash dividend distribution for 2014.	Unanimously approved as proposed by all attended directors on distribution of dividends at NT$1.0 and cash dividends at NT$1.6.

Date	Meeting	Proposals	Resolutions
July 3, 2015	Board Meeting	1. Approval of increasing investments in China at US$40 million (or equivalent CNY)	1. Unanimously approved as proposed by all attended directors.
September 30, 2015	Board Meeting	1. Approval of appointing the director of the Finance/Information Division (financial and accounting chief). 2. Approval of relieving the concurrent position and non-compete restrictions on managerial personnel.	1. Unanimously approved as proposed by all attended directors. 2. Unanimously approved as proposed by all attended directors.
November 12, 2015	Board Meeting	1. Amendment of part of the Company's "Company Charter". 2. Establishment of the Company's 2016 annual audit program. 3. Establishment of the Company's "Procedures for Halt and Resumption Applications". 4. Approval of the performance evaluation of directors, supervisors, and managers. 5. Wage/remuneration (regular pay) for directors, supervisors, and managers in 2016. 6. Approval of the audit chief appointment. 7. Approval of the self-assessment of the ability to complete financial statements.	1. Unanimously approved as proposed by all attended directors. 2. Unanimously approved as proposed by all attended directors. 3. Unanimously approved as proposed by all attended directors. 4. Unanimously approved as proposed by all attended directors. 5. Unanimously approved as proposed by all attended directors. 6. Unanimously approved by all attended directors to appoint Ms. Lizzy Fu as the Company's audit chief. 7. Unanimously approved as proposed by all attended directors.
March 24, 2016	Board Meeting	1. Adoption of the 2016 business plan and budget. 2. Amendment of the Company's "Company Charter". 3. Approval of the remuneration for directors and supervisors and compensation for employees in 2016. 4. Adoption of the Company's financial statements and consolidated statements for 2016. 5. Establishment of the Company's "Rules for Audit Committee Organization". 6. Amendment of the Company's "Regulations for Managing Professional Accounting Judgments and Changes of Accounting Principles and Estimates". 7. Amendment of the Company's "Procedures for Handling Material Inside Information". 8. Amendment of the Company's "Procedures for Halt and Resumption Applications". 9. Amendment of the Company's "Procedures for Preventing Insider Trading". 10. Amendment of the Company's "Procedures for Asset Acquisition and Disposal". 11. Amendment of the Company's "Procedures for Endorsements and Guarantees". 12. Amendment of the Company's "Rules for Director and Supervisor Elections". 13. Amendment of the Company's "Rules of Procedure for Board of Directors	1. Unanimously approved as proposed by all attended directors. 2. Unanimously approved as proposed by all attended directors. 3. Unanimously approved as proposed by all attended directors. 4. Unanimously approved as proposed by all attended directors. 5. Unanimously approved as proposed by all attended directors. 6. Unanimously approved as proposed by all attended directors. 7. Unanimously approved as proposed by all attended directors. 8. Unanimously approved as proposed by all attended directors. 9. Unanimously approved as proposed by all attended directors. 10. Unanimously approved as proposed by all attended directors. 11. Unanimously approved as proposed by all attended directors. 12. Unanimously approved as proposed by all attended directors. 13. Unanimously approved as proposed by all attended directors. 14. Unanimously approved as proposed by all attended directors. 15. Unanimously approved as proposed by all attended directors. 16. Unanimously approved as proposed by all attended directors. 17. Unanimously approved as proposed by all attended directors. 18. Unanimously approved as proposed

Date	Meeting	Proposals	Resolutions
		Meetings". 14. Amendment of the Company's "Procedures for Lending Funds to Others". 15. Amendment of the Company's "Codes of Ethical Conduct". 16. Amendment of the Company's "Rules for Compensations Committee Organization". 17. Amendment of the Company's "Procedures for Managing Related Party Transactions" 18. Approval of full re-election of the 12th board of directors (including independent directors). 19. Approval of the of acceptance of candidate nomination, vacancies, and acceptance locations of the 12th board of directors (including independent directors) 20. Approval and review of the list of director candidates (including independent directors). 21. Approval for directors of the 12th board to concurrently be directors, supervisors, or managerial personnel of other companies with similar scope of business of this Company. 22. Approval of the data and agenda of the 2016 annual meeting of shareholders. 23. Authorization of the chairman to sign documents with financial institutions for account opening, loans, and derivatives trade on behalf of the Company. 24. Approval of the Company's "Statement of Compliance of the Internal Control System 2015". 25. Approval of the report on distribution of compensations for managerial personnel in 2015 and estimated compensations for managerial personnel in 2016.	by all attended directors. 19. Unanimously approved as proposed by all attended directors. 20. Unanimously approved as proposed by all attended directors. 21. Unanimously approved as proposed by all attended directors. 22. Unanimously approved by all attended directors that the annual meeting of shareholders be held on June 15, 2016. 23. Unanimously approved as proposed by all attended directors. 24. Unanimously approved as proposed by all attended directors. 25. Unanimously approved as proposed by all attended directors.
April 28, 2016		1. Approval of the Company's 2015 earnings distribution proposal. 2. Approval of capital increase with retained earnings to issue new shares for 2015. 3. Amendment of the Company's "Company Charter". 4. Addition of the "Agenda for 2016 Annual Meeting of Shareholders". 5. Review of the list of director candidates (including independent directors).	1. Unanimously approved as proposed by all attended directors. 2. Unanimously approved by all attended directors NT$1.1 for stock dividends and NT$1.6 for cash dividends. 3. Unanimously approved as proposed by all attended directors. 4. Unanimously approved as proposed by all attended directors. 5. Unanimously approved as proposed by all attended directors.

(2) Important resolutions made at the Company's 2015 general shareholders' meeting:

1) Adoption of the business report and financial statements for 2014: Approved.
2) Adoption of 2014 earnings distribution: Approved.
3) Amendment of the Company Charter: Proceeded with reference to the resolution of

the meeting of shareholders and approved by the Ministry of Economic Affairs on September 3, 2015 in Letter Jing-Sho-Shang-Zi 10401187280.

4) Capital increase 2014 with retained earnings to issue new shares: Proceeded with reference to the resolution of the shareholders' meeting and approved by the Ministry of Economic Affairs on September 3, 2015 in Letter Jing-Sho-Shang-Zi 10401187280.

III.13. Summary of opinion difference in major resolutions at the board meeting between directors or supervisors in last year and by the report publishing date with written records or statements: None.

III.14. Resignation and relief of relevant roles, including the organization chairman, president, accounting officer, financial officer, chief internal auditor, and R&D officer, in last year and by the report publishing date:

May 10, 2016

Title	Name	Inauguration	Discharge	Reasons for resignation/discharge
Director of Finance/Information Division	Larry Chung	Aug 6, 1986	Sep 30, 2015	Retirement
Audit Chief	Paula Lee	Jun 18, 2013	Nov 12, 2015	Internal duty adjustment

IV. CPA fees

CPA Fee Bracket

CPA Firm	CPA's name		Auditing period	Remarks
Deloitte Touch Tohmatsu CPA Firm	CPA Ting-Chen Hsu	CPA Hung-Hsiang Tsai	January 2015-December 2015	

Bracket \ CPA Fees	Auditing fees	Non-auditing fees	Total
Below $2,000,000		V	
2,000,000 (including)～4,000,000	V		V
4,000,000 (including)～6,000,000			
6,000,000 (including)～8,000,000			
8,000,000 (including)～10,000,000			
Over 10,000,000 (including)			

The Company should disclose the following items under any of the following circumstances:

(1) Disclose the amount of the audit and non-audit service fees and content of non-audit services when the amount of non-audit service fees paid to CPAs, their firms and affiliates for is over a quarter of the audit service fees: N/A.

(2) Disclose the amount and proportion reduced and reasons when there is a change of CPA firm that the audit service fee is lower than the year before the CPA change:N/A.

(3) Disclose the amount and proportion reduced and reasons when the audit service fee is fifteen percent less than last year: N/A.

V. CPA change information:

V.1. Regarding former CPAs

<table>
<tr><td>Replacement date</td><td colspan="4">April 2016</td></tr>
<tr><td>Cause of replacement</td><td colspan="4">Internal duty adjustment of Deloitte Taiwan</td></tr>
<tr><td rowspan="3">Specify the reasons for replacement: Termination of appointment by the client or the CPA or rejection of appointment</td><td colspan="2">Party Concerned / Condition</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Voluntary termination of appointment</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="2">Rejection of (successive) appointment</td></tr>
<tr><td>Opinions and reasons for audit reports other than "unqualified opinion" issued within the past two years.</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="7">Opinions different from the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Scope or procedure of audit</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Other Information to Disclose (Information to be disclosed in Point #4, item 1, paragraph 5, Article 10 of these Regulations)</td><td colspan="4">None</td></tr>
</table>

V.2. Regarding successive CPAs

Firm	Deloitte Taiwan
CPA's name	CPA Ting-zhen Xu and CPA Zhe-li Gong
Appointment date	April 2016
Consultation of the accounting processing method or accounting principles and potential opinion expressed for financial statements for specific transactions prior to appointment and results.	N/A
Written opinions different from the opinions expressed by former CPAs	N/A

V.3. Reply from former CPAs on items 1 and 2, paragraph 5, Article 10 of these Regulations: N/A.

VI. The chairman, president, and/or financial or accounting managers of the Company worked for the CPA or its affiliates last year: None.

VII. Share transfer and share mortgage of directors, supervisors, executives, and shareholders holding over 10% of shares in last year and by the report publishing date:

VII.1. Information on the change in shareholding of directors, supervisors, executives, and major shareholders.

Unit: Shares

Title	Name	2015		As of April 18 in the same year	
		Shares Increase (decrease)	Shares under pledge Increase (decrease)	Shares Increase (decrease)	Shares under pledge Increase (decrease)
Chairman & President & Shareholder with a 10% or more shareholding	Ter-Fung Tsao	28,913,980	0	(140,365,632)	0
Director	Jason Hsuan	0	0	0	0
Director	Wendy Tsao	390,200	0	0	0
Director	Howard Tong	0	0	0	0
Director	Jack Hsieh	25,297	0	0	0
Supervisor	Tom A. Chien	24,700	0	0	0
Supervisor	Charng Hui Ltd.	525,221	0	0	0
	Representative: Samson Wang	0	0	0	0
Vice President, Sales and Marketing	Glendy Chiang	34,785	0	0	0
Vice President of Supply Chain	Yao Steven Yih Chun	0	0	0	0
Director of Finance and Information	Chirs Hong[1]	0	0	0	0
Director of Human Resources[1]	Larry Fong	0	0	0	0
Audit Chief	Lizzy Fu[2]	0	0	0	0
Major shareholder	H.D. Mon	8,982,240	0	(2,594,000)	0

[1] Inaugurated on September 30, 2015.
[2] Inauguration on November 12, 2015.

VII.2. Shares transferred:

Share transfer of directors, supervisors, executives, and shareholders holding over 10% of shares

Name	Reasons for transfer	Transaction date	Recipient	Relations between recipients and directors, supervisors, and holders holding over 10% of shares	Shares	Transaction price
Ter-Fung Tsao	Trust	Mar 28, 2016	Jiayun Investment Co., Ltd. Trust Account	The recipient is re-investment of the chairman of this Company.	115,320,000	---
Ter-Fung Tsao	Disposal	Mar 17, 2016	Mude Investment Co., Ltd.	The chairman of this Company is the representative of the recipient.	19,619,632	81.50

VII.3. Shares mortgaged: N/A.

VIII. The relation of the top ten shareholders

April 18, 2016 Unit: Share, %

Name (Note 1)	Shares held by shareholder		Shares held by shareholder's spouse and minor		Shares held in other's names		Name and relationship of spouse or a relative who is a top-ten shareholder and is within second degree of lineal consanguinity of another top-ten shareholder. (Note 3)		Remarks
	Shares	Shareholding ratio% (Note 2)	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Name	Relationship	
Ter-Fung Tsao	177,688,153	22.42%	0	0	0	0	Jiayun Investment Co., Ltd. Trust Account	Director of Jiayun	
							Mude Investment Co., Ltd.	Chairman of Mude	
Jiayun Investment Co., Ltd. Trust Account Representative: Yi-ling Chen	115,320,000	14.55%	0	0	0	0	Ter-Fung Tsao	Director of Jiayun	
							Mude Investment Co., Ltd.	Director is Chairman of Mude	
	7,670	0.00%					-	-	
H.D. Mon	96,181,647	12.13%	0	0	0	0	-	-	
Bilai investment Co., Ltd.	28,620,134	3.61%	0	0	0	0	-	-	
Representative: Su-Win Tseng	141,912	0.02%	0	0	0	0	-	-	
Mude Investment Co., Ltd. Representative: Ter-Fung Tsao	19,620,134	2.48%	0	0	0	0	Ter-Fung Tsao	Chairman of the Company	
							Jiayun Investment Co., Ltd. Trust Account	Chairman is the Director of Jiayun	
	177,688,153	22.42%	0	0	0	0	Jiayun Investment Co., Ltd. Trust Account -	Director of Jiayun	
Nan Shan Life Insurance Co., Ltd.	14,984,886	1.89%	0	0	0	0	-	-	
Representative: Ying-zhog Du	-	-	0	0	0	0	-	-	
RBC Emerging Markets Equity Fund under the custody of HSBC	14,283,000	1.80%	0	0	0	0	-	-	
Deutsche Bank Escrows FS Sub-Fund FS Asia Pacific Fund Investment Account	13,498,862	1.70%	0	0	0	0	-	-	
Cathay Life Insurance Co.	12,585,647	1.59%	0	0	0	0	-	-	
Representative: H. T. Tsai	-	-	0	0	0	0	-	-	
Jan-Yaw Lin	10,450,000	1.32%	0	0	0	0	-	-	

Note1: The top-ten shareholders must be stated. For institutional shareholders, the name of the institutional shareholder and representative must be listed separately.
Note2: For computing the shareholding ratio, the shareholding of the shareholders, spouse, minors, and held in other's name must be computed separately.
Note3: Disclose relations between shareholders, including legal and natural person, in the proceeding paragraphs according to "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

IX. The shareholding of the same invested company by the Company, the directors, the supervisors, the managers or another business that is controlled by the Company directly or indirectly

March 31, 2016; Unit: Shares

Transfer invested business (Note 1)	The Company's investment		Investment of director, supervisor, management, and the business controlled by the Company directly or indirectly		Comprehensive investment	
	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %
Standard Dairy Products Taiwan Ltd.	30,000,000	100.0%	—	—	30,000,000	100.0%
Standard Beverage Co., Ltd.	7,907,000	100.0%	—	—	7,907,000	100.0%
Charng Hui Ltd.	54,100,000	100.0%	—	—	54,100,000	100.0%
Domex Technology Corporation	10,374,399	52.0%	—	—	10,374,399	52.0%
Honghan International Trading Co., Ltd.	N/A (Note 2)	100.0%			N/A (Note 2)	100.0%
Accession Limited	123,600,000	100.0%	—	—	123,600,000	100.0%
Dermalab S.A.			320	80.0%	320	80.0%
Shanghai Standard Foods Co.	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Shanghai Lebinde Health Technology Ltd.			N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Swissderma, SL			3,000	100.0%	3,000	100.0%
Swiss Line Cosmetics China Limited			10,000	100.0%	10,000	100.0%
Swiss Line by Dermalab GmbH			25,000	100.0%	25,000	100.0%
Inner Mongolia Ja Tai Agriculture Science and Technology Development Co.	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Standard investment (Cayman) Limited	125,722,805	100.0%	—	—	125,722,805	100.0%
Standard Corporation (Hong Kong) Ltd.	—	—	125,697,805	100.0%	125,697,805	100.0%
Standard Investment (China) Ltd.	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Standard Foods (China) Corporation	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Shanghai Dermalab Corporation	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Shanghai Lebinto Health Technology Co., Ltd.	—	—	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Standard Foods (Xiamen) Co. Ltd.			N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Shanghai Lehe Industrial Co., Ltd.			N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Shanghai Leminghe Industrial Co., Ltd.			N/A (Note 2)	100.0%	N/A (Note 2)	100.0%

Note1: Recorded with equity method.
Note2: It is a limited company without any shares.

Four. Stock Subscription

I. Capital and shares

(I) History of Capitalization

Year / Month	Issuing price (NTD)	Authorized shares		Issued shares		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital (NTD)	Non-money Capital	Others
1986/06	100	50,000	5,000,000	47,883	4,788,300	Incorporation	NONE	1986.06.06 MOEA. Investment Bureau (75) Kong-Son-Tzi No. 2799
1986/06	100	50,000	5,000,000	47,884	4,788,400	Capital increased by cash NT$ 100	NONE	1986.06.27 MOEA. Investment Bureau (75) Kong-Son-Tzi No. 3149
1986/09	100	150,000	15,000,000	150,000	15,000,000	Capital increased by cash NT$ 10,211,600	NONE	1986.09.22 MOEA. Investment Bureau (75) Kong-Son-Tzi No. 4718
1988/04	100	450,000	45,000,000	450,000	45,000,000	Capitalization from retain earnings for NT$ 30,000,000	NONE	1988 04.09 MOEA. Investment Bureau (77) Kong-Son-Tzi No. 1831
1990/05	10	16,200,000	162,000,000	16,200,000	162,000,000	Capitalization from retain earnings for NT$ 117,000,000	NONE	1990.05.16 MOEA. Investment Bureau (79) Kong-Son-Tzi No. 3425
1991/07	10	19,440,000	194,400,000	19,440,000	194,400,000	Capitalization from retain earnings for NT$ 32,400,000	NONE	1991.05.15 SFE Ruling (80) Tai-Tsai-Cheng (1) No.00935
1992/03	10	30,715,200	307,152,000	30,715,200	307,152,000	Capital increased by cash NT$ 48,600,000 Capitalization from retain earnings for NT$ 64,152,000	NONE	1992.02.17 SFE Ruling (81) Tai-Tsai-Cheng (1) NO.00269
1993/07	10	43,001,280	430,012,800	43,001,280	430,012,800	Capitalization from retain earnings for NT$ 122,860,800	NONE	1993.04.13 SFE Ruling (82) Tai-Tsai-Cheng (1) No.00771
1994/02	10	60,201,792	602,017,920	60,201,792	602,017,920	Capitalization from retain earnings for NT$ 172,005,120	NONE	1994.01.14 SFE Ruling (83) Tai-Tsai-Cheng (1) No.49242
1995/03	10	84,833,857	848,338,570	84,833,857	848,338,570	Capitalization from retain earnings for NT$ 240,807,170 Capitalization from employee bonus for NT$ 5,513,480	NONE	1995.01.07 SFE Ruling (84) Tai-Tsai-Cheng (1) No.52905
1996/02	10	119,116,843	1,191,168,430	119,116,843	1,191,168,430	Capitalization from retain earnings for NT$ 339,335,420 Capitalization from employee bonus for NT$ 3,494,440	NONE	1995.12.04 SFE Ruling (84) Tai-Tsai-Cheng (1) No.62578
1997/03	10	167,205,291	1,672,052,910	167,205,291	1,672,052,910	Capitalization from retain earnings for NT$ 476,467,380 Capitalization from employee bonus for NT$ 4,417,100	NONE	1996.12.24 SFE Ruling (85) Tai-Tsai-Cheng (1) No.74787

Year / Month	Issuing price (NTD)	Authorized shares		Issued shares		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital (NTD)	Non-money Capital	Others
1998/03	10	330,000,000	3,300,000,000	209,470,236	2,094,702,360	Capitalization from retain earnings for NT$ 418,013,220 Capitalization from employee bonus for NT$ 4,636,230	NONE	1997.12.16 SFE Ruling (86) Tai-Tsai-Cheng (1) No.92147
1999/02	10	330,000,000	3,300,000,000	262,360,651	2,623,606,510	Capitalization from retain earnings for NT$ 523,675,590 Capitalization from employee bonus for NT$ 5,228,560	NONE	1998.12.28 SFE Ruling (87) Tai-Tsai-Cheng (1) No.106085
2000/02	10	330,000,000	3,300,000,000	302,264,506	3,022,645,060	Capitalization from retain earnings for NT$ 393,540,980 Capitalization from employee bonus for NT$ 5,497,570	NONE	1999.12.24 SFE Ruling (88) Tai-Tsai-Cheng (1) No.109947
2001/02	10	330,000,000	3,300,000,000	320,918,442	3,209,184,420	Capitalization from retain earnings for NT$ 181,358,710 Capitalization from employee bonus for NT$ 5,180,650	NONE	2001.01.02 SFE Ruling (90) Tai-Tsai-Cheng (1) No.103971
2009/08	10	330,000,000	3,300,000,000	322,523,034	3,225,230,340	Capitalization from retain earnings for NT$ 16,045,920	NONE	2009.07.03 FSC Far.Tzi No. 0980033057 Letter
2010/08	10	380,000,000	3,800,000,000	370,901,489	3,709,014,890	Capitalization from retain earnings for NT$ 483,784,550	NONE	2010.07.05 FSC Far.Tzi No. 0990034588 Letter
2011/08	10	480,000,000	4,800,000,000	463,626,861	4,636,268,610	Capitalization from retain earnings for NT$ 927,253,720	NONE	2011.07.04 FSC Far.Tzi No. 1000030659 Letter
2012/08	10	580,000,000	5,800,000,000	574,897,307	5,748,973,070	Capitalization from retain earnings for NT$ 1,112,704,460	NONE	2012.06.26 FSC Far.Tzi No. 1010027983 Letter
2013/07	10	680,000,000	6,800,000,000	661,131,903	6,611,319,030	Capitalization from retain earnings for NT$ 862,345,960	NONE	2013.07.02 FSC Far.Tzi No. 1020025191 Letter
2014/08	10	740,000,000	7,400,000,000	720,633,774	7,206,337,740	Capitalization from retain earnings for NT$ 595,018,710	NONE	2014.07.11 FSC Far.Tzi No. 1030026432 Letter
2015/08	10	800,000,000	8,000,000 ,000	792,697,151	7,926,971,510	Capitalization from retain earnings for NT$ 720,633,770	NONE	2015.07.29 FSC Far.Tzi No. 1040028838 Letter

Type of Share	Authorized shares			Remarks
	Outstanding shares (Available for trading on the TWSE)	Un-issued shares	Total	
Registered common shares	792,697,151	7,302,849	800,000,000	

(II) Shareholder structure

As of April 18, 2016

Shareholder structure QTY / Quantity	Government Agencies	Financial Institutions	Other Institutional Investors	Natural Persons	Foreign Institutions & Natural Persons	Total
Number of persons	0	15	150	27,622	401	28,188
Share Held	0	46,196,579	186,845,509	387,886,864	171,768,199	792,697,151
Shareholding ratio %	0.00%	5.83%	23.57%	48.93%	21.67%	100.00%

(III) Dispersal of shareholding

NTD 10 Par value

As of April 18, 2016

Classification	Number of Shareholders	Share Held	Shareholding ratio %
1-999	12,188	2,626,244	0.33%
1,000-5,000	11,709	24,561,848	3.10%
5,001-10,000	2,087	14,850,389	1.87%
10,001-15,000	730	8,906,369	1.12%
15,001-20,000	360	6,267,464	0.79%
20,001-30,000	356	8,772,479	1.11%
30,001-40,000	175	6,090,257	0.77%
40,001-50,000	127	5,733,315	0.72%
50,001-100,000	203	14,200,765	1.79%
100,001-200,000	102	14,475,650	1.83%
200,001-400,000	50	14,337,401	1.81%
400,001-600,000	21	9,804,463	1.24%
600,001-800,000	17	11,635,025	1.47%
800,001-1,000,000	8	7,380,276	0.93%
Over 1,000,001 shares	55	643,055,206	81.12%
Total	28,188	792,697,151	100.00%

(IV) Major shareholder

As of April 18, 2016

Name of major shareholders \ Shares	Share Held	Shareholding ratio %
Ter-Fung Tsao	177,688,153	22.42%
Jiayun Investment Co., Ltd. Trust Account	115,320,000	14.55%
H.D. Mon	96,181,647	12.13%
Bilai Investment Co., Ltd.	28,620,134	3.61%
Mude Investment Co. Ltd.	19,620,632	2.48%
Nan Shan Life Insurance Co., Ltd.	14,984,886	1.89%
RBC Emerging Markets Equity Fund under the custody of HSBC	14,283,000	1.80%
Deutsche Bank Escrows FS Fund FS Asia Pacific Fund Investment Account	13,498,862	1.70%
Cathay Life Insurance Co. Ltd.	12,585,647	1.59%
Chun-Yao, Lin	10,450,000	1.32%

(V) Market Price, Net Worth, Earnings & Dividend per Share in the past two years

Item \ Fiscal year			2014	2015	As of March 31, 2016 (Note 5)
Market price per share	Highest		94.00	97.30	84.50
	Lowest		64.60	63.00	75.00
	Average		79.21	78.20	80.22
Net worth per share	Before appropriation		16.71	16.91	17.88
	After appropriation		13.73	(Note 1)	(Note 1)
Earnings per share	Weighted average shares		715,381,559	786,919,715	786,919,715
	Earnings per shares before adjustment		2.90	3.47	1.11
	Earnings per shares after adjustment		2.64	(Note 1)	(Note 1)
Dividends per share	Cash dividends		1.6	(Note 1)	
	Stock dividend	Earnings distribution	1.0	(Note 1)	
		Capital reserve distribution			
	Accumulated unpaid dividends				
Analysis of return on investment	Price/Earnings Ratio (Note 2)		27.31	22.54	
	Price/Dividend Ratio (Note 3)		49.51	(Note 1)	
	Cash dividends yield rate (Note 4)		2.02%	(Note 1)	

Note 1: Subject to the approval of annual shareholders' meeting.
Note 2: Profit ratio = Closing price per share of the year / Earning per share.
Note 3: Earning ratio = Closing price per share of the year / Cash dividend per share.
Note 4: Cash dividend yield rate = Cash dividend per share / Closing price per share of the year.
Note 5: The column of the net worth per share and earnings per share is the data of the latest quarter certified (or reviewed) by auditors while other columns are for the financial data of the year.

(VI) Execution of Dividend Policy

1. Dividend Policy:

   The Company's net income for the year, if any, should be applied to cover losses, to appropriate legal reserve, and to appropriate or reverse special reserve by law. Then appropriate not less than 1% of the remaining amount as employee's bonus and remuneration to directors and supervisors, respectively. Appropriate 30%-100% of the remaining amount, if any, together with the beginning accumulated unappropriated earnings and the current unappropriated earnings adjustment as shareholder dividends, of which, cash dividends shall equal to 30%-100% of the distributable dividend. However, for a major investment program without the possibility of obtaining other funding, the cash dividend can be reduced to 5%-20% of the distributable dividend.

   As of March 24, 2016, the Board of Directors resolved to the Amendment on the Company's "Articles of Incorporation" below:
   The Company's net income for the year, if any, should pay all taxes and dues first, then be applied to cover losses, to appropriate legal reserve, and to appropriate or reverse special reserve by law. Then appropriate 30%-100% of the remaining amount, if any, together with the beginning accumulated unappropriated earnings and the current unappropriated earnings adjustment as shareholder dividends, of which, cash dividends shall equal to 30%-100% of the distributable dividend. However, for a major investment program without the possibility of obtaining other funding, the cash dividend can be reduced to 5%-20% of the distributable dividend.

2. Proposed Distribution of Dividends:

   The Company's board of directors had resolved on April 28, 2016 to have stock dividend distributed at $1.1/share and cash dividend at $1.6/share; also, the proposal is to be reviewed and discussed at the annual meeting of shareholders on June 15, 2016.

(VII) Impact on Operating performances and EPS that resulted from the stock dividend distribution of this year:

Item \ Fiscal year			2016 (estimated)
Capital collected at the beginning			NT$7,926,971,510
Dividend distribution of the year	Cash dividend per share(Note 1)		NT$1.6
	Stock dividend from retained earnings (Note 1)		1.1 share
	Stock dividend from capital reserve		0 share
Operating performance (Note 2)	Operating income		N/A
	Operating income increase (decrease) from the year before		N/A
	Net income after taxes		N/A
	Net income increase (decrease) from the year before		N/A
	Earnings per share		N/A
	Earnings per share increase (decrease) from the year before		N/A
	Average return on investment ratio (the reciprocal of average profit ratio)		N/A
Pro forma earnings per share and profit ratio (Note 2)	Cash dividend from retained earnings	Pro forma earnings per share	N/A
		Pro forma average return on investment ratio	N/A
	Without capitalization from capital reserve	Pro forma earnings per share	N/A
		Pro forma average return on investment ratio	N/A
	Without capital reserve and all capitalization from retained earnings is distributed as cash dividend	Pro forma earnings per share	N/A
		Pro forma average return on investment ratio	N/A

Note 1: A resolution is to be reached in the 2016 general shareholders' meeting.

Note 2: The Company is not required to publish the 2016 financial forecast in accordance with the “Rules Governing the publication of financial information by public offering companies;” therefore, it is not applicable.

(VIII)Compensations for Employees and Remunerations to Directors and Supervisors

1. Employees' compensations and directors' and supervisors' remunerations policy:
   According to the publicized amendments to Articles 235 and 235-1 of the "Company Act", the Board of Directors resolved to the Amendment on the Company's "Articles of Incorporation" in the meeting held on March 24, 2016, as below:
   The Company's profits for the year, if any, shall be set aside no less than 0.5% of the profits for employees' compensations and no more than 0.75% of the profits for directors' and supervisors' remunerations. The aforementioned profits mean pre-tax profits before deducting employees' compensations and directors' and supervisors' remunerations. The Board of Directors is authorized to stipulate distribution rules of the aforementioned employees' compensations and directors' and supervisors' remunerations. The eligible employees for employees' compensations include the Company and subsidiaries. The proposal resolved by the Board of Directors of employees' compensations and directors' and supervisors' remunerations shall be reviewed and discussed at the annual meeting of shareholders.
   The company's accumulated losses shall be covered first before the aforementioned employees' compensations and directors' and supervisors' remunerations.

2. The basis of estimating the amount of compensations for employee and remunerations to directors/supervisors for calculating the number of shares to be distributed as stock bonuses and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
   According to the publicized amendments to Articles 235 and 235-1 of the "Company Act", the Board of Directors resolved to the Amendment on the Company's "Articles of Incorporation" in the meeting held on March 24, 2016. The Company's compensations payable to employee and remunerations payable to directors and supervisors for 2015 are estimated at NT$29,347,072 and NT$19,466,327, respectively. The afore-said compensations and remunerations are equivalent to 0.9% and 0.6 %, respectively, of the 2015 net income less legal surplus. The aforementioned employees' compensations and directors' and supervisors' remunerations will be distributed in cash resolved by the Board of Directors meeting held on March 24, 2016. Nevertheless, the distributions shall be reported at the annual shareholders' meeting on June 15, 2016.
   If the distribution amount resolved by the Board of Directors has changed significantly after the end of the year but before the date the Company's financial statements approved for publication, the said change is adjusted to the originally appropriated expense. If the distribution amount is changed after the date the Company's financial statements approved for publication, it is processed as change in accounting estimate and adjusted to the bookkeeping in the following year.

3. Distribution policy proposed by the board of directors:
   (1) The distribution of cash or stocks as compensations for employees and remunerations to directors and supervisors:
      1.1 Cash compensations for employees: NT$29,347,072.
      1.2 Stock compensations for employees: NT$0.
      1.3 Remunerations to directors and supervisors: NT$19,466,327.
      The aforementioned pro forma employee bonus and remuneration to directors and supervisors proposed by the Board was in line with the estimated amount in the 2015 financial statements.

(2) The pro forma stock compensations to employees and the ratio of the pro forma stock compensations to the total amount of net income and total dividend to employees: N/A.

(3) Earnings per share after the distribution of pro forma compensations for employees and remunerations to directors and supervisors: The Company's earnings per share in 2015 amounted NT$3.47. The compensations for employees are expenses instead of booked as the distribution of retained earnings without stock compensations; therefore, the said dividend distribution does not affect the Company's earnings per share.

4. Actual distribution of dividends to employees and remuneration to directors and supervisors in the prior year:
In 2014, the Company distributed cash compensations to employees at NT$26,155,720 and remunerations to directors and supervisors at NT$18,682,656. These amounts were consistent with the amount adopted in the 2014 financial statements.

(IX) Treasury stock: None.

II. Corporate bond: None.

III. Preferred stock: None.

IV. Issuance of global depository receipts

Date of the initial issuance			June 19, 1997
Place of issuance and listing			Issued in the United States and Europe and traded at Euro MTF Market of Luxembourg Stock Exchange.
Total Amount			USD29,070,000
Offering price per GDR (US$)			USD9.69
Units Issued			3,000,000 units
Underlying Securities			Common stock of Standard Foods Corporation held by the shareholders
Common Shares Represented (Shares)			15,000,000 shares
Rights and Obligation of GDR Holders			Same as those of Common Share Holders
Trustee			NONE
Depository Bank			The Bank of New York Mellon Corporation
Custodian Bank			Trust Department, Mega Bank
GDRs Outstanding (Units) as of March 31, 2016			33,186.2 units
Apportionment of the expenses for the Issuance and the maintenance			All fees and expenses related to the issuance of GDRs were borne by the selling shareholders while the maintenance expenses were borne by issuer
Terms and Conditions in the Deposit Agreement and the Custody Agreement			Please see the Deposit Agreement and the Custody Agreement for details
Market price per unit (USD)	2015	Highest	16.12
		Lowest	10.15
		Average	13.39
	As of March 31, 2016	Highest	12.93
		Lowest	11.15
		Average	12.15

V. Employee stock option certificates: None.

VI. Restricted employee rights and new share issue: None.

VII. Mergers and acquisitions: None.

VIII. Fund implementation plan

(I) Plan Details

Outstanding equity issuance and marketable security subscription, or the completed equity issuance or subscribed marketable security in the last three years without success up to the last quarter before the printing of the annual report: N/A.

(II) Execution

The implementation of the aforementioned plans: N/A.

Five. Overview of Business Operation

I. Principal activities

(I) Operating Scope:

1. Major business: Manufacturing and selling of nutritious foods, edible oil, dairy products, and beverages.

2. Operating ratio of current products

Product type	2015 Business ratio
Nutritious Foods	40%
Cooking products Food product type	53%
Others	7%
Total	100%

(II) Industry Overview:

With the relatively low criteria required to enter the food industry, the differences between products are small and may easily be copied, thus the market is flooded with inferior brands featuring uneven quality. Moreover, due to shortsighted proprietors pursuing profits, they lack intuition for food safety, and a quality control system is further absent, leading to the frequent occurrence of food hygiene and safety issues, disturbing the reputation and order of the overall food market.

In addition, the development of modern channels provides more convenient and fast marketing channels for the consumer goods market, but due to diversified charging items, the expenses have also increased for the suppliers. Along with the expansion of the channels, the development of private brand products, based on the advantage of owning private marketing channels, further threatens the survival and profit margin for the suppliers.

The main source of raw materials for the food industry is husbandry products; although the enhancement of technology increased the agricultural production efficiency, but the process of agricultural production is still inevitably influenced, to a great extent, by the natural conditions. With the increasing wealth index in each country, the demands for raw materials gradually climbs year by year, yet the global cultivable area gradually decreases due to the influential factors of climate and man-made destruction, and the production quantity for the main agricultural area is also highly unstable. Therefore, the rising prices due to the imbalance between the supply and the demand of raw materials have become a long-term trend. Moreover, environmental pollution issues such as pesticide residue and heavy metals further directly threaten the quality and safety of the raw material supply; these quality and quantity ordeals undoubtedly add further operating cost and pressure to the proprietors.

(III) Technology Research and Development

1. R&D spending in the most recent years and up to the printing of the report

Unit: NT$ Thousand

	2015	As of 3/31 of the year
Amount	102,412	30,470

2. Successfully developed technology and products with R&D expenses in last year and by the report publishing date:
   (1) Developed, passed nutritional supplement certification of, and successfully launched new products for the Quaker Complete Nutrition Food: tumor formula, fiber cereal flavor, and fiber light.
   Quaker Nutri System® Balanced Nutrition Formula: Enhanced Nutrition, Pro Nutro, Enhanced Nutrition (low sugar).
   Quaker Nutri System® Diabetes Formula: Enhanced Nutrition (Saccharides Management) and low sugar, Pro Nutro (Saccharides Management) and low sugar.
   Quaker Nutri System® Balanced Nutrition Formula: Enhanced Nutrition and Pro Nutro
   Quaker Nutri System® Nutrition Formula for Diabetes
   Quaker Nutri System® Double Nutrition Formula.
   (2) Released new powdered milk products
   Quaker Dream Care High Calcium Milk Supplement
   Quaker High Calcium Glucosamine Milk Powder
   Quaker High Calcium Glucosamine Milk Powder—Insulin Formula.
   (3) Developed the zero trans-fat refining process to comply with the recently stricter regulations. This has been used for producing cooking oil.
   (4) Developed and successfully launched the new Quaker Top Fresh series with six products.
   (5) Developed and successfully launched the Nuts and High Fiber formula and Black Sesame Walnut High Calcium formula for the Quaker Whole-Grain Cereal Series.
   (6) Developed and successfully launched the Quaker Cereal Drink with Berries.
   (7) Developed and successfully launched the Quaker All-in-One Whole Grain Meals, Fresh Delight French Milky Soup-Onion & Cheese, Tiandihebu White Fungus & Konjac, and Quaker Red Yeast Rice & Cereal.
   (8) Developed and successfully launched the Great Day Sunflower Oil with Garlic Essence.
   (9) Developed and successfully launched the Quaker Essence of Chicken and Quaker Ginseng Essence.
   (10) Developed and successfully launched the Fresh Delight Premium Yogurt.
   (11) Developed and successfully launched the Fresh Delight Iron and Folic Acid Functional Milk.
   (12) Developed and successfully launched the Fresh Delight Cocoa Milk.

3. R&D Projects in the Latest Year:
   (1) Research and development of special nutritional supplements: Herbal Nutri System® and High Calcium Nutri System®.
   (2) Development of an application for nutritional supplements for patients.
   (3) Development of an application for health food.
   (4) Research of water-soluble enzymes.

(5) Research and development of instant oatmeal noodles.
(6) Development of chicken extraction technology.
(7) Development of the formula for energy drinks, eye jelly, sports glucosamine drink, and beauty drink.
(8) Development of plastic-bottled sterilized milk products.
(9) Research and development of instant foods.
(10) Research of technologies relating to ganoderma fermentation and vacuum emulsion.
(11) Research and development of dairy products, yogurt, and yogurt milk:
11.1 Research and development of flavors for flavored milk.
11.2 Research and development of bacteria for yogurt.
11.3 Analysis and research of functional milk contents.
(12) Research and development of upgrading refreshment products.

(IV) Long-term and short-term business development plan

Standard Foods Corporation takes health food development as the core business, in order to provide high-quality products for the country. We have always operated under the principles of being stable and pragmatic. We only concentrate on core-business operation and originate various new products through non-stop developments and scientific researches, so as to foster new product lines and enhance the brand value.

In terms of our short-term business goals, which always revolve around the long-term spindle, we plan to expand the business scale by stages through introduction of new formula and flavors for the existing products to cover the needs of customer from each layer. Also we will grow the China market gradually by applying the successful experience accumulated in Taiwan and flexible marketing strategies.

II. Market analysis and the conditions of sales and production

(I) Market analysis

Sales regions: For Taiwan and China only.

Market supply and demand:

Nutritious Foods:

1. Oats

(1) Market share

Our cereal products, including instant oats, three-in one cereal, canned cereal powder, package cereal powder, and Quaker oats drink, are well received among the consumers. Through our unremitting brand management, we have continued to lead the cereal product market in Taiwan in 2015.

(2) Future supply and demand and market growth:

With the rise of health awareness and regimen trend in consumers, and the growing trend of food safety and quality, apart from continuously providing consumers with excelling health foods and nutritional supplements, we will put greater efforts in quality and safety controls. By putting quality and safety first, we will provide trustworthy products for consumers to use without worries.

(3) Competitiveness, the advantages and disadvantages of development, and countermeasures.

Our company actively discovers consumer demand for cereal products, catering for the balanced development of health, deliciousness, high quality and diversification. We also develop oatmeal products other than instant cereal beverages. After passing the health certification of "reducing cholesterol" for the Quaker Instant Oatmeal Noodle, we released the product in 2015 to continuously invest in health food. In the future, we will continuously promote the benefits of oatmeal to all consumer groups, raise people's awareness toward health, and thereby to strengthen the Company's leading status in oatmeal.

For the existing instant cereal beverages, we will continue to launch the "Sugar-Free Super Cereal Beverage" and "Quaker Whole Grain Cereal" to attract consumers with the advanced health cereal appeal. In 2016, we will continue to invest in health food products and further cultivate the cereal consumer group to strengthen Quaker's health brand image.

Looking into the future, we will continue to diversify our oatmeal product ranges to turn Quaker into the favorite brand of all ages and fulfill the health demand of different consumer groups. We will also continue to raise brand value through advertising to boost sales.

2. Herbal tonic drink

(1) Market share

According to the Nielsen market survey, in Taiwan Standard Foods was the number one tonic drink seller in 2015 with a market value of about NT$ 4.5 billion. This has proven recognition among the customers for the product.

(2) Future supply and demand and market growth:

Since the impact of the global financial crisis gradually receded and more and more healthy concepts prevail among modern people, consumers are willing to spend more on nutriment foods in addition to daily necessities. Longevity along with the aging population in Taiwan and hopes of being well when getting old provide growth potential for healthcare food. Well positioned functional products have potential to grow.

(3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.

Standard Foods is the pioneer in the health nutriment market. The popular brands of Four Herbs Drink, Ginseng, and Tonic Linchi Drink are the leading brands in their respective fields. The Company has built up a healthy image and good reputation as a specialist in nutriment food through massive investment in advertisement and dedication to business operations. In addition, the diversified product lines and the spirit of innovation are the keys that make the Company a leader in the market with great development potential in the future.

This company has always devoted ourselves to providing consumers with best quality products, amongst these, the benefits of Quaker Ginseng Essential have been conveyed to consumers through advertisements after passing liver protection certification - it has created outstanding sales with continuous growth, making it the best-selling ginseng tonic beverage on the market so far with critical customer acclaim. The Company continues to cultivate the healthcare and nutritional product market with the brand of Tian Di Her Bu, and launched a vitamin health-jelly in 2014, which has combined several vitamins and nutrients using innovative techniques; it is a vitamin compound specially designed for the Taiwanese people, offering consumers with an alternative new-style vitamin option while taking care of the entire family's health. Moreover, the Company further launched the Quaker Finest Bird's Nest drink to cultivate the tonic drink gift set market to provide consumers with another option of real premium bird's nest product. After launching the Glucosamine Formula through Tien Di Her Bu in 2011, the product also became a bestseller on the market with high future developmental potential through our devoted management.

In the coming year, the Company will continue our efforts to develop and promote tonic drinks to meet the demand of customers in all age groups, We will also continue to invest in advertising to seize the tonic drink market with diversified marketing and distribution activities and raise market share and popularity, so as to boost sales and to contribute to the health of modern consumers.

3. Baby food

(1) Market share

Quaker has been the No. 1 brand of mothers for nine consecutive years (highest in relative popularity[1]) and is the leading brand of baby food in Taiwan. We are committed to providing babies in Taiwan with the best nutritional formula and the best quality products. Whether R&D investments or marketing and advertising campaigns, our efforts in baby food, growth milk powder and children's milk powder have won the continuous recognition and support of consumers.

(2) Future supply and demand and market growth:

Although there were over 210 thousand newborns in 2015, the overall market shrank as the government continued to promote of breastfeeding education, which boosted and extended breastfeeding rate and time to affect the popularity of baby food and infant formulas. As 90% of families have one to two children, parents pay extra attention to the innovative nutrition supplements and quality baby food. In the future, we will insist on providing baby and infant food of higher quality through stricter quality control. We will also focus on developing innovative and functional nutrition supplements for mothers to use Quaker baby food without worries.

(3) Competitiveness, the advantages and disadvantages of development, and countermeasures

We understand mothers' love for their babies, and we are committed to providing babies in Taiwan with the most suitable nutrition supplements to take care of children at different stages. From infant formula to growth milk powder, children's milk powder, and milk power for elementary students, apart from following the recommendation of Taiwan's DRIs, we comply with the nutrition advice of international authoritative organizations to continuously improve product innovation and operate our brand image: Quaker-the expert of nutrition. Upholding the spirit of "devoted to the pursuit of good nutrition", apart from focusing on taking care of the baby's intestinal track with three types of exclusive probiotics. After years of research and experiments, it is proven that these three types of probiotics can effectively take care of the baby's intestinal track and keep babies away from illness. In fact, we are the only manufacturer of children's growth milk powder passing national health certification. In baby food innovation, Quaker's patented HA triple-hydrolyzing technique can reduce celiac allergy and enhance nutrient absorption in babies. We also launch the sugar-free formula to meet with the healthy diet trend. In 2014 we launched the organic malt extract combined with locally produced organic rice extract. The product immediately became the best choice for the baby's first pure bite!

As for expectant mother education, we continuously invest in the Quake Mother Classroom and professional nutrition education services. With continuous innovative advert and marketing campaigns for baby food and growth and children's milk powder, we spread the "Quaker, the expert of nutrition" image and turn Quaker into the most popular baby food brand in Taiwan and the ideal baby food brand in mothers for nine consecutive years.

[1]Source: The relative popularity of Quaker baby food in the infant food market according to the 2015 Kantar Worldpanel Baby .

Dairy products and drinks:

4. Powdered milk (for adults)

(1) Market share

This Company's adult milk powder is leader of Taiwan's skim milk powder market. According to the Kantar Worldpanel market survey, Quaker adult milk powder has been and is still the leader in the adult skim milk powder market since 2001, with over 50% of market share.

(2) Future supply and demand and market growth:

Although the adult milk powder market in Taiwan is nearly mature, this Company continues to win consumer recognition with quality and multifunctional products to fulfill consumer needs, as well as constant innovative marketing strategies and comprehensive channel communication.

Looking out to the market trend and observing the demographic change and health orientation of Taiwan, the market potential of adult milk powder is still promising. According to the National Development Council, the concept of early intervention has become popular as society aging is accelerating in Taiwan, particularly for the senior group caring about health and life preservation and wishing to live longer, better, and healthier. This major consumer group of adult milk powder is more eager to invest in health, thus providing a momentum of growth for adult milk power appealing to health, functionality, and nutrition.

Since the entry to the milk powder market in 1993, Quaker has won over consumers' preference with innovative and quality products. The company's R&D team focuses on the needs for Taiwanese people to blend a collection of macrobiotic milk powder exclusive to individuals, for instance: Quaker pioneered in designing High-Calcium Non-Fat Milk Powder for over 50 year olds; launched the first High-Calcium High-Iron Milk Powder with Collagen Formula dedicated to women's beauty and health, there are further Dream Care Milk Powder designed for over 40 year olds, High-Fiber Milk Powder which is beneficial for the excretive issues, and the high-quality and additive-free Quaker Pure Milk Powder released to meet the market trend. Amongst the many outstanding products, the High Calcium Non-Fat Milk Powder with double health certificates is further the best of the best with the honor of receiving two national health food certificates. It is capable of regulating the blood lipid and improve gastrointestinal function, and has received recognition from the consumers with the multiple functions, thereby constantly creating popular sales. We will continue to meet the needs of more consumers and further strengthen the Company's leadership within the skim milk powder market.

(3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.

To take care of citizens' nutrition and health in all aspects, the Company continuously strives to become better. After launching the ready-to-drink "Quaker Nutri System Food" in 2007, we launched formulas for diabetes, dialysis, and cancer patients to meet the market needs. With comprehensive marketing campaigns and celebrity endorsers, we boosted continuous sales growth. Later on, we continued to launch new products meeting the market trend, such as the original flavor sugar-free, enhanced and enhanced nutrition series to fulfill the needs of different consumer groups so that consumers can "enjoy balanced nutrition in one can" and to strengthen Quaker's status in the market of medical grade nutrition supplements.

Standard Foods makes "devoted to the pursuit of good nutrition" the mission of business operations and commits to providing consumers with best quality products. Many products of Standard Foods have passed national health food certification and its brand name is recognized and trusted by consumers. It is our intention to seize the adult functional supplement market with Quaker's brand name and sales experience, our powerful R&D team and the most flexible marketing strategy, so as to create better sales performance for the Company's supplement business

5. Distribution Product (adult milk powder and cheese)

(1) Market share

According to the market survey of AC Nielsen, the market scale of adult milk powder shrank slightly in 2015. As one of the top three brands in the market, sales of Fonterra milk powder remained stable. Growth was seen in Taiwan's overall cheese market, and Chesdale cheese still takes the leading position and keeps growing.

(2) Future supply/demand and market growth

It is expected that Taiwan's overall adult milk powder market will maintain or slightly shrink in 2016 as leading brands continuously release new advertisements and promotion activities

The ratio of distribution networks will maintain the same as the year before in Taiwan. Hypermarkets and public service channels will still be the major distribution channels, and little change is expected of the overall market.

(3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.

Consumers care more about quality and choose product brands more carefully. Steady sales of the Fernleaf Full Cream Milk Powder imported from New Zealand are expected for its pure quality brand image and comprehensive channel promotional activities.

We will reinforce advertising Anlene milk powder that has long been the consumer favorite to improve its brand image. In addition, the product has passed national certification to strengthen its skeletal care image. We will also continue channel operations while strengthening brand and product images to attract more consumers. It is expected that sales of Anlene will grow.

Continuous growth is seen in Taiwan's cheese market, as witnessed by the rising number of users. We will launch comprehensive consumer and channel activities for Chesdale and commercials to improve Chesdale's healthy and nutritious image. We will also continue to educate consumers when to use cheese to secure Chesdale's market share.

Standard Foods intends to work closely with the agents and continuously launches powerful marketing activities and intensive network operation to steadily raise market share and maintain excellent sales.

<u>Cooking oil:</u>

6. Cooking oil

(1) Market share

Aiming to provide families in Taiwan with high quality cooking oil, we have been wholeheartedly holding the "Great Day" over the last two decades. The sunflower oil, pure olive oil, and grape seed oil, Five Treasures Oil from Great Day are all favored and supported by consumers for its healthy and quality image, making it the leading brand in Taiwan. As the leader of all varieties of cooking oil, sales of Great Day products are steady.

In China, our subsidiary distributes sunflower oil in the brand "Duo Li". Insisting on providing healthy and quality cooking oil, Duo Li has gradually become the No. 1 brand of sunflower oil in China.

(2) Future supply/demand and market growth

As citizens prefer to buy pure oil and imported oil, sales of these two categories are expected to grow steadily.

As consumers are paying more attention to the brand and quality of oil products, how to select healthy cooking oil has become increasingly important. Maintaining consistent and excellent quality, the Great Day Pure Sunflower Oil has become the first choice for housewives. As the sale Great Day's imported Italian pure olive oil grows steadily, we will continue to invest in commercials to boost sales. The Great Day Five Treasures Oil blend has passed the national health food certification and is a popular product.

(3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.
As the concern about cooking oil safety rises, family cooking styles also change to macrobiotic diet and healthy cooking oil. Pure sunflower oil and pure olive oil has thus become the market mainstream and the niche of stable growth for "Great Day".
In 2016, the healthy cooking oil market will expand continuously as a result of the aggressive cultivation of various brands. We will continue to cultivate the cooking oil market with high quality products and healthy brand image through our professional technology and knowhow.
We will continue to invest in advertisements to upgrade brand value and the image of health. Also, we will use the spirit of brand innovation to produce good edible oil, to upgrade product value and quality and to satisfy consumers in Taiwan in need of healthy edible oil. In China market, we will also continue to expand the sales network of sunflower oil and to improve the healthy image of "Duo Li" cooking oil with nationwide promotional activities and adverts.

<u>Others:</u>

7. Distribution (candy)
(1) Market share
According to the market survey of AC Nielsen, the Taiwan's market size maintained the same. The sale of Mentos was steady.
(2) Future supply/demand and market growth
The growth for the sweets market in Taiwan in 2016 is expected to be the same as in 2015, and high-price imported fun sweets will intensify market competitions. Novel promotional approaches will be launched to convenience stores, and the main marketing channel, together with the store events and new product promotion in order to attract consumers and stimulate purchases. The ratio for other channels will remain the same.
(3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.
In order to further enhance market share and increase the variety and reach of product lines, the Company will continue to launch new products and seasonal packages for Mentos in 2016, so as to bring novelty with multiple flavors and colorful packages.
In 2016, we will be the Taiwan agent of Chupa Chups lollipop to expand our candy ranges. We will combine the brand advantages of Mentos and Chupa Chups to enrich and stimulate the overall candy market and increase product exposure and brand awareness.
Continuing the new product Pure Fresh Mints launched last year, we will launch more new flavors and more attractive new packages to provide more options for the consumers.
This year, we will continue to coordinate with distributors with seasonal and thematic products. We will also release thematic products with existing resources to revitalize the market to secure the sale and increase the market share of Mentos and Chupa Chups.
This year, we will maintain close cooperation with our suppliers to continuously

promote powerful consumer activities and intensive channel operation to steadily raise market share and continuously boost sales.

8. EMS service (Subsidiary- Domex)
   (1) Market share
   EMS is professional Electronic Manufacturing Services; at the present, the electronic products around the world are either self-produced or commissioned to EMS for manufacture; our company owns less than 1% of the EMS market share at the moment.
   (2) Future supply/demand and market growth
   With the various big companies worldwide expanding their productivity through factory establishment or incorporation, the competition within the industry is afraid to become fiercer. In the future, the EMS market will advance into the era with slim margin, and along with the structural transformation of the technological industry, the EMS industry will demonstrate the trend of "the bigger the stronger".

   (3) Competitiveness, the advantages and disadvantages of development, and responsive strategies.
   Since our company scale is not big, we are capable of providing flexibly towards the alterations of production process and product line to collaborate with the different demands from the clients, and these are the vital factors for the current competition and development for our company. However, the EMS market is an industry where the bigger the stronger, our company will use diversified strategies in the future to avoid direct competition with large OEM factories.

(II) Application and production process of major products

1. Application of major products

Main product	Product application
Nutritious Foods	High fiber grain-based foods and nutritious beverages for breakfast and health diets.
Cooking products Food product type	For cooking needs.
Others	For leisure foods.
EMS service (Subsidiary - Domex)	As the designated use of customers varies, most of them are medical and communications products.

2. Production Process of Major Products

Processing Flow Chart for Oat flake:
Raw material → cutting → pressing → cooling → sieving → packaging
Processing Flow Chart for Oat powder:
Raw material → foam slurry → gelatinization → drying → graining → sieving → packaging
Processing Flow Chart for Tonic Drinks:
raw material → extracting → filtering → mixing → bottling → packaging
Processing Flow Chart for Dairy Products:
Raw material → homogenization → pasteurization → refrigerating → bottling → packaging
Processing Flow Chart for Refined Oil:
Raw oil → refining, de-acidification → bleaching → deodorization → winterization → packaging
Processing Flow Chart for Three Treasure Oats:
Raw material → extrusion → drying → cooling → packaging
EMS service production process (Subsidiary - Domex): Components → SMT → DIP → Assembly → Testing → Packaging

(III) Supply of major ingredients

Major ingredients	Sources
Oats	Imported from Canada and Australia
Sunflower Seed Oil Crude Oil	Imported from Argentina and Ukraine
Oleic Canola oil Crude Oil	Imported from Australia
Flour	Imported from Australia and domestic suppliers
Cane sugar	Taiwan Sugar Corporation
Raw milk	Domestic milk farmers
Milk powder	Suppliers in Europe, Australia, New Zealand, and Taiwan
Electronic Parts Subsidiary - Domex	Supplied by domestic dealers for international companies, as well as domestic manufacturers.

(IV) Major Customers and Suppliers of the last two fiscal years

1. Major Customers in the past two fiscal years

Unit: NT$ Thousand

	2014				2015				As of March 31, 2016			
Item	Name	Amount	Percentage of total net sale amount (%)	Relationship with the issuer	Name	Amount	Percentage of total net sale amount (%)	Relationship with the issuer	Name	Amount	Percentage of total net sale amount up to the last quarter (%)	Relationship with the issuer
1	A	3,453,169	15.8		A	3,856,592	15.1		A	1,025,608	13.8	
	Others	18,346,844	84.2		Others	21,657,994	84.9		Others	6,396,400	86.2	
	Net sale amount	21,800,013	100.0		Net sale amount	25,514,586	100.0		Net sale amount	7,422,008	100.0	

Note 1: List the name, sales amount and sales ratio of the customers who have accounted for over 10% of total sales in the last two years. The customers who are not related parties and must be kept in confidence in accordance with the agreement signed and can be identified by code.

Note 2: No substantial change occurred in the last two years.

1. Major Suppliers in the past two fiscal years

Unit: NT$ Thousand

	2014				2015				As of March 31, 2016			
Item	Name	Amount	Percentage of net purchase amount (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase amount (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase amount up to the last quarter (%)	Relationship with the issuer
	Others	14,397,689	100.0		Others	16,465,282	100.0		Others	4,930,791	100.0	
	Net purchase amount	14,397,689	100.0		Net purchase amount	16,465,282	100.0		Net purchase amount	4,930,791	100.0	

Note 1: List the name, sales amount and sales ratio of the customers who have accounted for over 10% of the total sales amount in the last two years. The customers who are not related parties and must be kept in confidence in accordance with the agreement signed and can be identified by code.

Note 2: The company has no supplier with a stock amount of above 10% during the recent two years; therefore there is no need to disclose.

(V) Production Quantities and Value over the Past Two Years

Unit: 1 tons / NTD Thousand

Fiscal year / QTY & Value	2014			2015		
Major Products	Capacity	Production Quantity	Production Value	Capacity	Production Quantity	Production Value
Nutritious Foods	104,100.00	85,302.48	6,661,273	104,976.00	83,223.01	6,291,355
Cooking products Food product type	219,000.00	198,078.82	8,875,720	296,400.00	240,799.45	9,711,193
Others	(Note 1)	15,303.58	321,385	(Note 1)	12,925.06	276,954
	(Note 2)	1,421,551 (Note 3)	410,543	(Note 2)	642,678 (Note 3)	729,753
Total	323,100.00	298,684.88	16,268,921	401,376.00	336,947.52	17,009,255
		1,421,551 (Note 3)			642,678 (Note 3)	

Note 1: Nutritious Foods production line was used for production.
Note 2: Diversified products are produced by a single production line.
Note 3: Pieces as the unit

(VI) Production Sales and Value over the Past Two Years

Unit: 1 tons / NTD Thousand

Fiscal year / Sales Quantities and Value	2014				2015			
Major Products	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Nutritious Foods	79,776.50	9,658,189	1,578.20	124,796	86,098.20	10,126,386	1,179.40	95,208
Cooking products Food product type	23,294.60	1,796,369	162,152.70	9,127,509	24,032.70	1,870,240	207,833.10	11,643,014
Others	15,278.00	699,328	0.00	393,822	12,604.20	983,532	0.00	796,206
	0.00 (Note 1)		0.00 (Note 1)		0.00 (Note 1)		487,493.00 (Note 1)	
	1,127,678.00 (Note 2)		269,400.00 (Note 2)		207,747.00 (Note 2)		290,596.00 (Note 2)	
Total	118,349.10	12,153,886	163,730.90	9,646,127	122,735.10	12,980,158	209,012.50	12,534,428
	0.00 (Note 1)		0.00 (Note 1)		0.00 (Note 1)		487,493.00 (Note 1)	
	1,127,678.00 (Note 2)		269,400.00 (Note 2)		207,747.00 (Note 2)		290,596.00 (Note 2)	

Note 1: Unit= bottle
Note 2: Unit=piece

III. Status of employees over the past two years and up to the printing of the annual report

As of May 10, 2016

Fiscal year		2014	2015	As of May 10, 2016
Number of Employees	Management & Staff	2,160	2,498	2519
	Technicians & Laborers	602	636	622
	Total	2,762	3,134	3141
Average Age		35.49	33.76	33.88
Average Years of Service		5.94	5.18	5.32
Education distribution	Ph. D.	7	6	8
	Masters	153	158	153
	College/ University	1,406	1,602	1661
	Senior High School	948	955	930
	Junior	248	413	389

Note: Contracted personnel and foreign laborers are included.

IV. Expenditure on environmental protection

We have spared no effort to support the government's environmental policy. In addition to environmental management inspections and environmental protection equipment, we have a responsible team designated for the operation, repair and maintenance, and improvement of pollution fighting equipment

(I) Total losses of environmental pollution (including indemnification) and punitive fines amount in 2015 and up to the printing of the annual report: None.

(II) Response strategy and potential expenses

1. Planned improvement actions
   (1) Improvement plan: Stormwater and wastewater separation project.
   (2) Estimated environmental protection expenses in the next three years

Year	2016	2017	2018
Pollution fighting equipment or expenditure planned	Environmental protection equipment operating expense and garbage clean up expense Stormwater and wastewater separation	Environmental protection equipment operating expense and garbage clean up expense	Environmental protection equipment operating expense and garbage clean up expense
Corrective action planned	Maintain environmental protection equipment and clean up garbage	Maintain environmental protection equipment and clean up garbage	Maintain environmental protection equipment and clean up garbage
Amount	NT$16,500 thousand	NT$11,500 thousand	NT$11,500 thousand

   (3) Impact afterwards

	2016	2017	2018
Impact on net income	Minor	Minor	Minor
Impact on competitiveness	NONE	NONE	NONE

V. Employee / Employer Relations

(I) Major coordination and implementation of current labor issues

1. Employee's welfare package

Employees' welfare is arranged as follows:

(1) Labor insurance and health insurance are arranged for employees as required by law. The Company will have the employees informed automatically upon the occurrence of insurance settlements and will assist them in applying for the said settlement for their protection.

(2) The Company has group insurance for employees as a whole (including their

spouses and children) including life insurance, accident insurance, medical insurance, and cancer-prevention insurance with the premium paid by the Company in full.

(3) Annual bonus and performance prize money from retained earnings are distributed to employees.
(4) Physical check-ups for employees are arranged periodically.
(5) Gifts are distributed to employees on Moon Festival, Dragon Boat Festival, Chinese New Year, and Labor Day.

The Employee Welfare Committee will handle the employees' welfare as follows:

(1) Gifts are distributed to employees on Moon Festival, Dragon Boat Festival, and Chinese New Year.
(2) Birthday gift money
(3) The Committee offers wedding, birth, consolation and condolence, and disability subsidies to employees.
(4) Company tour compensation.
(5) Group activity compensation.
(6) Festival celebration activities.

The Company has set up employee welfare committee per approvals of November 3, 1986, Taoyuan County Government Ruling Fu-Lao-She-Chi No.148470 and Department of Labor, Taipei City Government July 14, 1992, Ruling Bei-Shi-Lao No.12761. The Committee members are elected by employees and a membership fee is collected monthly for welfare activities.

2. Retirement plan

The Company has a retirement plan defined for the contracted managers and employees.

Since July 1, 2005, those who elected the new pension system, the Company deposits the monthly pension to his/her personal under Bureau of Labor Insurance according to the regulation of "Labor Pension Act ". And those who elected the old pension system and the seniority of service accumulated by the aforementioned employees, according to the regulation of "Labor Pension Act ", the Company deposits the monthly pension of the actuarial computation from actuaries to an account in Taiwan under Supervisory Committee Labor Retirement Reserve for its management. In addition, the Company appoints the relevant managers to expense accrued pension.

3. Education and training

Talents are assets of the Company. We believe that the growth of the Company follows the growth of employees. We have a plan formed to help our employees upgrade in order to have an outstanding team organized for competitive advantages and for the ongoing concern of the organization taken as a whole.

We have helped our employees refine their expertise, communication skills, and management and leadership. A training blueprint is drawn for each department with a focus on various trainings for each job level; moreover, management trainees are recruited for manufacturing operations and a diversified learning environment is provided. For example, orientation training, plant tours, sales joint calls, common course training, intra-departmental on-job training and practice, senior adviser's research and guidance, project study, theme meeting attendance, intra-departmental and inter-company rotation, annual sales meetings, overseas study for management and assigned textbook reading and self-learning for personal and group development and growth in a diversified learning environment are provided.

For the cultivation of expertise, a learning program is designed according to the expertise needed for performing job responsibilities. Technology and experience are to be passed on and the core competence is to be built through the internal instructors' training and accreditation system and the counseling procedure of the management. The industrial growth and employee's personal development needs are to be integrated to construct a talent database for internal promotion.

We provide general new employee training, freshman guidance and factory tours for new colleagues, as well as professional advanced training courses related to the posts to assist new colleagues in blending into the Company and understanding the Company within the shortest period of time, and are capable of performing their skills to work.

Help is given to sales & marketing teams to build up and substantiate the expertise and skills needed for job performance by providing them with special skill courses, comprehensive guidance, and joint call assistance. Moreover, annual sales meetings are arranged to help salespersons understand the Company, products, and marketing strategy in order to be cooperative and maintain energy and creativity.

For the cultivation of the management trainees, courses are arranged and a supervisor will be appointed to prepare the trainees for management responsibilities in the near future. We have a talent database for internal promotion constructed through job rotation, project study, and the instruction of senior management and consultants.

Moreover, various training courses are arranged according to the Company's development, so as to enhance work efficiency and develop employee's abilities; there are also opportunities to be transferred to related enterprises and overseas studying to expand the employee's international perspectives, thereby strengthening team work between different companies.

The education and training expenses of the Company in 2015 amounted to NT$10,276 thousand.

4. **Protection measures for working environment and employee personal safety:**

To protect the working environment of the factory and office and the safety of employees, the Company has all kinds of standard operating manuals and protective measures regulated in accordance with the Labor Safety and Health Act and the Labor Safety and Health Facilities Rules.

(1) Establishment of Labor Health & Safety Committee: Meetings are held annually to discuss labor health and safety and firefighting plans.
(2) Stipulation of occupational hazards prevention plan: Protect labor safety and prevent occupation hazards from occurring.
(3) Stipulation of health and safety inspection plan: Inspect machine and equipment safety automatically to prevent accidents from occurring.
(4) Stipulation of health and safety code: It is stipulated by the Labor Health & Safety

Committee and the labor representative to ensure its enforcement by employees.

(5) Employee's health check-up: It includes the physical check-up and health management arranged for the contracted laborers, new recruits, and employees.

(6) Labor health and safety education and training: Labor health & safety education and disaster prevention training are arranged periodically.

(7) Special training: Machine and equipment operators must be trained by the independent training institutions that are contracted by the government and must receive a certificate of qualification.

(8) Transportation of female workers for graveyard shifts: The Company will have transportation arranged for female workers who get off duty after 22:00 at night.

(9) Employee's dormitory: The Company has a dormitory arranged for male workers and female workers who live too far away or who work the graveyard shift.

(10) Appointment of labor health & safety personnel: The Company has labor health & safety personnel and Class A labor health & safety managers designated in accordance with laws.

(11) Designation of medical personnel: Medical personnel are arranged in the factory to care for the employees in accordance with laws.

(12) Occupational disaster investigation: Analyze the status and causes of occupational disasters and have preventive action stipulated and report the incidents to labor inspection units for the record.

(13) Subcontractor management: A review committee is organized by subcontractors and the Company to study work safety and prevent occupational disasters from occurring.

(14) Operational environment test: Inspect the noise level in the working area annually to protect worker's hearing.

(15) Substantiate control processes: Substantiate fire control processes, restrictive space processes, and firefighting system suspension process according to the standard operation procedure.

(16) Labor health & safety audit: Firefighting directors of each unit and department head are to tour the factory daily to prevent accidents from occurring and to protect the safety of life and property.

5. Employee's codes

Employee's codes are stipulated according to the Labor Standards Law and regulations to define the rights and obligations of employer and employees, to substantiate management systems and to inspire employees to work together as a team. The service codes for employees are detailed as follows:

(1) Employees are obligated to perform tasks responsibly and diligently, follow the regulations of the Company, obey the instructions and supervision of the management in all levels and may not take their job responsibilities lightly. The management is obligated to guide employers in a friendly manner.

(2) Employees are expected to work hard, take care of public property, reduce losses, improve product quality, increase productivity, and to keep business and job responsibilities in confidence.

(3) Employees may not manufacture or package personal objects or ask others to do it for them.

(4) Employees may not leave their work post during working hours without authorization.

(5) Visitors, employee's family and friends, and employees of the Company must obey the access controls of the Company.

(6) Employees may not attack or criticize other departments maliciously. Any constructive suggestions must be reported by the responsible department directly.
(7) Employees are to report for work to their direct supervisors only except in an emergency.
(8) Employees without the written consent of the Company may not work for another company that operates similar business as the Company.
(9) Employees may not run a business for themselves or any third party that is similar in business to the Company without the written consent of the Company. Employees may not be a shareholder with unlimited responsibility, executive shareholder, director or manager, or a general or silent partner of another business entity.
(10) Employees may not take advantage of the position held within the Company to benefit themselves or any third party; also, they may not demand profits, gifts, kickbacks or any illegal gains by performing or not performing certain job responsibilities.
(11) Employees may not bring ammunition, knives or guns, illegal items, cameras, and objects that are irrelevant to their job performance to the Company.
(12) Employees may not take the property of the Company off the premises or the factory without authorization. Employees who take the property of the Company off of the premises must present it to the guard at the gate for inspection and collect a release form from the department head with the signature of the competent authorities affixed on it.
(13) Employees are obligated to obey labor health and safety laws and maintain the health, safety and hygiene of the working area and the surrounding environment; moreover, this will prevent theft, fire and hindrance in case of any natural disaster.

6. Employer-employee relations

Our company elects labor representatives according to the Regulations for Implementing Labor-Management Meetings stipulated by the Council of Labor Affairs; the attendance from the management representative is nominated by the Company. The term of office for labor-management meeting representatives is three years per each term; the labor representative may renew the term of office via election, and the management representative may renew the term of office via designation. The labor-management meeting is composed of representatives from both the labor and the management parties; a labor-management meeting is called for every three months to coordinate the labor-management relationship, to stimulate labor-management collaboration, as well as to prevent all kinds of labor issues. The labor welfare affairs, labor safety and hygiene, enhancement of production efficiency and annual schedule are discussed and negotiated by the labor and the management parties during the meeting, which will then be implemented after reaching agreement to benefit both the labor and the management parties.

(II) Losses resulting from labor disputes in the most recent years and up to the printing of the annual report:

Company	Occurrence Date	Dispute	Losses
Standard Foods (China) Ltd.	2015.03	Employees did not work up to standard and were discharged after negotiation.	RMB7,344.48
	2015.05	Employees did not work up to standard and were discharged after negotiation.	RMB38,000
	2015.11	Fight between employees and labor arbitration is in progress.	In progress
Shanghai Standard Foods Ltd.	2015.06	The company did not renew the employment contract with employees.	RMB8,138

Explanation

1. List labor disputes that have been intervened by the court or labor-related government departments.
2. Include both settled and settlement-in-progress disputes.

VI. Important commitments

As of May 10, 2016

Nature of Agreement	Client	Agreement period	Content	Restrictive Clauses
Technological cooperation	Quaker Co.	1994.07-2029.07.11 (Note 1)	Quaker oatmeal and baby oatmeal powder in Taiwan	(Note 2)
Exclusive distributor	Fonterra Brands (Far East) Limited	2008.04.28-2018.04.27 (Note 3)	Exclusive sales agent in Taiwan for Fonterra brand products	(Note 3)
Supply & sales agreement	MND PX Ministry	2015.10.23-2016.10.22 (Note 4)	Welfare for military personnel and their spouses	NONE
Long-term loan	Mega International Commercial Bank	2016.3.11-2018.3.11 (Note 5)	Credit loan quota NT$300 million	NONE

Note 1: The terms and conditions for Agreement renewal is for five years each time. The parties shall meet no later than six months prior to the expiration of the term of the Agreement in order to discuss the renewal of the Agreement.

Note 2: If there is a subsequent material decline of 18% or more in Net Sales of the Quaker brand products in any two consecutive quarters as compared with Net Sales in the corresponding quarterly periods in the previous fiscal year due to the non-performance of the agreement; also, the Company could not evidence it to the Quaker Oats Company in the USA that it was due to special causes instead of non-performance of the agreement, the Quaker Oats Company shall have the option to terminate the Agreement with the Company informed in writing six months in advance.

Note 3: Renewal will be determined three (3) months before the expiry. A contract will in principle extend for three years each time based on the terms and conditions in the original contract.

Note 4: The Agreement shall be renewed every year.

Note 5: The contract is a long-term contract, which will be regularly reviewed and extended yearly for two years.

Six. Finacial Information

I. Condensed balance sheets, income statements, and the auditor's opinions over the last five years

I.1. Financial Highlights of Balance Sheet and statements of comprehensive income International Financial Reporting Standards

Financial Highlights of Balance Sheet – IFRS -Consolidated

Unit: NT$ Thousand

Item \ Fiscal year		Summarized Balance Sheets of Fiscal Years for The Last Five Years (Note 1)					As of March 31, 2016 Financial Information (Note 2)
		Year	2012	2013	2014	2015	
Current Assets			10,726,585	11,644,056	13,501,577	15,391,892	14,313,458
Property, Plant and Equipment			2,182,934	3,085,188	3,691,574	3,783,949	4,407,070
Intangible Assets			18,164	5,288	7,504	166,422	164,884
Other Assets			903,055	1,167,892	940,694	1,187,011	1,197,237
Total Assets			13,830,738	15,902,424	18,141,349	20,529,274	20,082,649
Current Liabilities	Before appropriation		3,666,820	4,771,995	5,659,720	6,441,771	5,235,186
	After appropriation		4,816,614	5,829,806	6,812,734	(Note 3)	(Note 3)
Noncurrent Liabilities			196,847	286,185	378,442	584,030	570,777
Total Liabilities	Before appropriation		3,863,667	5,058,180	6,038,162	7,025,801	5,805,963
	After appropriation		5,013,461	6,115,991	7,191,176	(Note 3)	(Note 3)
Equity attributable to owners of the parent			9,828,250	10,705,823	11,955,482	13,306,157	14,071,842
Capital Stock			5,748,973	6,611,319	7,206,338	7,926,972	7,926,972
Capital Surplus			35,240	43,620	51,331	63,153	63,153
Retained Earnings	Before appropriation		4,008,642	3,832,119	4,232,457	5,022,383	5,893,919
	After appropriation		1,996,502	2,179,289	2,358,809	(Note 3)	(Note 3)
Other equity			56,577	239,947	486,538	314,831	208,980
Treasury Stock			(21,182)	(21,182)	(21,182)	(21,182)	(21,182)
Non-controlling interest			138,821	138,421	147,705	197,316	204,844
Total equity	Before appropriation		9,967,071	10,844,244	12,103,187	13,503,473	14,276,686
	After appropriation		8,817,277	9,786,433	10,950,173	(Note 3)	(Note 3)

Note 1: The Company has adopted international financial reporting standards since the year of 2013, together with the 2012 financial information enclosed.

Note 2: Reviewed by CPA.

Note 3: Subject to the approval of annual shareholders' meeting.

Condensed Comprehensive Income Statement - IFRS - Consolidated

Unit: NTD Thousand, Except EPS

Item \ Fiscal year	Summarized Balance Sheets of Fiscal Years for The Last Five Years (Note 1)					As of March 31, 2016 Financial Information (Note 2)
	Year	2012	2013	2014	2015	
Sales revenue		17,853,762	20,379,206	21,800,013	25,514,586	7,422,008
Gross Profit		5,440,171	5,655,886	6,222,406	8,040,850	5,046,769
Operating Income		2,406,198	1,997,306	2,457,158	3,287,048	1,074,864
Non-operating Income/expense		336,831	250,971	112,867	111,503	33,915
Earnings before tax		2,743,029	2,248,277	2,570,025	3,398,551	1,108,779
Net income from continuing operations		2,246,294	1,862,855	2,090,360	2,752,467	878,890
Loss from discontinued operations		-	-	-	-	-
Net income (loss)		2,246,294	1,862,855	2,090,360	2,752,467	878,890
Other comprehensive income (net after tax)		(112,182)	159,561	223,874	(191,612)	(105,677)
Current comprehensive income/loss		2,134,112	2,022,416	2,314,234	2,560,855	773,213
Net earnings attributable to owners of the parent		2,241,130	1,859,582	2,075,851	2,730,613	871,536
Net earnings attributable to non-controlling interest		5,164	3,273	14,509	21,854	7,354
Comprehensive income/loss attributable to owners of the parent		2,129,157	2,018,987	2,299,759	2,538,837	765,685
Comprehensive income/loss attributable to non-controlling interest		4,955	3,429	14,475	22,018	7,528
Earnings per share (Note 3)		2.85	2.36	2.64	3.47	1.11

Note 1: The Company has adopted international financial reporting standards since the year of 2013, together with the 2012 financial information enclosed.

Note 2: Reviewed by CPA.

Note 3: It is calculated in accordance with the weighted average shares after the retrospective adjustment proportionally to the capitalized earnings.

Financial Highlights of Balance Sheet – IFRS -Individual

Unit: NT$ Thousand

Item \ Fiscal year		Summarized Balance Sheets of Fiscal Years for The Last Five Years (Note 1)				
		Year	2012	2013	2014	2015
Current Assets			5,367,927	5,226,568	5,515,351	6,343,538
Property, Plant and Equipment			1,051,711	1,116,909	1,291,293	1,324,881
Intangible Assets			17,606	4,031	6,490	6,438
Other Assets			5,452,482	6,467,359	7,498,763	8,596,705
Total Assets			11,889,726	12,814,867	14,311,897	16,271,562
Current Liabilities	Before appropriation		1,899,358	1,882,702	2,053,387	2,599,476
	After appropriation		3,049,152	2,940,513	3,206,401	(Note 2)
Noncurrent Liabilities			162,118	226,342	303,028	365,929
Total Liabilities	Before appropriation		2,061,476	2,109,044	2,356,415	2,965,405
	After appropriation		3,211,270	3,166,855	3,509,429	(Note2)
Capital Stock			5,748,973	6,611,319	7,206,338	7,926,972
Capital Surplus			35,240	43,620	51,331	63,153
Retained Earnings	Before appropriation		4,008,642	3,832,119	4,232,457	5,022,383
	After appropriation		1,996,502	2,179,289	2,358,809	(Note2)
Other equity			56,577	239,947	486,538	314,831
Treasury Stock			(21,182)	(21,182)	(21,182)	(21,182)
Total equity	Before appropriation		9,828,250	10,705,823	11,955,482	13,306,157
	After appropriation		8,678,456	9,648,012	10,802,468	(Note2)

Note 1: The Company has adopted international financial reporting standards since the year of 2013, together with the 2012 financial information enclosed.

Note 2: Subject to the approval of annual shareholders' meeting.

Condensed Comprehensive Income Statement - IFRS - Individual

Unit: NTD Thousand, Except EPS

Item \ Fiscal year	Summarized Balance Sheets of Fiscal Years for The Last Five Years (Note 1)				
	Year	2012	2013	2014	2015
Sales revenue		11,011,135	11,153,037	11,488,057	11,746,796
Gross Profit		3,730,380	3,616,106	3,547,802	3,895,187
Operating Income		2,212,572	2,020,722	2,024,934	2,283,059
Non-operating Income/expense		492,099	186,666	427,912	934,105
Earnings before tax		2,704,671	2,207,388	2,452,846	3,217,164
Net income from continuing operations		2,241,130	1,859,582	2,075,851	2,730,613
Loss from discontinued operations		-	-	-	-
Net income (loss)		2,241,130	1,859,582	2,075,851	2,730,613
Other comprehensive income (net after tax)		(111,973)	159,405	223,908	(191,776)
Total current comprehensive income/loss		2,219,157	2,018,987	2,299,759	2,538,837
Earnings per share (Note 2)		2.85	2.36	2.64	3.47

Note 1: The Company has adopted international financial reporting standards since the year of 2013, together with the 2012 financial information enclosed.

Note 2: It is calculated in accordance with the weighted average shares after the retrospective adjustment proportionally to the capitalized earnings.

I.2. CondensedBalance sheet and income statement - Financial Accounting Standards of the R.O.C.

Financial Highlights of Balance Sheet – Taiwan GAAP-Consolidated

Unit: NT$ Thousand

Item \ Fiscal year		Summarized Balance Sheets of Fiscal Years for The Last Five Years				
		2011	2012	2013	2014	2015
Current Assets		9,443,213	10,728,265			-
Funds & investments		345,498	234,744			-
Properties		2,186,837	2,233,417			-
Intangible Assets		33,395	128,878			-
Other Assets		455,254	455,963			-
Total Assets		12,464,197	13,781,267			-
Current Liabilities	Before appropriation	3,367,084	3,646,985			-
	After appropriation	4,479,788	4,796,779			-
Long Term Liabilities		2,184	1,455			-
Other liabilities		66,884	74,675			-
Total Liabilities	Before appropriation	3,436,152	3,723,115			-
	After appropriation	4,548,856	4,872,909			-
Capital Stock		4,636,269	5,748,973			-
Capital Surplus		40,704	48,814			-
Retained Earnings	Before appropriation	4,049,459	4,062,113			-
	After appropriation	1,824,051	2,049,973			-
Unrealized gain or loss on financial instrument		(3,688)	21,665			-
Cumulative Translation Adjustments		154,322	34,912			-
Net Loss not Recognized as Pension Cost		-	(128)			-
Unrealized Revaluation Increment		23,134	23,134			-
Treasury Stock		(21,182)	(21,182)			-
Total equity attributable to stockholder of the parent	Before appropriation	8,879,018	9,918,301			-
	After appropriation	7,766,314	8,768,507			-
Minority interest in subsidies		149,027	139,851			-
Total Shareholders' Equity	Before appropriation	9,028,045	10,058,152			-
	After appropriation	7,915,341	8,908,358			-

Condensed Income Statement - Taiwan GAAP-Consolidated

Unit: NTD Thousand, Except EPS

Fiscal year / Item	Summarized Balance Sheets of Fiscal Years for The Last Five Years				
	2011	2012	2013	2014	2015
Sales revenue	19,827,211	20,056,118			-
Gross Profit	7,515,152	7,637,129			-
Operating Income	2,797,993	2,399,713			-
Non-operating Income	166,463	395,431			-
Non-operating Expenses and losses	27,449	55,803			-
Income from Continuing Operations before Tax	2,937,007	2,739,341			-
Income from Continuing Operations	2,482,321	2,243,217			-
Income from Discontinued Operations	-	-			-
Extraordinary Gain and Loss	-	-			-
Cumulative Effect of Change in Accounting Principle	-	-			-
Net Income	2,482,321	2,243,217			-
Earnings per share (Note 1)	3.13	2.85			-

Note 1:It is calculated in accordance with the weighted average shares after the retrospective adjustment proportionally to the capitalized earnings.

Condensed balance sheet - Taiwan GAAP - Individual

Unit: NT$ Thousand

Item	Fiscal year	Summarized Balance Sheets of Fiscal Years for The Last Five Years				
		2011	2012	2013	2014	2015
Current Assets		5,099,436	5,375,229			-
Funds & investments		4,332,935	5,022,831			-
Properties		1,079,911	1,093,285			-
Intangible Assets		21,076	17,606			-
Other Assets		346,646	355,719			-
Total Assets		10,880,004	11,864,670			-
Current Liabilities	Before appropriation	1,943,164	1,888,553			-
	After appropriation	3,055,868	3,038,347			-
Long Term Liabilities		2,184	1,455			-
Other liabilities		55,638	56,361			-
Total Liabilities	Before appropriation	2,000,986	1,946,369			-
	After appropriation	3,113,690	3,096,163			-
Capital Stock		4,636,269	5,748,973			-
Capital Surplus		40,704	48,814			-
Retained Earnings	Before appropriation	4,049,459	4,062,113			-
	After appropriation	1,824,051	2,049,973			-
Unrealized gain or loss on financial instrument		(3,688)	21,665			-
Cumulative Translation Adjustments		154,322	34,912			-
Net Loss not Recognized as Pension Cost		-	(128)			-
Total Shareholders' Equity	Before appropriation	8,879,018	9,918,301			-
	After appropriation	7,766,314	8,768,507			-

Condensed income statement - Taiwan GAAP - Individual

Unit: NTD Thousand, Except EPS

Item \ Fiscal year	Summarized Balance Sheets of Fiscal Years for The Last Five Years				
	2011	2012	2013	2014	2015
Sales revenue	12,544,265	12,162,799	12,162,799		-
Gross Profit	5,109,533	4,880,148	4,880,148		-
Operating Income	2,469,255	2,209,876	2,209,876		-
Non-operating Income	436,867	523,703	523,703		-
Non-operating Expenses and losses	4,255	32,424	32,424		-
Income from Continuing Operations before Tax	2,901,867	2,701,145	2,701,145		-
Income from Continuing Operations	2,458,358	2,238,062	2,238,062		-
Income from Discontinued Operations	-	-	-		-
Extraordinary Gain and Loss	-	-	-		-
Cumulative Effect of Change in Accounting Principle	-	-	-		-
Net Income	2,458,358	2,238,062	2,238,062		-
Earnings per share (Note 1)	3.13	2.85	3.13		-

Note 1:It is calculated in accordance with the weighted average shares after the retrospective adjustment proportionally to the capitalized earnings.

I.3. CPAs and their auditing opinions in the past five years

Fiscal year	CPA Firm	CPA's name	Auditing opinion
2015	Deloitte Touch Tohmatsu CPA Firm	Ting-Chen Hsu, Hung-Hsiang Tsai	Unqualified
2014	Deloitte Touch Tohmatsu CPA Firm	Ting-Chen Hsu, Hung-Hsiang Tsai	Unqualified
2013	Deloitte Touch Tohmatsu CPA Firm	Ting-Chen Hsu, Hung-Hsiang Tsai	Unqualified
2012	Deloitte Touch Tohmatsu CPA Firm	Ting-Chen Hsu, Hung-Hsiang Tsai	Unqualified
2011	Deloitte Touch Tohmatsu CPA Firm	Ting-Chen Hsu, Hung-Hsiang Tsai	Unqualified

II. Financial analysis for the last five years

II.1.Financial Analysis - IFRS (consolidated)

Item (Note 1) \ Fiscal year		Financial analysis for the last five years: Year	2012	2013	2014	2015	As of March 31, 2015
Financial structure (%)	Ratio of liabilities to assets(%)		27.93	31.80	33.28	34.22	28.91
	Long-term capital to property, plant, and facility(%)		465.60	360.76	338.11	372.30	336.90
Solvency (%)	Current ratio(%)		292.53	244.00	238.55	238.94	273.41
	Quick ratio(%)		183.23	145.61	142.08	144.83	166.20
	(Times) interest earned ratio		391.85	128.38	108.12	147.77	115.79
Operating ability	Accounts receivable turnover (times)		5.29	5.70	5.37	5.83	6.72
	Days sales in accounts receivable		68.99	64.03	67.97	62.61	54.32
	Inventory turnover (times)		4.25	4.64	4.24	4.67	5.51
	Accounts payable turnover (times)		10.91	12.21	13.80	13.70	11.49
	Average days in sales		85.68	78.66	86.08	78.16	66.24
	Property, plant and facility turnover (times)		8.42	7.73	6.43	6.83	7.25
	Total assets turnover (times)		1.35	1.37	1.28	1.32	1.46
Profitability	Ratio of return on total assets (%)		17.08	12.62	12.39	14.33	17.47
	Ratio of return on total equities (%)		23.74	17.90	18.21	21.50	25.31
	Ratio of net income before tax to paid-in capital (%) (Note 7)		47.71	34.00	35.66	42.87	55.95
	Profit ratio (%)		12.58	9.14	9.58	10.79	11.84
	Earnings per share ($)		2.85	2.36	2.64	3.47	1.11
Cash flow	Cash flow ratio (%)		46.31	32.87	37.31	41.49	17.57
	Cash flow adequacy ratio (%)		159.77	116.39	117.18	110.34	145.69
	Cash reinvestment ratio (%)		4.59	3.08	6.89	8.89	5.35
Balance	Degree of operating leverage		1.48	2.06	1.42	1.37	1.33
	Degree of financial leverage		1.00	1.00	1.01	1.01	1.01

Root causes for the financial ratio change in the last two years:

1. The ratio of cash re-investment in 2015 increased because overall profit increased in 2015, and net cash flow for business activities increased as a result.
2. Time interest earnedin 2015 increased because overall profit increased in 2015.

Financial Analysis - IFRS (Individual)

Item (Note 1) \ Fiscal year		Financial analysis for the last five years				
		Year	2012	2013	2014	2015
Financial structure (%)	Ratio of liabilities to assets(%)		17.33	16.46	16.46	18.22
	Long-term capital to property, plant, and facility%		949.91	978.78	949.32	1,031.95
Solvency (%)	Current ratio(%)		282.61	277.61	268.60	244.03
	Quick ratio(%)		182.22	161.81	147.27	151.70
	(Times) interest earned ratio		18,275.80	2,377.09	14,345.13	12,005.34
Operating ability	Accounts receivable turnover (times)		5.61	5.96	6.25	6.29
	Days sales in accounts receivable		64.94	61.13	58.40	58.03
	Inventory turnover (times)		4.29	4.24	4.08	3.87
	Accounts payable turnover (times)		8.55	8.68	8.64	8.61
	Average days in sales		85.08	85.88	89.46	94.32
	Property, plant and facility turnover (times)		10.99	10.28	9.54	8.98
	Total assets turnover (times)		0.96	0.90	0.85	0.77
Profitability	Ratio of return on total assets (%)		19.65	15.06	15.31	17.86
	Ratio of return on total equities (%)		24.05	18.11	18.32	21.62
	Ratio of net income before tax to paid-in capital (%) (Note 5)		47.04	33.38	34.04	40.59
	Profit ratio (%)		20.35	16.67	18.07	23.25
	Earnings per share ($)		2.85	2.36	2.64	3.47
Cash flow	Cash flow ratio (%)		99.64	96.44	83.91	81.02
	Cash flow adequacy ratio (%)		198.67	177.45	156.21	145.70
	Cash reinvestment ratio (%)		6.86	5.36	4.81	6.18
Balance	Degree of operating leverage		1.30	1.36	1.32	1.37
	Degree of financial leverage		1.00	1.00	1.00	1.00

The root causes for the financial ratio change in the last two years:

1. Time interest earned increased in 2015 because the increase in the investment amount of some subsidiaries in Taiwan and Mainland China, resulting in an increase in the profit amount of some subsidiaries applying the equity method which caused an increase in net profit before tax.
2. Case re-investment ratio reduced because net cash flow for business activities increased.

Note 1: The following equations shall be listed at the bottom of this chart.

1. Financial structure
   (1) Ratio of debt to assets = Total debt/Total assets.
   (2) Long-term capital to fixed assets ratio＝(total equity＋non-current debt)/total net fixed assets
2. Solvency
   (1) Current ratio = Current assets / Current liability
   (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / Current liabilities
   (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
   (1) Accounts receivable turnover (including accounts receivable and notes receivable derived from business operation) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation).
   (2) Average collection days = 365 / Account receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory amount
   (4) Accounts payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts

payable and notes payable derived from business operation).

(5) Average inventory turnover days = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Average net fixed assets

(7) Total assets turnover = Net sales / Total assets

4. Profitability

(1) Return on assets = [Net income (loss) + interest expense x (1-tax rate)] / Average total assets

(2) Return on shareholder's equity = Net income (loss) / Net average shareholders' equity

(3) Profit ratio = Net income (loss) / Net sales

(4) EPS = (Net earnings attributable to owners of the parent - preferred dividend) / Weighted-average shares issued. (Note 2)

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activity / Current liability

(2) Cash flow adequacy ratio = Net cash flow from operating activities in the past five years / (Capital expenditure + Inventory increase + Cash dividend) in the past five years

(3) Cash reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Fixed assets + Long-term investment + other assets + Working capital). (Note 3)

6. Leverage:

(1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income (Note 4).

(2) Degree of financial leverage = Operating income / (Operating income – interest expense).

Note 2: When analyzing EPS equation above, please note the followings

1. Based on weighted average common stocks, not the shares issued at the end of the year.
2. Calculation for weighted-average common stock shall take into consideration the number of floating days of new shares issued from cash funding and treasury shares
3. Those that had capital increase from retain earnings or capital reserve, the total capital shall be adjusted retroactively by the percentage of increase, and no consideration for the issuing period is needed, when calculate EPS for the entire fiscal year or the first six months
4. If the preferred shares are non-convertible cumulative preferred stocks, the dividend (whether paid or not) shall be deducted from the after-tax net income/loss. If the preferred shares are non-cumulative preferred stocks, the dividends shall be deducted from the after-tax net income. No such adjustment shall be made if after-tax net loss.

Note 3: When analyzing the cash flows, please note the following matters:

1. Cash flows from operating activities mean the business has generated a net inflow of cash.
2. Capital expenditure means cash paid for long-term assets purchase during the year.
3. Inventory addition is only included when inventory balance at the period end is bigger than that at the beginning of the period. No inventory addition is included if inventory balance was down at the year end.
4. Cash dividend includes cash distribution paid to holders of both common stocks and preferred stocks.
5. Gross fixed assets means total fixed assets before depreciation.

Note 4: The issuer shall divide each operation cost and expense into fixed and variable categories based on their natures, if it is done by estimation or subjective judgments, the bases shall be logical and consistent.

Note 5: If the Company's stock is without a par value or the par value is not NT$10, the calculation of paid-in capital ratio referred to above should be replaced with the equity ratio attributable to the shareholders of the parent company on the balance sheet.

II.2. Financial Analysis –Taiwan GAAP (Consolidated)

Item (Note 1) / Fiscal year			Financial analysis for the last five years				
			2011	2012	2013	2104	2015
Financial structure (%)	Ratio of liabilities to assets(%)		27.56	27.01			
	Ratio of long-term capital to fixed assets(%)		412.93	450.41			
Solvency (%)	Current ratio(%)		280.45	294.16			
	Quick ratio(%)		177.32	190.28			
	(Times) interest earned ratio		325.93	391.33			
Operating ability	Accounts receivable turnover (times)		6.02	5.99			
	Days sales in accounts receivable		60.53	60.93			
	Inventory turnover (times)		4.52	4.25			
	Accounts payable turnover (times)		11.98	10.91			
	Average days in sales		80.57	85.68			
	Fixed assets turnover (times)		9.22	9.07			
	Total assets turnover (times)		1.72	1.52			
Profitability	Ratio of return on total assets (%)		21.63	17.13			
	Return on shareholder's equity (%)		30.36	23.50			
	Ratio to total paid-in capital (%)	Operating income	60.35	41.74			
		Net income before tax	63.34	47.64			
	Profit ratio (%)		12.51	11.18			
	Earnings per share ($)		3.10	2.82			
Cash flow	Cash flow ratio (%)		72.16	51.91			
	Cash flow adequacy ratio (%)		123.56	162.42			
	Cash reinvestment ratio (%)		12.91	5.96			
Balance	Degree of operating leverage		2.17	2.63			
	Degree of financial leverage		1.00	1.00			

Financial Analysis –Taiwan GAAP (Individual)

Item (Note 1)			Fiscal year: Financial analysis for the last five years 2011	2012	2013	2014	2015
Financial structure (%)	Ratio of liabilities to assets(%)		18.39	16.40			
	Ratio of long-term capital to fixed assets(%)		822.40	907.33			
Solvency (%)	Current ratio(%)		262.43	284.62			
	Quick ratio(%)		171.54	193.21			
	(Times) interest earned ratio		18,844.29	18,251.98			
Operating ability	Accounts receivable turnover (times)		6.68	6.24			
	Days sales in accounts receivable		54.64	58.49			
	Inventory turnover (times)		4.83	4.29			
	Accounts payable turnover (times)		9.62	8.55			
	Average days in sales		75.56	85.08			
	Fixed assets turnover (times)		12.14	11.19			
	Total assets turnover (times)		1.26	1.07			
Profitability	Ratio of return on total assets (%)		24.68	19.68			
	Return on shareholder's equity (%)		30.63	23.81			
	Ratio to total paid-in capital (%)	Operating income	53.26	38.44			
		Net income before tax	62.59	46.98			
	Profit ratio (%)		19.60	18.40			
	Earnings per share ($)		3.10	2.82			
Cash flow	Cash flow ratio (%)		89.64	121.27			
	Cash flow adequacy ratio (%)		196.95	213.10			
	Cash reinvestment ratio (%)		7.67	10.04			
Balance	Degree of operating leverage		1.42	1.46			
	Degree of financial leverage		1.00	1.00			

Note1: The following equations shall be listed at the bottom of this chart.

1. Financial structure
   (1) Ratio of debt to assets = Total debt/Total assets.
   (2) Long-term capital to fixed assets ratio＝(total equity＋non-current debt) / total net fixed assets
2. Solvency
   (1) Current ratio = Current assets / Current liability
   (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / Current liabilities
   (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
   (1) Accounts receivable turnover (including accounts receivable and notes receivable derived from business operation) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation).
   (2) Average collection days = 365 / Account receivable turnover.
   (3) Inventory turnover = Cost of goods sold / Average inventory amount.
   (4) Accounts payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts

payable and notes payable derived from business operation).

(5) Average inventory turnover days = 365 / Inventory turnover.

(6) Fixed assets turnover＝Net sales / Average net fixed assets.

(7) Total assets turnover = Net sales / Total assets.

4. Profitability

(1) Return on assets = [Net income (loss) + interest expense x (1-tax rate)] / Average total assets.

(2) Return on shareholder's equity = Net income (loss) / Net average shareholders' equity.

(3) Profit ratio = Net income (loss) / Net sales.

(4) EPS = (Net earnings attributable to owners of the parent - preferred dividend) / Weighted-average shares issued. (Note 2)

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activity / Current liability

(2) Cash flow adequacy ratio = Net cash flow from operating activities in the past five years / (Capital expenditure + Inventory increase + Cash dividend) in the past five years

(3) Cash reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Fixed assets + Long-term investment + other assets + Working capital). (Note 3)

6. Leverage:

(1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income (Note 4).

(2) Degree of financial leverage = Operating income / (Operating income – interest expense).

Note 2: When analyzing EPS equation above, please note the followings

1. Based on weighted average common stocks, not the shares issued at the end of the year.
2. Calculation for weighted-average common stock shall take into consideration the number of floating days of new shares issued from cash funding and treasury shares.
3. Those that had capital increase from retain earnings or capital reserve, the total capital shall be adjusted retroactively by the percentage of increase, and no consideration for the issuing period is needed, when calculate EPS for the entire fiscal year or the first six months.
4. If the preferred shares are non-convertible cumulative preferred stocks, the dividend (whether paid or not) shall be deducted from the after-tax net income/loss. If the preferred shares are non-cumulative preferred stocks, the dividends shall be deducted from the after-tax net income. No such adjustment shall be made if after-tax net loss.

Note 3: When analyzing the cash flows, please note the following matters:

1. Cash flows from operating activities mean the business has generated a net inflow of cash.
2. Capital expenditure means cash paid for long-term assets purchase during the year.
3. Inventory addition is only included when inventory balance at the period end is bigger than that at the beginning of the period. No inventory addition is included if inventory balance was down at the year end.
4. Cash dividend includes cash distribution paid to holders of both common stocks and preferred stocks.
5. Gross fixed assets means total fixed assets before depreciation

Note 4: The issuer shall divide each operation cost and expense into fixed and variable categories based on their natures, if it is done by estimation or subjective judgments, the bases shall be logical and consistent.

III. Supervisor’s report in the most recent year

Standard Foods Corporation
Supervisor’s Audit Report

The Board has submitted the Company’s 2015 business report, financial statements and earnings distribution proposal, where financial statements have been audited by CPA Ting-Chen Hsu and CPA Hung-Hsiang Tsai of Deloitte Touche Tohmatsu through the appointment by the Board and an audit report has been issued accordingly.

The aforementioned business report, financial statements and earnings distribution proposal have been audited by the undersigned and are considered in the conformity with applicable laws and regulations. Therefore, the Supervisor’s Report is hereby issued in accordance with Article 219 of the Company Act.

Please review and approve

To:

Standard Foods Corporation 2016 General Shareholders Meeting

Standard Foods Corporation

Supervisor: Tom A. Chien

Charng Hui Ltd.
Representative: Samson Wang

May 5, 2016

IV. Financial Report and consolidated financial statements

IV.1. Financial Report of Standard Foods Corporation and Subsidiaries

Standard Foods Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2015 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

STANDARD FOODS CORPORATION

By

TER-FUNG TSAO
Chairman

March 24, 2016

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Standard Foods Corporation

We have audited the accompanying consolidated balance sheets of Standard Foods Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Standard Foods Corporation as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified report.

March 24, 2016

Notice to Readers

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

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 2,916,818	14	$ 1,991,558	11
Available-for-sale financial assets - current (Note 8)	290,400	1	496,999	3
Debt investments with no active market - current (Note 10)	1,289,026	6	1,026,935	6
Notes receivable (Note 11)	35,362	-	41,730	-
Trade receivables (Note 11)	4,394,945	21	4,286,758	23
Other receivables (Note 11)	297,714	2	156,956	1
Current tax assets (Note 27)	87,787	1	31,665	-
Inventories (Note 12)	3,635,946	18	3,847,264	21
Biological assets - current	-	-	16	-
Prepayments (Note 13)	2,426,478	12	1,612,855	9
Other current assets (Notes 19 and 36)	17,416	-	8,841	-
Total current assets	15,391,892	75	13,501,577	74
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Note 9)	112,929	1	124,396	1
Property, plant and equipment (Notes 15 and 36)	3,783,949	18	3,691,574	20
Investment properties (Notes 16 and 36)	256,785	1	259,651	2
Goodwill	26,100	-	558	-
Other intangible assets (Note 17)	140,322	1	6,946	-
Biological assets - non-current	-	-	36	-
Deferred tax assets (Note 27)	213,710	1	249,018	1
Long-term prepayments for lease (Note 18)	441,488	2	203,160	1
Other non-current assets (Note 19)	162,099	1	104,433	1
Total non-current assets	5,137,382	25	4,639,772	26
TOTAL	$ 20,529,274	100	$ 18,141,349	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	$ 1,845,627	9	$ 1,336,892	7
Short-term bills payable (Note 20)	39,937	-	99,959	1
Notes payable (Note 21)	439,597	2	210,823	1
Trade payables (Note 21)	1,395,722	7	1,679,757	9
Other payables (Note 22)	2,018,005	10	1,911,768	11
Current tax liabilities (Note 27)	278,855	1	256,131	1
Provisions - current (Note 23)	27,201	-	19,404	-
Finance lease payables - current	126	-	531	-
Other current liabilities (Note 22)	396,701	2	144,455	1
Total current liabilities	6,441,771	31	5,659,720	31
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 27)	148,530	1	134,299	1
Finance lease payables - non-current	1,051	-	126	-
Net defined benefit liabilities (Note 24)	290,691	1	197,119	1
Other non-current liabilities (Note 22)	143,758	1	46,898	-
Total non-current liabilities	584,030	3	378,442	2
Total liabilities	7,025,801	34	6,038,162	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)				
Common stock	7,926,972	39	7,206,338	40
Capital surplus	63,153	-	51,331	-
Retained earnings				
Legal reserve	1,899,483	9	1,691,898	9
Unappropriated earnings	3,122,900	15	2,540,559	14
Total retained earnings	5,022,383	24	4,232,457	23
Other equity	314,831	2	486,538	3
Treasury share	(21,182)	-	(21,182)	-
Total equity attributable to owners of the Company	13,306,157	65	11,955,482	66
NON-CONTROLLING INTERESTS (Note 25)	197,316	1	147,705	1
Total equity	13,503,473	66	12,103,187	67
TOTAL	$ 20,529,274	100	$ 18,141,349	100

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales	$ 25,514,586	100	$ 21,800,013	100
OPERATING COSTS (Notes 12, 24 and 26)				
Cost of goods sold	17,473,736	68	15,577,607	72
GROSS PROFIT	8,040,850	32	6,222,406	28
OPERATING EXPENSES (Notes 24 and 26)				
Selling and marketing expenses	3,967,746	16	3,159,721	15
General and administrative expenses	683,644	3	504,032	2
Research and development expenses	102,412	-	101,495	-
Total operating expenses	4,753,802	19	3,765,248	17
OPERATING INCOME	3,287,048	13	2,457,158	11
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Other income	101,685	-	86,398	1
Other gains and losses	32,973	-	50,460	-
Finance costs	(23,155)	-	(23,991)	-
Total non-operating income and expenses	111,503	-	112,867	1
PROFIT BEFORE INCOME TAX	3,398,551	13	2,570,025	12
INCOME TAX EXPENSE (Note 27)	646,084	2	479,665	2
NET PROFIT FOR THE YEAR	2,752,467	11	2,090,360	10
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 24)	(82,032)	-	(27,378)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	14,396	-	4,654	-
Total items that will not be reclassified subsequently to profit or loss	(67,636)	-	(22,724)	-

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	$ (137,477)	(1)	$ 305,236	1
Unrealized gain (loss) on available-for-sale financial assets	(9,085)	-	(7,620)	-
Income tax relating to the items that may be reclassified subsequently to profit or loss (Note 27)	22,586	-	(51,018)	-
Total items that may be reclassified subsequently to profit or loss	(123,976)	(1)	246,598	1
Other comprehensive income (loss) for the year, net of income tax	(191,612)	(1)	223,874	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,560,855	10	$ 2,314,234	11
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 2,730,613	11	$ 2,075,851	10
Non-controlling interests	21,854	-	14,509	-
	$ 2,752,467	11	$ 2,090,360	10
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 2,538,837	10	$ 2,299,759	11
Non-controlling interests	22,018	-	14,475	-
	$ 2,560,855	10	$ 2,314,234	11
EARNINGS PER SHARE (Note 28)				
Basic	$ 3.47		$ 2.64	
Diluted	$ 3.47		$ 2.64	

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
			Retained Earnings			Other Equity							
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Other	Total	Treasury Stock	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2014	$ 6,611,319	$ 43,620	$ 1,505,940	$ 2,326,179	$ 3,832,119	$ 229,160	$ 10,787	$ -	$ 239,947	$ (21,182)	$ 10,705,823	$ 138,421	$ 10,844,244
Appropriation of 2013 earnings													
Legal reserve	-	-	185,958	(185,958)	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(1,057,811)	(1,057,811)	-	-	-	-	-	(1,057,811)	-	(1,057,811)
Stock dividends to shareholders	595,019	-	-	(595,019)	(595,019)	-	-	-	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by a subsidiary	-	7,710	-	-	-	-	-	-	-	-	7,710	-	7,710
Acquisition of interest in subsidiaries	-	1	-	-	-	-	-	-	-	-	1	(2,319)	(2,318)
Cash dividends to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,872)	(2,872)
Net profit for the year ended December 31, 2014	-	-	-	2,075,851	2,075,851	-	-	-	-	-	2,075,851	14,509	2,090,360
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	(22,683)	(22,683)	253,346	(6,755)	-	246,591	-	223,908	(34)	223,874
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	2,053,168	2,053,168	253,346	(6,755)	-	246,591	-	2,299,759	14,475	2,314,234
BALANCE AT DECEMBER 31, 2014	7,206,338	51,331	1,691,898	2,540,559	4,232,457	482,506	4,032	-	486,538	(21,182)	11,955,482	147,705	12,103,187
Appropriation of 2014 earnings													
Legal reserve	-	-	207,585	(207,585)	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(1,153,014)	(1,153,014)	-	-	-	-	-	(1,153,014)	-	(1,153,014)
Stock dividends to shareholders	720,634	-	-	(720,634)	(720,634)	-	-	-	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by a subsidiary	-	8,404	-	-	-	-	-	-	-	-	8,404	-	8,404
Changes in percentage of ownership interest in subsidiaries	-	3,418	-	-	-	-	-	(46,970)	(46,970)	-	(43,552)	-	(43,552)
Cash dividends to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(8,615)	(8,615)
Increase non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	36,208	36,208
Net profit for the year ended December 31, 2015	-	-	-	2,730,613	2,730,613	-	-	-	-	-	2,730,613	21,854	2,752,467
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	(67,039)	(67,039)	(114,736)	(10,001)	-	(124,737)	-	(191,776)	164	(191,612)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	2,663,574	2,663,574	(114,736)	(10,001)	-	(124,737)	-	2,538,837	22,018	2,560,855
BALANCE AT DECEMBER 31, 2015	$ 7,926,972	$ 63,153	$ 1,899,483	$ 3,122,900	$ 5,022,383	$ 367,770	$ (5,969)	$ (46,970)	$ 314,831	$ (21,182)	$ 13,306,157	$ 197,316	$ 13,503,473

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,398,551	$ 2,570,025
Adjustments for:		
Depreciation expenses	353,838	302,248
Amortization expenses	49,259	87,522
Impairment loss recognized (reversal of impairment loss) on trade receivables	853	(249)
Net gain on fair value change of financial assets and financial liabilities at fair value through profit or loss	(21,601)	(27,636)
Finance costs	23,155	23,991
Interest income	(56,917)	(42,274)
Dividend income	(15,792)	(18,242)
Net loss on disposal of property, plant and equipment	7,717	2,141
Net gain on disposal of investments	(4,790)	(8,212)
Impairment loss recognized on financial assets measured at cost	5,764	22,961
Loss on changes in fair value less cost to sell biological assets	-	954
Changes in operating assets and liabilities		
Financial assets held for trading	21,601	27,636
Notes receivable	5,743	(11,222)
Trade receivables	(133,325)	(425,059)
Other receivables	(134,019)	17,667
Inventories	239,389	(269,516)
Biological assets	51	982
Prepayments	(837,566)	(371,088)
Other current assets	(6,866)	9,361
Notes payable	235,943	199,142
Trade payables	(285,541)	386,511
Other payables	128,784	54,374
Provisions	7,819	(4,991)
Other current liabilities	259,574	(70,794)
Accrued pension liabilities	1,430	2,695
Cash generated from operations	3,243,054	2,458,927
Interest received	49,596	40,561
Interest paid	(25,985)	(21,134)
Income tax paid	(593,660)	(366,246)
Net cash generated from operating activities	2,673,005	2,112,108
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(1,850,801)	(1,192,120)
Proceeds on sale of available-for-sale financial assets	2,051,793	1,460,339
Purchase of debt investments with no active market	(1,441,751)	(1,267,195)
Proceeds from sale of debt investments with no active market	1,172,345	963,938
Purchase of financial assets carried at cost	-	(10,000)
Proceeds from capital reduction of financial assets carried at cost	5,537	8,464

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Net cash outflow on acquisition of a subsidiary	$ (172,418)	$ -
Payments for property, plant and equipment	(449,250)	(654,506)
Proceeds from disposal of property, plant and equipment	1,076	20,344
Payments for intangible assets	(33,195)	(11,494)
Increase in other financial assets	(56,068)	(5,828)
Decrease in other financial assets	37	149,998
Increase in other non-current assets	(50,934)	(48,826)
Increase in long-term prepayments for lease	(249,662)	-
Other dividend received	15,792	18,242
Net cash used in investing activities	(1,057,499)	(568,644)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	532,425	30,009
Increase (decrease) in short-term bills payable	(60,022)	29,990
Decrease in finance lease payables	(531)	(758)
Increase in other financial liabilities	5,340	10,440
Decrease in other financial liabilities	(936)	(529)
Increase in other non-current liabilities	20,414	-
Dividends paid to owners of the Company	(1,144,610)	(1,050,101)
Partial acquisition of interest in subsidiaries	-	(2,318)
Dividends paid to non-controlling interests	(8,615)	(2,872)
Net cash used in financing activities	(656,535)	(986,139)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(33,711)	75,201
NET INCREASE IN CASH AND CASH EQUIVALENTS	925,260	632,526
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,991,558	1,359,032
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,916,818	$ 1,991,558

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

1. GENERAL INFORMATION

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

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

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 24, 2016.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version did not have any material impact on the Group's accounting policies:

1) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the disclosure requirements in IFRS 12 are more extensive than in past standards. Please refer to Note 14 for related disclosures.

2) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than in past standards; for example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required only for financial instruments are extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Note 34 for related disclosures.

3) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under previous IAS 1, there were no such requirements.

The Group retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations and unrealized gain (loss) on available-for-sale financial assets. The application of the above amendments did not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

4) Revision to IAS 19 "Employee Benefits"

The interest cost and expected return on plan assets used in previous IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

b. New IFRSs in issue but not yet endorsed by the FSC

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

<u>The impairment of financial assets</u>

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, the Group shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Group satisfies a performance obligation.

When IFRS 15 is effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

3) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. In the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. In the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within operating activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements 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, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

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

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

See Note 14, Tables 9 and 10 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

Acquisition of business is accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

f. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

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

On the disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

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

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss.

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

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

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

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

j. Goodwill

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

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

l. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is held for trading.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss earned on the financial asset is recognized in profit or loss. Fair value is determined in the manner described in Note 34.

ii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iii. Loans and receivables

Loans and receivables (including notes receivable, trade receivables, cash and cash equivalent, debt investments with no active market, other receivables and other financial assets) are measured at amortized cost using the effective interest method, less any impairment, except for short-term notes receivable and trade receivables when the effect of discounting is immaterial.

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

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost, such as notes receivable and trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of notes receivable and trade receivables, where the carrying amount is reduced through the use of an allowance account. When a notes receivable and trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible notes receivable and trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except for financial liabilities at fair value through profit or loss, all other financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into derivative financial instruments of futures to manage its exposure to price volatility risk of raw materials.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

o. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

1) Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

p. Leasing

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

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

q. Borrowing costs

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

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

r. Government grants

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

t. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

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

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

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

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

3) Current and deferred tax for the year

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. Actual future cash flows could be significantly less than the expected amount; thus, a material impairment loss may arise.

b. Write-down of inventory

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

c. Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

d. Income taxes

The realizability of deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	2014
Cash on hand	$ 12,057	$ 14,850
Checking accounts and demand deposits	1,693,965	1,319,382
Cash equivalent		
Time deposits with original maturities less than three months	1,210,796	131,820
Repurchase agreements collateralized by bonds	-	525,506
	$ 2,916,818	$ 1,991,558

The market rate intervals of cash in bank and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	December 31	
	2015	2014
Bank deposits	0.08%-4.20%	0.01%-0.94%
Repurchase agreements collateralized by bonds	-	0.60%-0.70%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group entered into futures contracts during 2015 and 2014 to manage exposures to price volatility risk of raw materials. The contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

As of December 31, 2015 the Group did not have outstanding futures contract.

As of December 31, 2015 and 2014, the margin deposits paid by the Group amounted to $2,544 thousand and $1,975 thousand, which had been included in other non-current assets.

The Group entered into structured time deposits mainly to earn from favorable effects of fluctuations of interest rates.

As of December 31, 2015 and 2014, the Group did not have outstanding structured time deposit.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	2014
Current		
Listed shares	$ 157,871	$ 167,281
Mutual funds	132,529	329,718
	$ 290,400	$ 496,999

9. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2015	2014
Non-current		
Unlisted shares	$ 73,600	$ 77,109
Mutual funds	39,329	47,287
	$ 112,929	$ 124,396
Classified according to measurement categories		
Available-for-sale	$ 112,929	$ 124,396

Management believed that the fair value of the above unlisted shares and mutual funds held by the Group cannot be reliably measured due to the very wide range of reasonable fair value estimates; therefore, the financial assets were measured at cost less impairment at the end of reporting period.

The Group recognized impairment loss on financial assets as follows:

	December 31	
	2015	2014
Mutual funds	$ 5,764	$ 22,961

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2015	2014
Current		
Time deposits with original maturity of more than 3 months	$ 1,289,026	$ 1,026,935

The market interest rates of the time deposits with original maturity of more than 3 months were 0.48%-4.00% and 1.13%-3.45% per annum as of December 31, 2015 and 2014, respectively.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2015	2014
Notes receivable		
Notes receivable - operating	$ 35,362	$ 41,730
Trade receivables		
Trade receivables	$ 4,420,484	$ 4,290,266
Less: Allowance for impairment loss	(25,539)	(3,508)
	$ 4,394,945	$ 4,286,758
Other receivables		
Accrued interests	$ 18,991	$ 11,797
Payment on behalf of others	183	3,119
Others	278,540	142,040
	$ 297,714	$ 156,956

The average credit period of receivables from sales of goods was 30-60 days. Allowance for impairment loss was recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience with the counterparties and an analysis of their current financial position.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize allowance for impairment loss because there were no significant changes in credit quality or the amounts were not over the credit limit, and the amounts were still considered recoverable.

The aging of receivables was as follows:

	December 31	
	2015	2014
Not past due	$ 4,501,484	$ 4,103,214
1-30 days	104,181	170,840
31-90 days	96,628	194,993
91-180 days	35,512	16,154
Over 180 days	15,755	3,751
	$ 4,753,560	$ 4,488,952

The above aging schedule was based on the past due date.

The aging of trade receivables that were past due but not impaired was as follows:

	December 31	
	2015	2014
1-30 days	$ 93,672	$ 169,760
31-90 days	91,058	193,971
91-180 days	17,190	15,427
Over 180 days	10,410	3,069
	$ 212,330	$ 382,227

The above aging schedule was based on the past due date.

The movements of the allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ 1,349	$ 2,354	$ 3,703
Add: Impairment losses recognized on receivables	815	62	877
Less: Impairment losses reversed	-	(1,126)	(1,126)
Foreign exchange translation gains and losses	-	54	54
Balance at December 31, 2014	2,164	1,344	3,508
Add: Impairment losses recognized on receivables	-	51,330	51,330
Transferred from business combination	-	20,801	20,801
Less: Impairment losses reversed	(393)	(50,084)	(50,477)
Foreign exchange translation gains and losses	-	377	377
Balance at December 31, 2015	$ 1,771	$ 23,768	$ 25,539

The notes receivable and other receivables as of December 31, 2015 and 2014 were neither past due nor impaired.

12. INVENTORIES

	December 31	
	2015	2014
Merchandise	$ 677,538	$ 621,383
Finished goods	1,650,359	1,623,558
Work in progress	236,541	334,744
Raw materials	993,965	1,192,113
Packing materials	77,543	75,466
	$ 3,635,946	$ 3,847,264

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2015 included $64,408 thousand loss on write-downs of inventories, $47,583 thousand loss on abandonment of inventories and $5,727 thousand of unallocated overheads. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2014 included $49,406 thousand loss on write-downs of inventories, $46,729 thousand loss on abandonment of inventories and $5,169 thousand of unallocated overheads.

13. PREPAYMENTS

	December 31	
	2015	2014
Prepayments for supplies	$ 1,565,825	$ 1,182,956
Prepayments for rent	5,054	6,587
Prepayments for insurance	8,569	7,894
Excess business tax paid	58,705	80,327
Prepayments for advertisements	277,447	67,698
Others	510,878	267,393
	$ 2,426,478	$ 1,612,855

14. SUBSIDIARIES

Subsidiaries included in consolidated financial statements.

Investor	Investee	Main Business	Proportion of Ownership December 31 2015	2014	Remark
The Company	Standard Dairy Products Taiwan Limited ("Standard Dairy Products")	Manufacture and sale of dairy products and beverage	100.0	100.0	-
The Company	Charng Hui Ltd. ("Charng Hui")	Investing	100.0	100.0	-
The Company	Domex Technology Corporation ("Domex Technology")	Manufacture and sale of computer peripherals and computer appliances	52.0	52.0	-
The Company	Standard Beverage Company Limited ("Standard Beverage")	Manufacture and sale of beverage	100.0	100.0	The Company purchased 2.9% equity interest in Standard Beverage in April 2014 to increase the proportion of the Company's shares from 97.1% to 100.0%
The Company	Accession Limited	Investing	100.0	100.0	-
The Company	Standard Investment (Cayman) Limited (Cayman Standard)	Investing	100.0	100.0	In July and December 2014, and June, October and December 2015, the Company invested RMB92,012 thousand, RMB39,200 thousand, RMB5,500 thousand, US$12,000 thousand and US$10,000 thousand in Cayman Standard.
Accession Limited	Shanghai Standard Foods Co., Ltd. ("Shanghai Standard Foods")	Manufacture and sale of edible oil and nutritious foods	100.0	100.0	In July 2015, Shanghai Standard Foods divided asset US$1,000 thousand to Shanghai Le Ben De. After divided, the proportion of Accession Limited's shares of Shanghai Standard Foods is still 100.00%.
Accession Limited	Shanghai Le Ben De Health Technology Co., Ltd. ("Shanghai Le Ben De")	Technical consultant on health technology, technical transfer and technical service	100.0	-	In July 2015, Shanghai Standard Foods divided asset US$1,000 thousand to Shanghai Le Ben De. After divided, the proportion of Accession Limited's shares of Shanghai Le Ben De is still 100.00%.
Accession Limited	Dermalab S.A. (Dermalab)	Development and sale cosmetic products	80.0	-	In April 2015, Accession Limited purchased 80% shares of Dermalab, and Dermalab becomes the subsidiary of the Company.
Shanghai Standard Foods	Inner Mongolia Jiatai Agriculture Technology Co., Ltd. ("Inner Mongolia Jiatai Agriculture")	Cultivate sunflower seeds	100.0	100.0	-
Cayman Standard	Standard Corporation (Hong Kong) Limited ("Hong Kong Standard")	Investing	100.0	100.0	In July and December 2014, and June, October and December 2015, Cayman Standard invested RMB92,012 thousand, RMB39,200 thousand, RMB5,500 thousand, US$12,000 thousand and US$10,000 thousand in Hong Kong Standard.
Hong Kong Standard	Standard Investment (China) Co., Ltd. ("China Standard Investment")	Investing and sale of edible oil and nutritious foods	100.0	100.0	In July and December 2014, and June, October and December 2015, Hong Kong Standard invested RMB92,012 thousand, RMB39,200 thousand, RMB5,500 thousand, US$12,000 thousand and US$10,000 thousand in China Standard Investment.

(Continued)

Investor	Investee	Main Business	% of Ownership December 31 2015	2014	Remark
China Standard Investment	Standard Foods (China) Co., Ltd. ("China Standard Foods")	Manufacture and sale of edible oil and nutritious foods	100.0	100.0	In July and October 2014, China Standard Investment invested RMB62,000 thousand and RMB30,282 thousand in China Standard Foods.
China Standard Investment	Shanghai Dermalab Corporation ("Shanghai Dermalab")	Sale of nutritional food, cosmetic and engage in import and export business	100.0	100.0	In October 2014 and June 2015, China Standard Investment invested RMB500 thousand and RMB5,500 thousand in Shanghai Dermalab.
China Standard Investment	Shanghai Le Ben Tuo Health Technology Co., Ltd. ("Shanghai Le Ben Tuo")	Sale of nutritional food and engage in import and export business	100.0	100.0	In December 2014 and June 2015, China Standard Investment invested RMB10,000 thousand and RMB29,200 thousand in Shanghai Le Ben Tuo.
China Standard Investment	Standard Foods (Xiamen) Co., Ltd. ("Xiamen Standard")	Manufacture and sale of edible oil and nutritious foods	100.0	-	In October, November and December 2015, China Standard Investment invested US$12,000 thousand, RMB10,000 thousand and RMB54,670 thousand in Xiamen Standard.
China Standard Investment	Shanghai LeHo Industrial Co., Ltd. ("Shanghai Le Ho")	Management of properties	100.0	-	As of December 31, 2015, the funds were not invested.
China Standard Investment	Shanghai Le Ming Industrial Co., Ltd. ("Shanghai Le Ming")	Management of properties	100.0	-	As of December 31, 2015, the funds were not invested.

(Concluded)

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Leased Assets	Other Equipment	Property in Construction	Total
Cost							
Balance at January 1, 2014	$ 702,405	$ 2,072,148	$ 2,995,289	$ 1,664	$ 401,539	$ 55,867	$ 6,228,912
Additions	-	-	205,219	-	32,780	416,507	654,506
Disposals	-	(3,273)	(98,899)	-	(22,459)	-	(124,631)
Transferred from prepayment for equipment	-	-	180,581	-	1,371	-	181,952
Reclassified	-	66,567	(6,907)	(738)	3,428	(62,350)	-
Effect of foreign currency exchange differences	-	61,032	52,178	-	6,261	15,811	135,282
Balance at December 31, 2014	$ 702,405	$ 2,196,474	$ 3,327,461	$ 926	$ 422,920	$ 425,835	$ 7,076,021
Accumulated depreciation and impairment							
Balance at January 1, 2014	$ -	$ 756,215	$ 2,095,853	$ 1,115	$ 290,541	$ -	$ 3,143,724
Disposals	-	(2,748)	(79,035)	-	(20,363)	-	(102,146)
Depreciation expense	-	85,778	172,646	267	40,692	-	299,383
Reclassified	-	1,341	(1,806)	(645)	1,110	-	-
Effect of foreign currency exchange differences	-	12,669	26,908	-	3,909	-	43,486
Balance at December 31, 2014	$ -	$ 853,255	$ 2,214,566	$ 737	$ 315,889	$ -	$ 3,384,447
Carrying amount at December 31, 2014	$ 702,405	$ 1,343,219	$ 1,112,895	$ 189	$ 107,031	$ 425,835	$ 3,691,574
Cost							
Balance at January 1, 2015	$ 702,405	$ 2,196,474	$ 3,327,461	$ 926	$ 422,920	$ 425,835	$ 7,076,021
Additions	-	-	260,937	1,066	70,587	116,660	449,250
Disposals	-	(778)	(81,499)	-	(8,448)	-	(90,725)
Acquisitions through business combination	-	-	-	-	7,078	-	7,078
Transferred from prepayment for equipment	-	-	44,772	-	-	-	44,772
Reclassified	-	325,587	-	(926)	926	(325,587)	-
Effect of foreign currency exchange differences	-	(28,762)	(24,764)	(15)	(2,998)	(5,327)	(61,866)
Balance at December 31, 2015	$ 702,405	$ 2,492,521	$ 3,526,907	$ 1,051	$ 490,065	$ 211,581	$ 7,424,530

(Continued)

	Freehold Land	Buildings	Equipment	Leased Assets	Other Equipment	Property in Construction	Total
Accumulated depreciation and impairment							
Balance at January 1, 2015	$ -	$ 853,255	$ 2,214,567	$ 737	$ 315,889	$ -	$ 3,384,448
Disposals	-	(457)	(73,631)	-	(7,844)	-	(81,932)
Acquisitions through business combination	-	-	-	-	6,482	-	6,482
Depreciation expense	-	101,366	201,054	30	48,522	-	350,972
Reclassified	-	-	-	(767)	767	-	-
Effect of foreign currency exchange differences	-	(6,088)	(11,573)	-	(1,728)	-	(19,389)
Balance at December 31, 2015	$ -	$ 948,076	$ 2,330,417	$ -	$ 362,088	$ -	$ 3,640,581
Carrying amount at December 31, 2015	$ 702,405	$ 1,544,445	$ 1,196,490	$ 1,051	$ 127,977	$ 211,581	$ 3,783,949

(Concluded)

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

Building	
Main buildings	20-51 years
Electrical and mechanical equipment	8-20 years
Engineering	3-39 years
Others	3-20 years
Equipment	
Main equipment	2-20 years
Engineering	3-20 years
Others	3-15 years
Leased assets	5 years
Other equipment	2-15 years

Refer to Note 36 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings granted to the Group.

16. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1 and December 31, 2014	$ 318,021
Accumulated depreciation and impairment	
Balance at January 1, 2014	$ 55,505
Depreciation expense	2,865
Balance at December 31, 2014	$ 58,370
Carrying amount at December 31, 2014	$ 259,651

(Continued)

	Completed Investment Property
Cost	
Balance at January 1 and December 31, 2015	$ 318,021
Accumulated depreciation and impairment	
Balance at January 1, 2015	$ 58,370
Depreciation expense	2,866
Balance at December 31, 2015	$ 61,236
Carrying amount at December 31, 2015	$ 256,785

(Concluded)

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

Building	
Main buildings	35-51 years
Electrical and mechanical equipment	24-25 years
Engineering	28 years
Others	24 years

The fair value of the investment properties was $630,117 thousand and $680,267 thousand as of December 31, 2015 and 2014. The management of the Group arrived at the fair value amounts by reference to market evidence of transaction prices for similar properties.

All of the Group's investment properties are held under freehold interests. The carrying amounts of investment properties pledged by the Group to secure borrowings granted to the Group are disclosed in Note 36.

17. OTHER INTANGIBLE ASSETS

	Trademark	Computer Software	Technical Know-how	Other	Total
Cost					
Balance at January 1, 2014	$ -	$ 188,060	$ 263	$ -	$ 188,323
Additions	-	11,494	-	-	11,494
Disposition	-	-	(267)	-	(267)
Effect of foreign currency exchange differences	-	1,249	4	-	1,253
Balance at December 31, 2014	$ -	$ 200,803	$ -	$ -	$ 200,803

(Continued)

	Trademark	Computer Software	Technical Know-how	Other	Total
Accumulated amortization and impairment					
Balance at January 1, 2014	$ -	$ 183,330	$ 263	$ -	$ 183,593
Amortization expense	-	9,287	-	-	9,287
Disposition	-	-	(267)	-	(267)
Effect of foreign currency exchange differences	-	1,240	4	-	1,244
Balance at December 31, 2014	$ -	$ 193,857	$ -	$ -	$ 193,857
Carrying amount at December 31, 2014	$ -	$ 6,946	$ -	$ -	$ 6,946
Cost					
Balance at January 1, 2015	$ -	$ 200,803	$ -	$ -	$ 200,803
Additions	-	16,753	-	16,442	33,195
Acquisitions through business combination	112,329	-	-	-	112,329
Effect of foreign currency exchange differences	2,169	(621)	-	(165)	1,383
Balance at December 31, 2015	$ 114,498	$ 216,935	$ -	$ 16,277	$ 347,710
Accumulated amortization and impairment					
Balance at January 1, 2015	$ -	$ 193,857	$ -	$ -	$ 193,857
Amortization expense	4,355	9,486	-	274	14,115
Effect of foreign currency exchange differences	(57)	(524)	-	(3)	(584)
Balance at December 31, 2015	$ 4,298	$ 202,819	$ -	$ 271	$ 207,388
Carrying amount at December 31, 2015	$ 110,200	$ 14,116	$ -	$ 16,006	$ 140,322

(Concluded)

The above items of other intangible assets are amortized on a straight-line basis over the following estimated life:

Trademark	20 years
Computer software	2-3 years
Technical know-how	10 years
Other	10 years

18. LONG-TERM PREPAYMENTS FOR LEASE

The long-term prepayments for lease are land use rights located in Mainland China. As of December 31, 2015 and 2014, long-term prepayments for lease amounted to $441,488 thousand and $203,160 thousand, respectively.

19. OTHER ASSETS

	December 31	
	2015	2014
Current		
Time deposits	$ 1,000	$ 700
Advances to officers	14,468	8,141
Others	1,948	-
	$ 17,416	$ 8,841
Non-current		
Prepayments for equipment	$ 5,249	$ 48,120
Refundable deposits	87,911	32,140
Others	68,939	24,173
	$ 162,099	$ 104,433

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2015	2014
Secured borrowings (Note 36)		
Bank loans	$ 80,000	$ 24,055
Unsecured borrowings		
Bank loans	1,765,627	1,312,837
	$ 1,845,627	$ 1,336,892

The range of weighted average effective interest rates on bank loans was 1.07%-3.92% and 1.13%-5.04% per annum as of December 31, 2015 and 2014, respectively.

b. Short-term bills payable

	December 31 2015	December 31 2014
Commercial paper	$ 40,000	$ 100,000
Less: Unamortized discount on commercial paper	(63)	(41)
	$ 39,937	$ 99,959

Outstanding short-term bills payable were as follows:

December 31, 2015

Financial Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
Commercial paper						
Mega Bills Finance Co., Ltd.	$ 40,000	$ (63)	$ 39,937	1.32%	-	$ -

December 31, 2014

Financial Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
Commercial paper						
Mega Bills Finance Co., Ltd.	$ 40,000	$ (14)	$ 39,986	1.32%	-	$ -
International Bills Finance Corporation	60,000	(27)	59,973	1.43%-1.50%	-	-
	$ 100,000	$ (41)	$ 99,959			$ -

21. NOTES PAYABLE AND TRADE PAYABLES

	December 31 2015	December 31 2014
Notes payable		
Notes payable - operating	$ 439,535	$ 210,746
Notes payable - non-operating	62	77
	$ 439,597	$ 210,823
Trade payables		
Trade payables	$ 1,395,722	$ 1,679,757

The average credit period of payables for purchases of goods was 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

22. OTHER LIABILITIES

	December 31	
	2015	2014
Current		
Other payables		
Payable for purchase of equipment	$ 74,054	$ 52,422
Payable for commission and rebate	764,307	747,706
Payable for advertisement	103,629	99,653
Payable for royalties	23,073	25,175
Salaries or bonus	219,747	228,271
Payable for freight	33,943	29,548
Payable for employee compensation or employee bonus	29,347	26,156
Payable for remuneration to directors and supervisors	19,466	18,683
Others	750,439	684,154
	$ 2,018,005	$ 1,911,768
Other liabilities		
Advance receipts from customers	$ 391,079	$ 131,196
Others	5,622	13,259
	$ 396,701	$ 144,455
Non-current		
Other liabilities		
Guarantee deposits	$ 50,325	$ 46,898
Financial liabilities of put option of equity instruments of subsidiaries disposed of	47,144	-
Others	46,289	-
	$ 143,758	$ 46,898

Accession Limited and The MM-Group AG ("MM-Group") signed an agreement about equity purchase of Dermalab on February 10, 2015. According to the agreement, MM-Group has the rights to ask Accession Limited to buy 20% of equity of Dermalab which are held by MM-Group since April 1, 2017. The purchase price is CHF1,500 thousand. Financial liabilities recognized by the Group according to this agreement amounted to $47,144 thousand as of December 31, 2015.

23. PROVISIONS

	December 31	
	2015	2014
Current		
Customer returns	$ 27,201	$ 19,404

	Customer Returns
Balance at January 1, 2014	$ 24,359
Addition	206,406
Usage	(211,398)
Effect of foreign currency exchange differences	37
Balance at December 31, 2014	19,404
Addition	208,288
Usage	(200,470)
Effect of foreign currency exchange differences	(21)
Balance at December 31, 2015	$ 27,201

The provision for customer returns was the estimated product returns that may occur in the year; the estimate was based on historical experience and other relevant factors. The provision was recognized as a reduction of operating revenue in the periods the related goods were sold.

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

Dermalab of the Group also adopted a defined benefit plan.

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

	December 31	
	2015	2014
Present value of funded defined benefit obligation	$ 668,377	$ 529,572
Fair value of plan assets	(377,686)	(332,453)
Net defined benefit liability	$ 290,691	$ 197,119

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2014	$ 500,515	$ (333,470)	$ 167,045
Service cost			
Current service cost	11,239	-	11,239
Net interest expense (income)	8,781	(6,745)	2,036
Recognized in profit or loss	20,020	(6,745)	13,275
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,065)	(1,065)
Actuarial loss - changes in demographic assumptions	14,928	-	14,928
Actuarial gain - changes in financial assumptions	(1,004)	-	(1,004)
Actuarial loss - experience adjustments	14,519	-	14,519
Recognized in other comprehensive income	28,443	(1,065)	27,378
Contributions from the employer	-	(10,579)	(10,579)
Benefits paid	(19,406)	19,406	-
Balance at December 31, 2014	529,572	(332,453)	197,119
Service cost			
Current service cost	14,620	-	14,620
Past service cost	(302)	-	(302)
Others	7,088	-	7,088
Net interest expense (income)	9,975	(6,435)	3,540
Recognized in profit or loss	31,381	(6,435)	24,946
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,007)	(5,007)
Actuarial loss - changes in demographic assumptions	28,416	-	28,416
Actuarial loss - changes in financial assumptions	23,055	-	23,055
Actuarial loss - experience adjustments	35,568	-	35,568
Recognized in other comprehensive income	87,039	(5,007)	82,032
Contributions from the employer	-	(23,516)	(23,516)
Contributions from plan participants	1,425	(1,425)	-
Benefits paid	(31,970)	31,970	-
Business combination	49,956	(40,034)	9,922
Exchange differences	974	(786)	188
Balance at December 31, 2015	$ 668,377	$ (377,686)	$ 290,691

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Years Ended December 31	
	2015	2014
Operating costs	$ 9,461	$ 8,249
Selling and marketing expenses	3,446	1,240
General and administrative expenses	11,772	3,545
Research and development expenses	267	241
	$ 24,946	$ 13,275

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2015	2014
Discount rates	0.800%-1.750%	1.625%-2.125%
Expected rates of salary increase	0.500%-3.000%	1.750%-3.000%

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

	December 31	
	2015	2014
Discount rates		
0.250% increase	$ (17,557)	$ (12,464)
0.250% decrease	$ 18,309	$ 12,916
Expected rates of salary increase		
0.250% increase	$ 15,880	$ 12,478
0.250% decrease	$ (15,273)	$ (12,104)

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

	December 31	
	2015	2014
The expected contributions to the plan for the next year	$ 18,107	$ 9,596
The average duration of the defined benefit obligation	5.5-16.0 years	6.3-10.8 years

25. EQUITY

a. Common stock

1) Ordinary shares

	December 31	
	2015	2014
Number of shares authorized (in thousands)	800,000	740,000
Shares authorized	$ 8,000,000	$ 7,400,000
Number of shares issued and fully paid (in thousands)	792,697	720,634
Shares issued	$ 7,926,972	$ 7,206,338

2) Global depositary receipts

As of December 31, 2015, a total of 33,950.2 Global Depositary Receipts ("GDRs") (representing 169,751 shares of the Company's common stock), each GDR representing five shares of the Company's common stock, were traded on the Euro MTF Market of the Luxembourg Stock Exchange. Holders of the GDRs may request at any time that the shares represented by the GDRs be transferred to them.

b. Capital surplus

	December 31	
	2015	2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Recognized from treasury share transactions	$ 59,734	$ 51,330
Recognized from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	1	1
May not be used for any purpose		
Share options	3,418	-
	$ 63,153	$ 51,331

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 once a year).

c. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, the following shall be appropriated from the annual net income (less any deficit):

1) 10% thereof as legal reserve;

2) Special reserve provided or reversed in accordance with the regulations;

3) Bonus to employees at no less than 1% and remuneration to directors and supervisors at 1% of the remainder; and

4) 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%.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on March 24, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 15, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to 26(g) Employee benefits expense.

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.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings, bonus to employees and remuneration to directors and supervisors for 2014 and 2013 had been approved in the shareholders' meetings on June 26, 2015 and June 18, 2014, respectively. The appropriations, dividends per share, bonus to employees and remuneration to directors and supervisors were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Years Ended December 31		For the Years Ended December 31	
	2014	2013	2014	2013
Legal reserve	$ 207,585	$ 185,958		
Cash dividends	1,153,014	1,057,811	$ 1.6	$ 1.6
Stock dividends	720,634	595,019	1.0	0.9

d. Other equity items

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

	For the Years Ended December 31	
	2015	2014
Balance at January 1	$ 482,506	$ 229,160
Exchange differences arising on translating the financial statement of foreign operations	(138,238)	305,236
Related income tax	23,502	(51,890)
Balance at December 31	$ 367,770	$ 482,506

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Years Ended December 31	
	2015	2014
Balance at January 1	$ 4,032	$ 10,787
Unrealized gain (loss) on revaluation of available-for-sale financial assets	(4,295)	585
Related income	(1,641)	(150)
Cumulative loss reclassified to profit or loss on sale of available-for-sale financial assets	(4,790)	(8,212)
Related income tax	725	1,022
Balance at December 31	$ (5,969)	$ 4,032

3) Other equity items

	For the Years Ended December 31	
	2015	2014
Balance at January	$ -	$ -
Share of other equity of subsidiaries accounted for using the equity method	(46,970)	-
Balance at December 31	$ (46,970)	$ -

e. Non-controlling interests

	For the Years Ended December 31	
	2015	2014
Balance at January 1	$ 147,705	$ 138,421
Attributable to non-controlling interests:		
Share of profit for the year	21,854	14,509
Exchange difference arising on translation of foreign entities		
Related income tax	761	-

(Continued)

	For the Years Ended December 31	
	2015	2014
Unrealized gains (loss) on available-for-sale financial assets	$ -	$ 7
Remeasurement on defined benefit plans	(740)	(49)
Related income tax	143	8
Non-controlling interest arising from acquisition of subsidiaries	36,208	-
Acquisition of non-controlling interests in subsidiaries		
Related income tax	-	(2,319)
Cash dividends distributed by subsidiaries to non-controlling equity	(8,615)	(2,872)
Balance at December 31	$ 197,316	$ 147,705

(Concluded)

f. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2014	4,819
Increase during the year	433
Number of shares at December 31, 2014	5,252
Increase during the year	525
Number of shares at December 31, 2015	5,777

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
December 31, 2015			
Chang Hui	5,777	$ 21,182	$ 474,327
December 31, 2014			
Chang Hui	5,252	$ 21,182	$ 367,655

The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

26. NET PROFIT

Net profit includes:

a. Other income

	For the Years Ended December 31	
	2015	2014
Operating lease rental income		
Investment properties	$ 26,977	$ 25,882
Other	1,999	-
	28,976	25,882
Interest income		
Bank deposits	54,492	39,156
Bonds sold under repurchase agreement	2,425	3,118
	56,917	42,274
Dividends	15,792	18,242
	$ 101,685	$ 86,398

b. Other gains and losses

	For the Years Ended December 31	
	2015	2014
Net loss on disposal of property, plant and equipment	$ (7,717)	$ (2,141)
Net gain on disposal of available-for-sale financial assets	4,790	8,212
Net foreign exchange gains (loss)	(9,590)	11,344
Net gain arising on financial assets designated as at fair value through profit or loss	21,601	27,636
Impairment loss arising on financial assets measured at cost	(5,764)	(22,961)
Government grants	-	2,771
Others	29,653	25,599
	$ 32,973	$ 50,460

c. Finance costs

	For the Years Ended December 31	
	2015	2014
Interest on bank loans	$ 22,126	$ 23,190
Interest on short-term bills payable	685	807
Interest on obligations under finance leases	27	66
Other interest expense	470	-
Total interest expense on financial liabilities measured at amortized cost	23,308	24,063
Less: Amounts included in the cost of qualifying asset	(153)	(72)
	$ 23,155	$ 23,991

Information about capitalized interest was as follows:

	For the Years Ended December 31	
	2015	2014
Capitalized interest	$ 153	$ 72
Capitalized rate	1.120%-1.330%	1.130%-1.134%

d. Impairment loss on financial assets (reversal of impairment loss)

	For the Years Ended December 31	
	2015	2014
Trade receivables	$ 853	$ (249)
Financial assets measured at cost	5,764	22,961
	$ 6,617	$ 22,712

e. Depreciation and amortization

	For the Years Ended December 31	
	2015	2014
Property, plant and equipment	$ 350,972	$ 299,383
Investment property	2,866	2,865
Intangible assets (included in operating costs/operating expense)	14,115	9,287
Other	35,144	78,235
	$ 403,097	$ 389,770
An analysis of depreciation		
Operating costs	$ 288,630	$ 242,859
Operating expenses	62,342	56,524
Non-operating revenue and expense	2,866	2,865
	$ 353,838	$ 302,248
An analysis of amortization		
Operating costs	$ 23,468	$ 56,989
Operating expenses	25,791	30,533
	$ 49,259	$ 87,522

f. Operating expenses directly related to investment properties

	For the Years Ended December 31	
	2015	2014
Direct operating expenses of investment properties that generated rental income	$ 4,832	$ 4,671
Direct operating expenses of investment properties that did not generated rental income	437	626
	$ 5,269	$ 5,297

g. Employee benefits expense

	For the Years Ended December 31	
	2015	2014
Post-employment benefits (see Note 24)		
Defined contribution plans	$ 87,567	$ 78,891
Defined benefit plans	24,946	13,275
	112,513	92,166
Termination benefits	1,813	13,159
Other employee benefits	1,736,652	1,578,873
Total employee benefits expense	$ 1,850,978	$ 1,684,198
An analysis of employee benefits expense by function		
Operating costs	$ 752,938	$ 726,833
Operating expenses	1,098,040	957,365
	$ 1,850,978	$ 1,684,198

The existing (2014) Articles of Incorporation of the Company stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, respectively, of net income (net of the bonus and remuneration). For the year ended December 31, 2014, the bonus to employees and the remuneration to directors and supervisors were $26,156 thousand and $18,683 thousand, respectively, representing 1.4% and 1%, respectively, of the base net income.

To be in compliance with the Company Act as amended in May 2015, the Company's board of directors proposed on March 24, 2016 amendments to the Articles of Incorporation of the Company which stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 0.50% and no higher than 0.75%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were $29,347 thousand and $19,466 thousand, respectively, representing 0.90% and 0.60%, respectively, of the base net profit. The employees' compensation and remuneration to directors and supervisors in cash for the year ended December 31, 2015 have been approved by the Company's board of directors on March 24, 2016 and are subject to the resolution and adoption of the amendments to the Company's Articles of Incorporation by the shareholders in their meeting to be held on June 15, 2016, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The bonus to employees and remuneration to directors and supervisors for 2014 and 2013 which have been approved in the shareholders' meetings on June 26, 2015 and June 18, 2014, respectively, were as follows:

	For the Years Ended December 31	
	2014	**2013**
	In Cash	**In Cash**
Bonus to employees	$ 26,156	$ 23,431
Remuneration of directors and supervisors	18,683	16,736

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 26, 2015 and June 18, 2014 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2014 and 2013, respectively.

Information on the employees' compensation and remuneration to directors and supervisors resolved by the Company's board of directors in 2016 and bonus to employees, directors and supervisors resolved by the shareholders' meetings in 2015 and 2014 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Years Ended December 31	
	2015	**2014**
Foreign exchange gains	$ 204,976	$ 172,863
Foreign exchange losses	(214,566)	(161,519)
Net gains	$ (9,590)	$ 11,344

i. Impairment losses on non-financial assets

	For the Years Ended December 31	
	2015	**2014**
Inventories (included in operating costs)	$ 64,408	$ 49,406

27. INCOME TAXES

a. Major components of tax expense (income) recognized in profit or loss were as follows

	For the Years Ended December 31	
	2015	2014
Current tax		
In respect of the current year	$ 585,551	$ 455,079
Income tax expense of unappropriated earnings	998	10
In respect of prior periods	(23,996)	5,641
	562,553	460,730
Deferred tax		
In respect of the current year	83,531	18,935
Income tax expense recognized in profit or loss	$ 646,084	$ 479,665

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

	For the Years Ended December 31	
	2015	2014
Profit before tax	$ 3,398,551	$ 2,570,025
Income tax expense calculated at the statutory rate	$ 766,372	$ 520,501
Nondeductible expenses in determining taxable income	8,023	13,795
Tax-exempt income	(77,397)	(58,401)
Unrealized temporary difference and loss carryforwards	(27,916)	(1,881)
Additional income tax on unappropriated earnings	998	10
Adjustments for prior years' tax	(23,996)	5,641
Income tax expense recognized in profit or loss	$ 646,084	$ 479,665

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by the other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2016 appropriations of earnings is uncertain, the potential income tax consequences of 2015 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Years Ended December 31	
	2015	2014
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ (23,502)	$ 51,890
Unrealized gains (loss) on available-for-sale financial assets	1,641	150
Remeasurement on defined benefit plans	(14,396)	(4,654)
	(36,257)	47,386
Arising on income and expenses reclassified from equity to profit or loss		
On disposal of available-for-sale financial assets	(725)	(1,022)
Total income tax recognized in other comprehensive expense (income)	$ (36,982)	$ 46,364

c. Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Tax refund receivable	$ 87,787	$ 31,665
Current tax liabilities		
Income tax payable	$ 278,855	$ 256,131

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Business Combination	Exchange Differences	Closing Balance
Deferred tax assets						
Temporary differences						
Loss on foreign investment	$ 189,967	$ (50,153)	$ -	$ -	$ -	$ 139,814
Defined benefit plans	31,279	1,604	14,396	1,985	21	49,285
Deferred sales return and allowance	7,767	(5,137)	-	-	-	2,630
Allowance for inventory loss	5,399	(347)	-	-	-	5,052
Available-for-sale financial assets	916	-	(916)	-	-	-
Others	13,690	3,239	-	-	-	16,929
	$ 249,018	$ (50,794)	$ 13,480	$ 1,985	$ 21	$ 213,710

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Business Combination	Exchange Differences	Closing Balance
Deferred tax liabilities						
Temporary differences						
Gain on foreign investment	$ -	$ 29,729	$ -	$ -	$ -	$ 29,729
Reverse for land value increment tax	33,685	-	-	-	-	33,685
Exchange difference on foreign operations	98,828	-	(23,502)	-	-	75,326
Allowance for inventory loss	-	1,712	-	4,061	54	5,827
Others	1,786	1,296	-	875	6	3,963
	$ 134,299	$ 32,737	$ (23,502)	$ 4,936	$ 60	$ 148,530

(Concluded)

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Business Combination	Exchange Differences	Closing Balance
Deferred tax assets						
Temporary differences						
Loss on foreign investment	$ 215,636	$ (25,669)	$ -	$ -	$ -	$ 189,967
Defined benefit plans	26,444	181	4,654	-	-	31,279
Deferred sales return and allowance	8,031	(264)	-	-	-	7,767
Allowance for inventory loss	5,464	(65)	-	-	-	5,399
Available-for-sale financial assets	44	-	872	-	-	916
Others	8,033	5,657	-	-	-	13,690
	$ 263,652	$ (20,160)	$ 5,526	$ -	$ -	$ 249,018
Deferred tax liabilities						
Temporary differences						
Reverse for land value increment tax	$ 33,685	$ -	$ -	$ -	$ -	$ 33,685
Exchange difference on foreign operations	46,938	-	51,890	-	-	98,828
Others	3,011	(1,225)	-	-	-	1,786
	$ 83,634	$ (1,225)	$ 51,890	$ -	$ -	$ 134,299

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

	December 31	
	2015	2014
Loss carryforwards		
Expiry in 2015	$ -	$ 15,145
Expiry in 2016	13,112	13,417
Expiry in 2017	817	1,884
Expiry in 2018	7,184	8,424
Expiry in 2019	2,378	3,102
Expiry in 2020	19,106	1,931
Expiry in 2021	1,117	1,117
Expiry in 2023	888	888
	$ 44,602	$ 45,908
Deductible temporary differences	$ 85,513	$ 445,607

f. Information about tax-exemption

As of December 31, 2015, profits attributable to the following expansion projects were exempted from income tax for a five-year period:

Expansion	Tax-exemption Period
Standard dairy 2009 capital increase expansion project	2012-2016

g. Integrated income tax

	December 31	
	2015	2014
Unappropriated earnings		
Generated after January 1, 1998	$ 3,122,900	$ 2,540,559
Imputation credits account	$ 276,060	$ 287,751

The actual creditable ratio for distribution of the Company's earnings of 2014 was 20.16%; however, effective from January 1, 2015, the creditable ratio for individual ROC resident shareholders will be half of the original creditable ratio according to the revised Article 66 - 6 of the Income Tax Law.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company are calculated based on the creditable ratio as of the date of dividend distribution. Because the Company is unable to predict the amount of the imputation credits to be transferred from investees before the dividend distribution date, the creditable ratio for distribution of earnings of 2015 cannot be reasonably estimated.

h. Income tax assessments

The tax returns of the Company through 2013, except 2012, have been assessed by the tax authorities.

The tax returns of Domex Technology, Standard Beverage and Charng Hui through 2013 have been assessed by the tax authorities.

The tax returns of Standard Dairy Products through 2012 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 25, 2015. The basic and diluted earnings per share for the year ended December 31, 2014 before and after retroactive adjustment were as follows:

Unit: NT$ Per Share

	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share	$ 2.90	$ 2.64
Diluted earnings per share	$ 2.90	$ 2.64

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

Net Profit for the Year

	For the Years Ended December 31	
	2015	2014
Profit for the period attributable to owners of the Company	$ 2,730,613	$ 2,075,851
Effect of potentially dilutive ordinary shares	-	-
Earnings used in the computation of diluted earnings per share	$ 2,730,613	$ 2,075,851

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

	For the Years Ended December 31	
	2015	2014
Weighted average number of ordinary shares in computation of basic earnings per share	786,920	786,920
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	522	572
Weighted average number of ordinary shares used in the computation of diluted earnings per share	787,442	787,492

If the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus 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 was 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. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Dermalab	Development and sale for cosmetics	April 9, 2015	80	$ 203,487

Dermalab was acquired in order to engage in cosmetics business.

b. Considerations transferred

	Dermalab
Cash	$ 201,858
Payable for investments	1,629
Financial liabilities of put option of equity instruments of subsidiaries disposed of	3,418
	$ 206,905

c. Assets acquired and liabilities assumed at the date of acquisition

	Dermalab
Current assets	
Cash and cash equivalents	$ 29,440
Trade receivables	19,445
Inventories	60,958
Current tax assets	2,127
Other current assets	17,606
Non-current assets	
Property, plant and equipment	596
Other intangible assets	112,329
Deferred tax assets	1,985
Other non-current assets	27,268
Current liabilities	
Trade payables	(10,328)
Other payables	(1,817)
Non-current liabilities	
Deferred tax liabilities	(4,936)
Net defined benefit liabilities	(9,922)
Other non-current liabilities	(26,697)
	$ 218,054

d. Non-controlling interests

The non-controlling interest (20% ownership interest in Dermalab) recognized and measured by reference to the fair value of the non-controlling interest at the acquisition date amounted to $36,208 thousand. This fair value was estimated by applying market approach.

e. Goodwill recognized on acquisition of subsidiary

	Dermalab
Consideration transferred	$ 206,905
Plus: Non-controlling interests (20% in Dermalab)	36,208
Less: Fair value of identifiable net assets acquired	(218,054)
Goodwill on acquisition of subsidiary	$ 25,059

Goodwill was recognized in the acquisition of Dermalab because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, future market development and the assembled workforce of Dermalab. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The total amount of the goodwill recognized in the acquisition was not deductible for tax purposes.

f. Net cash outflow on acquisition of subsidiary

	Dermalab
Consideration paid in cash	$ 201,858
Less: Cash and cash equivalent balances acquired	(29,440)
	$ 172,418

g. Impact of the acquisition on the results of the Group

The results of the acquiree since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	Dermalab
Revenue	$ 118,945
Profit	$ (22,223)

Had the business combination been in effect at the beginning of the annual reporting period, the Group's revenue would have been $25,547,220 thousand, and the profit would have been $2,769,316 thousand for the year ended December 31, 2015. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2015, nor is it intended to be a projection of future results.

30. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

On April 1, 2014, the Group acquired additional 2.9% equity interest in Standard Beverage Company Limited, increasing its continuing interest from 97.1% to 100.0%.

The above transaction was accounted for as equity transaction, since the Company did not cease to have control over the subsidiary.

	Standard Beverage Company Limited
Cash consideration paid	$ (2,318)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	2,319
Difference recognized from equity transaction	$ 1
Line items adjusted for equity transaction	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ 1

31. NON-CASH TRANSACTIONS

For the years ended December 31, 2015 and 2014, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

The Group acquired 80% of equity of Dermalab in April 2015 (see Note 29); as of December 31, 2015, part of the consideration in amount of $1,629 thousand was not yet paid in cash.

32. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of land and building with lease terms between 1 and 20 years. The Company does not have a bargain purchase option to acquire the leased land and building at the expiration of the lease periods.

Domex Technology leases a parcel of land from the HsinChu Science Park Administration. The operating lease expires on August 2019 and can be renewed upon expiration.

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 43,698	$ 45,619
Later than 1 year and not later than 5 years	45,179	60,077
Later than 5 years	-	4,022
	$ 88,877	$ 109,718

The lease payment recognized in profit or loss for the current period was as follows:

	For the Years Ended December 31	
	2015	2014
Minimum lease payment	$ 76,695	$ 72,682

b. The Group as lessor

Operating leases relate to the investment property owned by the Company with lease terms between 1 and 3 years. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

The future minimum lease payments of non-cancellable operating leases are as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 22,087	$ 24,247
Later than 1 year and not later than 5 years	18,883	19,963
	$ 40,970	$ 44,210

33. CAPITAL MANAGEMENT

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

34. FINANCIAL INSTRUMENTS

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

December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed shares				
Equity securities	$ 157,871	$ -	$ -	$ 157,871
Mutual funds	132,529	-	-	132,529
	$ 290,400	$ -	$ -	$ 290,400

December 31, 2014

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed shares				
Equity securities	$ 167,281	$ -	$ -	$ 167,281
Mutual funds	329,718	-	-	329,718
	$ 496,999	$ -	$ -	$ 496,999

There were no transfers between Levels 1 and 2 for the years ended December 31, 2015 and 2014.

b. Categories of financial instruments

	December 31	
	2015	2014
Financial assets		
Loans and receivables (1)	$ 9,022,776	$ 7,536,777
Available-for-sale financial assets (2)	403,329	621,395
Financial liabilities		
Amortized cost (3)	3,896,366	3,431,453

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, trade receivables, other receivables and other financial assets.

2) The balances included the carrying amount of available-for-sale financial assets measured at cost.

3) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, trade payables, finance lease payables and other financial liabilities.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, equity investments, mutual funds, debt investments with no active market, trade receivables, trade payables, and loans. The Group's Financial Department provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 39.

Sensitivity analysis

The Group was mainly exposed to the RMB and USD.

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

	RMB Impact		**USD Impact**	
	For the Years Ended December 31		**For the Years Ended December 31**	
	2015	**2014**	**2015**	**2014**
Profit or loss	$ 13,633 (i)	$ 7,436 (i)	$ 13,226 (ii)	$ (27,451) (ii)

i. This was mainly attributable to the exposure of outstanding RMB bank deposits and debt investments with no active market, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure of outstanding USD bank deposits, receivables, bank loans, and payables, which were not hedged at the end of the reporting period.

The Group's sensitivity to RMB increased during the current year mainly due to the increase in RMB debt investments with no active market; and the sensitivity to USD decreased during the current year mainly due to the increase in USD bank deposits.

b) Interest rate risk

The Group was exposed to interest rate risk because the Company held time deposits and repurchase agreements collateralized by bonds at both fixed and floating interest rates, and borrowed funds at both fixed and floating interest rates. The Group pays attention to the fluctuations of exchange rates in the market, and takes appropriate actions to manage the exchange rate risk.

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

	December 31	
	2015	**2014**
Fair value interest rate risk		
Financial assets	$ 2,249,863	$ 1,508,561
Financial liabilities	1,880,637	631,541
Cash flow interest rate risk		
Financial assets	250,959	176,400
Financial liabilities	53,248	805,967

Sensitivity analysis

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

If interest rates had been 1% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2015 and 2014 would increase/decrease by $1,977 thousand and $(6,296) thousand, respectively.

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

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2015 and 2014 would increase/decrease by $2,904 thousand and $4,970 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

The Group's sensitivity to prices decreased during the current year mainly due to the disposal of available-for-sale financial assets.

2) Credit risk

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

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts.

The Group's concentration of credit risk of 35% and 34% in total trade receivables as of December 31, 2015 and 2014, respectively, was related to the Group's four largest customers.

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

December 31, 2015

	Maximum Exposure to Credit Risk Mitigated by		
	Collateral	**Other Credit Enhancements**	**Total**
Receivables	$ 137,959	$ 6,028	$ 143,987

December 31, 2014

	Maximum Exposure to Credit Risk Mitigated by		
	Collateral	**Other Credit Enhancements**	**Total**
Receivables	$ 109,887	$ 4,428	$ 114,315

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities in the amounts of $5,130,639 thousand and $6,117,163 thousand as of December 31, 2015 and 2014, respectively.

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

December 31, 2015

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 171,792	$ 389,536	$ 1,349,663	$ 50,325
Finance lease liabilities	43	85	-	1,051
Variable interest rate liabilities	10	53,374	-	-
Fixed interest rate liabilities	1,604	1,311,301	530,523	47,144
	$ 173,449	$ 1,754,296	$ 1,880,186	$ 98,520

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 352,266	$ 289,223	$ 1,301,513	$ 46,898
Finance lease liabilities	60	100	390	128
Variable interest rate liabilities	329,527	164,337	318,577	-
Fixed interest rate liabilities	436,271	196,680	-	-
	$ 1,118,124	$ 650,340	$ 1,620,480	$ 47,026

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

35. TRANSACTIONS WITH RELATED PARTIES

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

Compensation of Key Management Personnel

	For the Years Ended December 31	
	2015	2014
Short-term employee benefits	$ 23,565	$ 22,984
Post-employment benefits	809	783
	$ 24,374	$ 23,767

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2015	2014
Time deposits (included in other current assets)	$ 1,000	$ 700
Properties, machinery and equipment, net	304,713	321,803
Investment properties, net	77,416	78,822
	$ 383,129	$ 401,325

37. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

As of December 31, 2015 the Group had the following significant commitments and contingencies:

a. The Company has entered into a license agreement with The Quaker Oats Company ("Quaker") for a period ending July 11, 2024. The agreement provides that the Company may use Quaker's trademark, and process, manufacture, market and sell Quaker baby cereal, oatmeal, fruit cereal, ready-to-eat cereal, sesame paste, milk powder and other cereal products in the ROC. In consideration of the above, the Company shall pay Quaker royalties at an agreed percentage of net sales (as defined).

b. Unused letters of credit of approximately US$3,900 thousand.

c. Commitments for purchase of properties of approximately $277,400 thousand.

38. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

a. In January 2016, Shanghai Le Ho signed an agreement to purchase property in Shanghai for the Group's use in operation; the contract price is RMB110,384 thousand.

b. In January 2016, Shanghai Le Ming signed an agreement to purchase property in Shanghai for the Group's use in operation; the contract price is RMB68,035 thousand.

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 36,278	32.83 (USD:NTD)	$ 1,191,158
USD	12,786	6.49 (USD:RMB)	419,639
RMB	90,977	5.00 (RMB:NTD)	454,433
			$ 2,065,230
Non-monetary items			
Others			
USD	1,116	32.83 (USD:NTD)	$ 36,641
USD	208	6.49 (USD:RMB)	6,824
			$ 43,465
Financial liabilities			
Monetary items			
USD	2,484	32.83 (USD:NTD)	$ 81,555
USD	33,156	6.49 (USD:RMB)	1,088,368
EUR	153	35.88 (EUR:NTD)	5,503
EUR	146	7.18 (EUR:RMB)	5,243
EUR	52	1.08 (EUR:CHF)	1,878
CHF	16	33.19 (CHF:NTD)	519
CHF	2,526	6.56 (CHF:RMB)	83,822
			$ 1,266,888

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 634	31.65 (USD:NTD)	$ 20,086
USD	10,226	6.22 (USD:RMB)	323,641
RMB	48,680	5.09 (RMB:NTD)	247,881
EUR	2	38.47 (EUR:NTD)	86
AUD	12	25.91 (AUD:NTD)	303
			$ 591,997

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
Others			
USD	$ 1,227	31.65 (USD:NTD)	$ 38,834
USD	3,903	6.22 (USD:RMB)	123,534
			$ 162,368
Financial liabilities			
Monetary items			
USD	1,541	31.65 (USD:NTD)	$ 48,756
USD	38,231	6.22 (USD:RMB)	1,210,009
EUR	984	38.47 (EUR:NTD)	37,805
AUD	758	25.91 (AUD:NTD)	19,624
SGD	252	23.95 (SGD:NTD)	6,034
			$ 1,322,228

(Concluded)

The Group is mainly exposed to USD and RMB. The following information was aggregated by the 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 Year Ended December 31			
	2015		2014	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	$ 45,157	1 (NTD:NTD)	$ 20,650
RMB	5.11 (RMB:NTD)	(53,917)	4.94 (RMB:NTD)	(9,306)
CHF	33.00 (CHF:NTD)	(830)	33.14 (CHF:NTD)	-
		$ (9,590)		$ 11,344

40. ADDITIONAL DISCLOSURES

a. Financings provided: Please see Table 1 attached;

b. Endorsement/guarantee provided: Please see Table 2 attached;

c. Marketable securities held (excluding investments in subsidiaries): Please see Table 3 attached;

d. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Please see Table 4 attached;

e. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None;

f. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None;

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please see Table 5 attached;

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 6 attached;

i. Information about the derivative financial instruments transaction: Please see Table 7 attached;

j. Others: Business relationship between parent and subsidiary companies: Please see Table 8 attached;

k. Names, locations, and related information of investees over which the Company exercises significant influence: Please see Table 9 attached;

l. Information on investment in Mainland China

1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 10 attached.

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: None.

41. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

- Standard Foods segment - the Company
- Standard Dairy Products segment - Standard Dairy Products
- China Standard segment - Shanghai Standard, China Standard Investment, China Standard Foods and Inner Mongolia Jiatai Agriculture
- Other segments - other than the above corporation

a. Operating segment information:

	Standard Foods Segment	Standard Dairy Products Segment	China Standard Segment	Other Segments	Adjustments and Eliminations	Consolidated
For the year ended December 31, 2015						
Sales from external customers	$ 10,500,360	$ 1,986,371	$ 12,099,766	$ 928,089	$ -	$ 25,514,586
Sales among intersegments	1,246,436	690,834	-	5,481	(1,942,751)	-
Total sales	$ 11,746,796	$ 2,677,205	$ 12,099,766	$ 933,570	$ (1,942,751)	$ 25,514,586
Interest income	$ 25,808	$ 680	$ 22,569	$ 7,860	$ -	$ 56,917
Financial cost	$ 268	$ 165	$ 19,675	$ 3,047	$ -	$ 23,155

(Continued)

	Standard Foods Segment	Standard Dairy Products Segment	China Standard Segment	Other Segments	Adjustments and Eliminations	Consolidated
Depreciation expense	$ 155,596	$ 26,047	$ 150,598	$ 21,597	$ -	$ 353,838
Amortization expense	$ 19,945	$ 4,865	$ 19,466	$ 4,983	$ -	$ 49,259
Other important non-cash items impairment loss on assets	$ 658	$ -	$ -	$ 5,106	$ -	$ 5,764
Operating segment income	$ 2,386,928	$ 389,567	$ 592,773	$ 74,179	$ (44,896)	$ 3,398,551
Unallocated amount						-
Income before income tax						$ 3,398,551
For the year ended December 31, 2014						
Sales from external customers	$ 10,316,706	$ 1,673,300	$ 9,345,194	$ 464,813	$ -	$ 21,800,013
Sales among intersegments	1,171,351	755,400	-	6,916	(1,933,667)	-
Total sales	$ 11,488,057	$ 2,428,700	$ 9,345,194	$ 471,729	$ (1,933,667)	$ 21,800,013
Interest income	$ 24,780	$ 510	$ 16,588	$ 396	$ -	$ 42,274
Financial cost	$ 171	$ -	$ 21,315	$ 2,505	$ -	$ 23,991
Depreciation expense	$ 133,808	$ 28,569	$ 121,831	$ 18,040	$ -	$ 302,248
Amortization expense	$ 22,554	$ 5,404	$ 59,564	$ -	$ -	$ 87,522
Other important non-cash items impairment loss on assets	$ 17,473	$ -	$ -	$ 5,488	$ -	$ 22,961
Operating segment income	$ 2,078,398	$ 222,440	$ 160,650	$ 64,158	$ 44,379	$ 2,570,025
Unallocated amount						-
Income before income tax						$ 2,570,025

(Concluded)

b. Revenue from major products

The following is an analysis of the Company and subsidiaries' sales from major products:

	For the Years Ended December 31	
	2015	2014
Nutritious foods	$ 10,221,594	$ 9,782,985
Cooking products	13,513,254	10,923,878
Others	1,779,738	1,093,150
	$ 25,514,586	$ 21,800,013

c. Geographical information:

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

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

	Revenue from External Customers For the Years Ended December 31		Non-current Assets December 31	
	2015	2014	2015	2014
Taiwan	$ 13,290,993	$ 12,454,819	$ 2,271,025	$ 2,179,572
Mainland China	12,132,064	9,345,194	2,396,917	2,054,088
Other	91,529	-	28,790	-
	$ 25,514,586	$ 21,800,013	$ 4,696,732	$ 4,233,660

Non-current assets exclude financial instruments, goodwill, and deferred tax assets.

d. Information about major customers:

Sales to any individual customer which exceeded 10% of consolidated net sales for the years ended December 31, 2015 and 2014 are summarized as follows:

	For the Years Ended December 31			
	2015		2014	
	Amount	% of Consolidated Net Sales	Amount	% of Consolidated Net Sales
Customer A	$ 3,856,592	15.1	$ 3,453,169	15.8

STANDARD FOODS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 3)	Note
													Item	Value			
1	Accession Limited	Shanghai Standard Foods Co., Ltd.	Other receivables	Y	$ 262,960	$ 262,600	$ 262,600	-	b.	$ -	Need for operation	$ -	-	$ -	$ 3,666,072	$ 3,666,072	Note 4

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

Note 2: Reasons for financing as follows:

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

Note 3: The total amount shall not exceed 100% of net value of the Accession Limited, which was calculated to be $3,666,072 thousand (the net value per financial statements at September 30, 2015 of $3,666,072 thousand x 100%).

Note 4: The amount was eliminated upon consolidation.

TABLE 2

STANDARD FOODS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount	Guarantee Provided by Parent Company (Note 9)	Guarantee Provided by Subsidiary (Note 9)	Guarantee Provided to Subsidiaries in Mainland China (Note 9)	Note
		Name	Nature of Relationship (Note 2)											
0	Standard Foods Corporation	Standard Beverage Company Limited	b.	$ 10,311,373 (Note 3)	$ 314,350	$ 164,125	$ 27,000	$ -	1.27	$ 12,889,216 (Note 4)	Y	-	-	Note 10
1	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	c.	2,520,537 (Note 5)	535,570	535,570	-	-	17.00	3,150,671 (Note 6)	-	-	Y	Note 10
	Shanghai Standard Foods Co., Ltd.	Standard Foods (China) Co., Ltd.	c.	2,520,537 (Note 5)	292,930	292,930	-	-	9.30	3,150,671 (Note 6)	-	-	Y	Note 10
2	Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	b.	1,907,554 (Note 7)	258,360	-	-	-	-	2,384,443 (Note 8)	-	-	Y	Note 10

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

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

a. Trading partner.
b. Majority owned subsidiary.
c. The Company and subsidiary owns over 50% ownership of the investee company.
d. A subsidiary jointly owned by the Company and Company's directly-owned subsidiary.
e. Guaranteed by the Company according to construction contract.
f. Investee company. The guarantees were provided based on the Company's proportionate share in an investee company.

Note 3: The total amount shall not exceed 80% of the net value in the financial statements of Standard Foods Corporation; amount was calculated at $10,311,373 thousand (the net value per financial statements at September 30, 2015 of $12,889,216 thousand x 80%).

Note 4: The total amount shall not exceed 100% of the net value in the financial statements of Standard Foods Corporation; amount was calculated at $12,889,216 thousand (the net value per financial statements at September 30, 2015 of $12,889,216 thousand x 100%).

Note 5: The total amount shall not exceed 80% of the net value in the financial statements of Shanghai Standard Foods Co., Ltd.; amount was calculated at $2,520,537 thousand (the net value per financial statements at September 30, 2015 of $3,150,671 thousand x 80%).

Note 6: The total amount shall not exceed 100% of the net value in the financial statements of Shanghai Standard Foods Co., Ltd.; amount was calculated at $3,150,671 thousand (the net value per financial statements at September 30, 2015 of $3,150,671 thousand x 100%).

Note 7: The total amount shall not exceed 80% of the net value in the financial statements of Standard Investment (China) Co., Ltd.; amount was calculated at $1,907,554 thousand (the net value per financial statements at September 30, 2015 of $2,384,443 thousand x 80%).

Note 8: The total amount shall not exceed 100% of the net value in the financial statements of Standard Investment (China) Co., Ltd.; amount was calculated at $2,384,443 thousand (the net value per financial statements at September 30, 2015 of $2,384,443 thousand x 100%).

Note 9: Guarantee provided by the listed parent company, Guarantee provided by the Subsidiary or guarantee provided to subsidiaries in Mainland China, coded "Y".

Note 10: The amount was eliminated upon consolidation.

STANDARD FOODS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value (Note 2)	
Standard Foods Corporation	Stock							
	Far Eastern International Commercial Bank Co., Ltd.		Available-for-sale financial assets - current	1,253,504	$ 12,272		$ 12,272	
	Chunghwa Telecom Co., Ltd.		Available-for-sale financial assets - current	48,600	4,816		4,816	
	Mutual funds							
	UPAMC Quality Growth		Available-for-sale financial assets - current	297,794	6,803		6,803	
	Stock							
	GeneFerm Biotechnology	The Company is a director.	Financial assets carried at cost - non-current	2,344,110	18,549	9.8	20,734	
	Dah Chung Bills Finance Corp.		Financial assets carried at cost - non-current	1,149,249	9,600	0.3	18,825	
	Mutual funds							
	VantagePoint Communications Partners, L.P.		Financial assets carried at cost - non-current	Note 1	1,129	0.5	513	
	Walden VC 2, L.P.		Financial assets carried at cost - non-current	Note 1	34,502	2.1	28,104	
	Stock							
	Techgains Pan-Pacific Corporation		Financial assets carried at cost - non-current	500,000	1,009	0.9	2,337	
	Authenex, Inc.		Financial assets carried at cost - non-current	2,424,242	-	5.5	-	
	Global Strategic Investment Co., Ltd.		Financial assets carried at cost - non-current	850,500	4,784	1.9	3,638	
	Paradigm Venture Capital Corporation		Financial assets carried at cost - non-current	307,125	3,072	7.0	3,388	
	U-Teck Environment Corporation, Ltd.		Financial assets carried at cost - non-current	11,200	-	0.2	-	
	Octamer, Inc.		Financial assets carried at cost - non-current	907,815	-	8.8	-	
Standard Dairy Products Taiwan Limited	Mutual funds							
	Prudential Financial Money Market		Available-for-sale financial assets - current	192,191	3,000		3,000	
	Capital Multi-Asset Allocation FOF		Available-for-sale financial assets - current	217,598	3,136		3,136	
	Jih Sun Money Market		Available-for-sale financial assets - current	342,118	5,002		5,002	
	Taishin 1699 Money Market		Available-for-sale financial assets - current	1,123,175	15,002		15,002	
Charng Hui Ltd.	Stock							
	Standard Foods Corporation	Parent of Charng Hui Ltd.	Available-for-sale financial assets - current	5,777,436	474,327	0.7	474,327	Note 3
	Formosa Plastics Corporation		Available-for-sale financial assets - current	91,440	7,041		7,041	
	China Steel Corporation		Available-for-sale financial assets - current	803,258	14,419		14,419	
	Polytronics Technology Corp.	Charng Hui Ltd. is a director.	Available-for-sale financial assets - current	1,596,000	106,453	2.0	106,453	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Available-for-sale financial assets - current	90,000	12,870		12,870	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value (Note 2)	
	Mutual funds							
	Jih Sun Money Market		Available-for-sale financial assets - current	1,504,652	$ 22,000		$ 22,000	
	Fuh Hwa Global Strategic Allocation FoF		Available-for-sale financial assets - current	1,000,000	9,990		9,990	
	Taishin 1699 Money Market		Available-for-sale financial assets - current	1,528,509	20,416		20,416	
	Franklin Templeton SinoAm Global Bd Acc		Available-for-sale financial assets - current	1,453,360	19,266		19,266	
	Franklin Templeton SinoAm Money Market		Available-for-sale financial assets - current	883,913	9,014		9,014	
	Stock							
	Hong Da Leasing & Finance Co., Ltd.		Financial assets carried at cost - non-current	8,297,000	-		-	
	CNEX Co., Ltd.	Charng Hui Ltd. is a director	Financial assets carried at cost - non-current	1,000,000	10,000	6.0	7,621	
Standard Beverage Company Limited	Mutual funds							
	Fuh Hwa Greater China Mid & Small Cap		Available-for-sale financial assets - current	225,000	2,052		2,052	
	Fuh Hwa Money Market		Available-for-sale financial assets - current	356,761	5,095		5,095	
	Franklin Templeton SinoAm Global Bd Acc		Available-for-sale financial assets - current	282,988	3,751		3,751	
	Jih Sun Money Market		Available-for-sale financial assets - current	547,248	8,002		8,002	
DOMEX Technology Corporation	Stock							
	InnoComm Mobile Technology Corp.		Financial assets carried at cost - non-current	3,600,000	26,586	13.4	309	
Accession Limited	Mutual funds							
	AsiaVest Opportunities Fund IV		Financial assets carried at cost - non-current	200	3,698	0.7	6,153	

Note 1: No number of units of the Fund.

Note 2: The fair values for unlisted investees were not available; market value was based on the net value.

Note 3: The amount was eliminated upon consolidation.

(Concluded)

TABLE 4

STANDARD FOODS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Financial Instruments Evaluation (Loss) Gain	Other	Ending Balance		Note
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal			Shares	Amount	
Standard Foods Corporation	Standard Investment (Cayman) Limited	Investments accounted for using equity method	-	-	66,396,296	$ 2,089,069	22,899,457	$ 749,378	-	$ -	$ -	$ -	$ -	$ 165,304 (Note 1)	89,295,753	$ 3,003,751	Note 6
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Investments accounted for using equity method	-	-	66,371,296	2,088,697	22,899,457	749,378	-	-	-	-	-	165,432 (Note 2)	89,270,753	3,003,507	Note 6
Standard Corporation (Hong Kong)	Standard Investment (China) Co., Ltd.	Investments accounted for using equity method	-	-	Note 5	2.087,597	Note 5	749,378	-	-	-	-	-	165,634 (Note 3)	Note 5	3,002,609	Note 6
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Investments accounted for using equity method	-	-	Note 5	-	Note 5	721,338	-	-	-	-	-	(8,130) (Note 4)	Note 5	713,208	Note 6

Note 1: Share of profit of subsidiary of $223,720 thousand, and exchange differences on translation of foreign operations of $(58,416) thousand.

Note 2: Share of profit of subsidiary of $223,840 thousand, and exchange differences on translation of foreign operations of $(58,408) thousand.

Note 3: Share of profit of subsidiary of $224,018 thousand, and exchange differences on translation of foreign operations of $(58,384) thousand.

Note 4: Share of profit of subsidiary of $1,138 thousand, and exchange differences on translation of foreign operations of $(9,268) thousand.

Note 5: A limited company, no issued shares.

Note 6: The amount was eliminated upon consolidation.

TABLE 5

STANDARD FOODS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Sales	$(1,246,436)	10.61	Net 55 days after receivables and payables monthly netting	-	-	$ 131,096	6.93	Note
			Purchases	690,834	9.95	Net 55 days after receivables and payables monthly netting	-	-	-	-	Note
Standard Dairy Products Taiwan Limited	Standard Foods Corporation	Parent company of Standard Dairy Products Taiwan Limited	Purchases	1,246,436	65.37	Net 55 days after receivables and payables monthly netting	-	-	(131,096)	32.45	Note
			Sales	(690,834)	25.80	Net 55 days after receivables and payables monthly netting	-	-	-	-	Note
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Sales	(7,071,843)	82.69	Net 60 days	-	-	773,713	49.39	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	7,071,843	83.46	Net 60 days	-	-	(773,713)	66.10	Note
Shanghai Standard Foods Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Sales	(463,639)	5.42	Net 60 days	-	-	503,195	32.12	Note
			Purchases	585,431	5.57	Net 60 days	-	-	-	-	Note
Standard Foods (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Foods (China) Co., Ltd.	Sales	(585,431)	29.46	Net 60 days	-	-	-	-	Note
			Purchases	463,639	22.66	Net 60 days	-	-	(503,195)	59.66	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(1,401,931)	70.54	Net 60 days	-	-	396,798	100.00	Note
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Foods (China) Co., Ltd.'s subsidiary	Purchases	1,401,931	16.54	Net 60 days	-	-	(396,798)	33.90	Note

Note: The amount was eliminated upon consolidation.

STANDARD FOODS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance for Account Receivable - Related Parties		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Note
						Amount	Actions Taken			
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Trade receivables	$ 131,096	9.41	$ -	-	$ 131,096 (Note 1)	$ -	Note 2
			Other receivables	1,939		-	-	1,939 (Note 1)	-	Note 2
				$ 133,035		$ -		$ 133,035 (Note 1)	$ -	Note 2
Accession Limited	Shanghai Standard Foods Co., Ltd.	Accession Limited's subsidiary	Other receivables	$ 262,600		$ -	-	$ - (Note 1)	$ -	Note 2
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co.	Trade receivables	$ 773,713	7.25	$ -	-	$ 773,713 (Note 1)	$ -	Note 2
			Trade receivables from sale of trademark rights	138,806		-	-	- (Note 1)	-	Note 2
			Other receivables	27,959		-	-	27,959 (Note 1)	-	Note 2
				$ 940,478		$ -		$ 801,672 (Note 1)	$ -	Note 2
Shanghai Standard Foods Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co.	Trade receivables	$ 503,195	1.91	$ -	-	$ 503,195 (Note 1)	$ -	Note 2
			Other receivables	505		-	-	505 (Note 1)	-	Note 2
				$ 503,700		$ -		$ 503,700 (Note 1)	$ -	Note 2
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Trade receivables	$ 396,798	7.07	$ -	-	$ 396,798 (Note 1)	$ -	Note 2
			Other receivables	86,836		-	-	86,836 (Note 1)	-	Note 2
				$ 483,634		$ -		$ 483,634 (Note 1)	$ -	Note 2

Note 1: Amounts received before March 24, 2016.

Note 2: The amount was eliminated upon consolidation.

STANDARD FOODS CORPORATION AND SUBSIDIARIES

DERIVATIVES TRADING INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

The Company was not engaged in derivatives trading during 2015.

Shanghai Standard Foods Co., Ltd. ("Shanghai Standard Foods"), Standard Investment (China) Co., Ltd. ("China Standard Investment"), Standard Foods (China) Co., Ltd. ("China Standard Foods") and Shanghai Le Ben De Health Technology Co., Ltd. ("Shanghai Le Ben De") entered into structured time deposits during 2015 mainly to earn from favorable effects of fluctuations of interest rates.

Shanghai Standard Foods entered into futures contracts during 2015 to manage exposures to price volatility risk of raw materials. The contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

As of December 31, 2015, Shanghai Standard Foods, China Standard Investment, China Standard Foods and Shanghai Le Ben De did not have outstanding structured time deposit.

As of December 31, 2015, Shanghai Standard Foods did not have outstanding futures contract.

As of December 31, 2015, the amount of the margin deposits paid by Shanghai Standard Foods was RMB503 thousand, which had been included in other non-current assets.

The net gain from derivative transactions at Mercantile Exchange for Shanghai Standard Foods, China Standard Investment, China Standard Foods and Shanghai Le Ben De was RMB4,223 thousand during 2015.

TABLE 8

STANDARD FOODS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Total Sales or Assets (Note 3)
0	Standard Foods Corporation	Standard Dairy Products Taiwan Limited	a.	Trade receivables - related parties	$ 131,096	According to the general conditions	0.6
		Standard Dairy Products Taiwan Limited	a.	Other receivables - related parties	1,939	According to the general conditions	-
		Standard Dairy Products Taiwan Limited	a.	Sales	1,246,436	According to the general conditions	4.9
		Standard Dairy Products Taiwan Limited	a.	Purchases	690,834	According to the general conditions	2.7
		Standard Dairy Products Taiwan Limited	a.	Other revenue (royalty revenue)	5,211	According to the general conditions	-
		Standard Dairy Products Taiwan Limited	a.	Acquisition of property, plant and equipment	307	According to the general conditions	-
		Standard Beverage Company Limited	a.	Other receivables - related parties	115	According to the general conditions	-
		Standard Beverage Company Limited	a.	Service revenue	1,320	According to the general conditions	-
		Standard Beverage Company Limited	a.	Purchases	5,126	According to the general conditions	
		Charng Hui Company Limited	a.	Other receivables - related parties	33,119	According to the general conditions	0.2
		Charng Hui Company Limited	a.	Purchases	1,502	According to the general conditions	-
1	Accession Limited	Shanghai Standard Foods Co., Ltd.	c.	Financial intermediation receivable - related parties	262,600	No calculation of interest	1.3
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	c.	Trade receivables - related parties	773,713	According to the general conditions	3.8
		Standard Investment (China) Co., Ltd.	c.	Other receivables from sale of trademark rights	138,806	According to the general conditions	0.7
		Standard Investment (China) Co., Ltd.	c.	Other receivables - related parties	27,959	According to the general conditions	0.1
		Standard Investment (China) Co., Ltd.	c.	Trade payables - related parties	175	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c.	Sales	7,071,843	According to the general conditions	27.7
		Standard Investment (China) Co., Ltd.	c.	Purchases	1,056	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c.	Trade receivables - related parties	503,195	According to the general conditions	2.5
		Standard Foods (China) Co., Ltd.	c.	Other receivables - related parties	505	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c.	Sales	463,639	According to the general conditions	1.8
		Standard Foods (China) Co., Ltd.	c.	Purchases	585,431	According to the general conditions	2.3
		Standard Foods (China) Co., Ltd.	c.	Other payables - related parties	100	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c.	Prepayments	201,061	According to the general conditions	1.0
3	Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	c.	Trade receivables - related parties	48	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c.	Trade payables - related parties	396,798	According to the general conditions	1.9
		Standard Foods (China) Co., Ltd.	c.	Other payables - related parties	86,836	According to the general conditions	0.4
		Standard Foods (China) Co., Ltd.	c.	Sales	701	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c.	Purchases	1,401,931	According to the general conditions	5.5
		Shanghai Dermalab Corporation	c.	Other payables - related parties	25	According to the general conditions	-
		Shanghai Dermalab Corporation	c.	Other expense	355	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c.	Other receivables - related parties	1,346	According to the general conditions	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Total Sales or Assets (Note 3)
4	Shanghai Dermalab Corporation	Shanghai Le Ben Extension Health Technology Co.	c.	Trade receivables - related parties	$ 26	According to the general conditions	-
		Shanghai Le Ben Extension Health Technology Co.	c.	Sales	26	According to the general conditions	-
		Dermalab S.A.	c.	Trade payables - related parties	18,819	According to the general conditions	0.1
		Dermalab S.A.	c.	Purchases	27,415	According to the general conditions	0.1

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

a. Parent company is 0.
b. Subsidiaries, sequentially numbered by Arabic numerals from 1.

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

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

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

Note 4: The amount was eliminated upon consolidation.

(Concluded)

TABLE 9

STANDARD FOODS CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2015			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	$ 3,936,267	$ 3,936,267	123,600,000	100	$ 3,672,625	$ 252,555	$ 243,988 (Note 1)	Subsidiary (Note 5)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	2,739,763	1,990,385	89,295,753	100	3,003,751	223,677	223,720 (Note 2)	Subsidiary (Note 5)
	Standard Dairy Products Taiwan Limited	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100	671,420	319,639	312,023 (Note 3)	Subsidiary (Note 5)
	Charng Hui Ltd.	Taipei, Taiwan	Investment business	530,000	530,000	54,100,000	100	564,074	26,691	18,287	Subsidiary (Note 5)
	DOMEX Technology Corporation	Hsinchu Taiwan	Manufacture and sale of computer peripherals and computer and information products	114,116	114,116	10,374,399	52	179,721	54,799	28,501	Subsidiary (Note 5)
	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	80,813	3,538	3,717 (Note 4)	Subsidiary (Note 5)
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	206,905	-	320	80	191,272	4,481		Indirect subsidiary (Note 5)
Dermalab S.A.	Swiss Line Cosmetics China Limited	Hong Kong	Sale of cosmetics	39	-	10,000	100	-	-		Indirect subsidiary (Note 5)
	Swissderma SL	Spain	Sale of cosmetics	96	-	3,000	100	-	-		Indirect subsidiary (Note 5)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Wan Chai, Hong Kong	Investment business	2,739,013	1,989,635	89,270,753	100	3,003,507	223,840		Indirect subsidiary (Note 5)

Note 1: This amount was the share of profit of investee of $252,555 thousand minus the unrealized gain on sidestream transaction of $8,567 thousand.

Note 2: This amount was the share of profit of investee of $223,677 thousand plus the realized gain on sidestream transaction of $43 thousand.

Note 3: This amount was the share of profit of investee of $319,639 thousand minus the unrealized gain on upstream transaction of $7,616 thousand.

Note 4: This amount was the share of profit of investee of $3,538 thousand plus the realized gain on upstream transaction of $179 thousand.

STANDARD FOODS CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2015	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2015	Accumulated Repatriation of Investment Income as of December 31, 2015	Note
					Outward	Inward							
Shanghai Standard Foods Co., Ltd.	Manufacture and sale of edible oil products and nutritional food	$ 3,949,575	b. (Note 3)	$ 3,980,795 (Note 4)	$ -	$ -	$ 3,949,575 (Note 4)	$ 259,791	100	$ 259,791 (Note 10)	$ 3,190,001	$ -	Note 13
Inner Mongolia Jiatai Agriculture Technology Co., Ltd.	Production of sunflower	92,235	c. (Note 5)	- (Note 5)	-	-	- (Note 5)	(3,624)	100	(3,624) (Note 10)	3,356	-	Note 13
Standard Investment (China) Co., Ltd.	Investment and sales of edible oil products and nutritional food	2,732,656	b. (Note 6)	1,983,278 (Note 6)	749,378	-	2,732,656 (Note 6)	224,018	100	224,018 (Note 10)	3,002,609	-	Note 13
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional food	1,631,668	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	41,018	100	20,486 (Note 10)	1,757,849	-	Note 13
Shanghai Dermalab Corporation	Sale of nutritional food and international trading	29,949	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	(13,660)	100	(13,660) (Note 10)	16,806	-	Note 13
Shanghai Le Ben Extension Health Technology Co.	Sale of nutritional food and international trading	199,370	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	82	100	82 (Note 10)	198,237	-	Note 13
Guangzhou Swissland Trade Co., Ltd.	Sale of cosmetics	2,359	c. (Note 8)	- (Note 8)	-	-	- (Note 8)	-	20	-	-	-	-
Shanghai Le Ben De Health Technology Co., Ltd.	Sale of nutritional food and international trading	31,220	c. (Note 4 and 9)	- (Note 4)	-	-	31,220 (Note 4)	167	100	167 (Note 10)	31,087	-	Note 13
Standard Foods (Xiamen) Co., Ltd.	Manufacture and sale of edible oil products and nutritional food	721,338	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	1,138	100	1,138 (Note 10)	713,208	-	Note 13
Shanghai Le Ho Industrial Co., Ltd.	Management of properties	- (Note 11)	c. (Note 7)	- (Note 11)	-	-	- (Note 11)	-	100	-	-	-	Note 13
Shanghai Le Min Industrial Co., Ltd.	Management of properties	- (Note 11)	c. (Note 7)	- (Note 11)	-	-	- (Note 11)	-	100	-	-	-	Note 13

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 6,766,730	$ 8,766,199	Unlimited amount of investment (Note 12)

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

a. Direct investment in Mainland China.
b. Indirectly investment in Mainland China through companies registered in a third region (please specify the name of the Company in third region).
c. Other methods.

(Continued)

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

a. Please specify no investment income (loss) has been recognized due to the investment is still during development stage.

b. The investment income (loss) was determined based on the following basis:

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

Note 3: Indirectly invested in a third region was Accession Limited.

Note 4: As of January 1, 2015 and December 31, 2015, accumulated amount invested from Taiwan was $4,034,074 thousand. The amount of investment $53,279 thousand has been retained in Accession Limited. The amount balance of $3,980,795 thousand was accumulated outward remittance for investment of Shanghai Standard Foods Co., Ltd. However, Shanghai Standard Foods Co., Ltd. used assets of $31,220 thousand to incorporate Shanghai Le Ben De Health Technology Co., Ltd. as of July 2015. After the investment, accumulated outward remittance for investment of Shanghai Standard Foods Co., Ltd. and Shanghai Le Ben De Health Technology Co., Ltd. was $3,949,575 thousand and $31,220 thousand, respectively.

Note 5: The company in Mainland China that was reinvested through company registered in Mainland China was Shanghai Standard Foods Co., Ltd.

Note 6: The company indirectly invested through a third region was Standard Corporation (Hong Kong) Limited.

Note 7: The company in Mainland China that was reinvested through company registered in Mainland China was Standard Investment (China) Co., Ltd.

Note 8: The company invested through business combination, and indirectly invested through a third region was Dermalab S.A.

Note 9: The company spun off from Shanghai Standard Foods Co., Ltd. and indirectly invested through a third region was Accession Limited.

Note 10: Recognition of investment income (loss) was based on Note 2,b,2).

Note 11: As of December 31, 2015, the funds were not invested from Taiwan.

Note 12: The Company has been issued by Industrial Development Bureau, MOEA of the operational headquarters' document which is still valid within the period, so according to the Investment Commission, MOEA, there is no upper limit on the amount of investment.

(Concluded)

IV.2. Financial Report of Standard Foods Corporation

Standard Foods Corporation

Financial Statements for the
Years Ended December 31, 2015 and 2014 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Standard Foods Corporation

We have audited the accompanying balance sheets of Standard Foods Corporation as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Standard Foods Corporation as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The accompanying schedules of major accounting items of Standard Foods Corporation as of and for the year ended December 31, 2015 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.

March 24, 2016

<u>*Notice to Readers*</u>

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

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

STANDARD FOODS CORPORATION

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,171,261	7	$ 492,209	4
Available-for-sale financial assets - current (Note 7)	23,891	-	24,255	-
Debt investments with no active market - current (Note 9)	786,615	5	597,445	4
Notes receivable (Note 10)	1,464	-	1,312	-
Trade receivables from unrelated parties (Note 10)	1,755,890	11	1,714,300	12
Trade receivables from related parties (Note 31)	131,096	1	133,940	1
Other receivables (Note 10)	25,303	-	20,023	-
Other receivables from related parties (Note 31)	2,054	-	2,742	-
Current tax assets (Note 25)	31,500	-	31,500	-
Inventories (Note 11)	2,040,725	13	2,018,314	14
Prepayments (Note 12)	359,422	2	473,031	4
Other current assets (Note 17)	14,317	-	6,280	-
Total current assets	6,343,538	39	5,515,351	39
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Note 8)	72,645	1	76,154	-
Investments accounted for using equity method (Note 13)	8,172,404	50	6,993,262	49
Property, plant and equipment (Notes 14 and 32)	1,324,881	8	1,291,293	9
Investment properties (Note 15)	127,096	1	127,511	1
Other intangible assets (Note 16)	6,438	-	6,490	-
Deferred tax assets (Note 25)	197,741	1	239,785	2
Other non-current assets (Note 17)	26,819	-	62,051	-
Total non-current assets	9,928,024	61	8,796,546	61
TOTAL	$ 16,271,562	100	$ 14,311,897	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 639,000	4	$ -	-
Notes payable (Note 19)	993	-	3,170	-
Trade payables (Note 19)	851,705	5	967,848	7
Other payables (Note 20)	833,508	5	881,661	6
Other payables to related parties (Note 31)	33,119	-	-	-
Current tax liabilities (Note 25)	221,211	2	183,377	1
Provisions - current (Note 21)	10,271	-	8,593	-
Finance lease payables - current	126	-	531	-
Other current liabilities (Note 20)	9,543	-	8,207	-
Total current liabilities	2,599,476	16	2,053,387	14
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 25)	140,806	1	134,299	1
Finance lease payables - non-current	-	-	126	-
Net defined benefit liabilities (Note 22)	224,163	1	167,643	1
Other non-current liabilities (Note 20)	960	-	960	-
Total non-current liabilities	365,929	2	303,028	2
Total liabilities	2,965,405	18	2,356,415	16
EQUITY (Note 23)				
Common stock	7,926,972	49	7,206,338	50
Capital surplus	63,153	-	51,331	-
Retained earnings				
Legal reserve	1,899,483	12	1,691,898	12
Unappropriated earnings	3,122,900	19	2,540,559	18
Total retained earnings	5,022,383	31	4,232,457	30
Other equity	314,831	2	486,538	4
Treasury shares	(21,182)	-	(21,182)	-
Total equity	13,306,157	82	11,955,482	84
TOTAL	$ 16,271,562	100	$ 14,311,897	100

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

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales (Note 31)	$ 11,746,796	100	$ 11,488,057	100
OPERATING COSTS (Notes 11, 22, 24 and 31)				
Cost of goods sold	7,851,609	67	7,940,255	69
GROSS PROFIT	3,895,187	33	3,547,802	31
OPERATING EXPENSES (Notes 22 and 24)				
Selling and marketing expenses	1,226,576	10	1,171,156	10
General and administrative expenses	292,148	3	258,718	3
Research and development expenses	93,404	1	92,994	1
Total operating expenses	1,612,128	14	1,522,868	14
OPERATING INCOME	2,283,059	19	2,024,934	17
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	36,773	-	29,095	-
Other gains and losses (Notes 24 and 31)	67,364	1	24,540	-
Finance costs (Note 24)	(268)	-	(171)	-
Share of the profit or loss of subsidiaries	830,236	7	374,448	4
Total non-operating income and expenses	934,105	8	427,912	4
PROFIT BEFORE INCOME TAX	3,217,164	27	2,452,846	21
INCOME TAX EXPENSE (Note 25)	486,551	4	376,995	3
NET PROFIT FOR THE YEAR	2,730,613	23	2,075,851	18
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 22)	(48,502)	-	(25,442)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	(27,137)	-	(1,566)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	8,600	-	4,325	-
Total items that will not be reclassified subsequently to profit or loss	(67,039)	-	(22,683)	-

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	$ (138,238)	(1)	$ 305,236	3
Unrealized loss on available-for-sale financial assets	(365)	-	(1,334)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	(8,720)	-	(6,293)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	22,586	-	(51,018)	(1)
Total items that may be reclassified subsequently to profit or loss	(124,737)	(1)	246,591	2
Other comprehensive income (loss) for the year, net of income tax	(191,776)	(1)	223,908	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,538,837	22	$ 2,299,759	20
EARNINGS PER SHARE (Note 26)				
Basic	$ 3.47		$ 2.64	
Diluted	$ 3.47		$ 2.64	

The accompanying notes are an integral part of the financial statements. (Concluded)

STANDARD FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity					
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Other	Total	Treasury Stock	Total Equity
BALANCE AT JANUARY 1, 2014	$ 6,611,319	$ 43,620	$ 1,505,940	$ 2,326,179	$ 3,832,119	$ 229,160	$ 10,787	$ -	$ 239,947	$ (21,182)	$ 10,705,823
Appropriation of 2013 earnings											
Legal reserve	-	-	185,958	(185,958)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(1,057,811)	(1,057,811)	-	-	-	-	-	(1,057,811)
Stock dividends to shareholders	595,019	-	-	(595,019)	(595,019)	-	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by a subsidiary	-	7,710	-	-	-	-	-	-	-	-	7,710
Acquisition of interest in subsidiaries	-	1	-	-	-	-	-	-	-	-	1
Net profit for the year ended December 31, 2014	-	-	-	2,075,851	2,075,851	-	-	-	-	-	2,075,851
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	(22,683)	(22,683)	253,346	(6,755)	-	246,591	-	223,908
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	2,053,168	2,053,168	253,346	(6,755)	-	246,591	-	2,299,759
BALANCE AT DECEMBER 31, 2014	7,206,338	51,331	1,691,898	2,540,559	4,232,457	482,506	4,032	-	486,538	(21,182)	11,955,482
Appropriation of 2014 earnings											
Legal reserve	-	-	207,585	(207,585)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(1,153,014)	(1,153,014)	-	-	-	-	-	(1,153,014)
Stock dividends to shareholders	720,634	-	-	(720,634)	(720,634)	-	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by a subsidiary	-	8,404	-	-	-	-	-	-	-	-	8,404
Changes in percentage of ownership interest in subsidiaries	-	3,418	-	-	-	-	-	(46,970)	(46,970)	-	(43,552)
Net profit for the year ended December 31, 2015	-	-	-	2,730,613	2,730,613	-	-	-	-	-	2,730,613
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	(67,039)	(67,039)	(114,736)	(10,001)	-	(124,737)	-	(191,776)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	2,663,574	2,663,574	(114,736)	(10,001)	-	(124,737)	-	2,538,837
BALANCE AT DECEMBER 31, 2015	$ 7,926,972	$ 63,153	$ 1,899,483	$ 3,122,900	$ 5,022,383	$ 367,770	$ (5,969)	$ (46,970)	$ 314,831	$ (21,182)	$ 13,306,157

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

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,217,164	$ 2,452,846
Adjustments for:		
Depreciation expenses	155,596	133,808
Amortization expenses	19,945	22,554
Impairment loss recognized on trade receivables	102	109
Finance costs	268	171
Interest income	(25,808)	(24,780)
Dividend income	(7,725)	(2,155)
Share of the profit of subsidiaries	(830,236)	(374,448)
Net loss on disposal of property, plant and equipment	2,281	963
Net gain on disposal of investments	(60)	(333)
Impairment loss recognized on financial assets measured at cost	658	17,473
	(684,979)	(226,638)
Changes in operating assets and liabilities		
Notes receivable	(152)	179
Trade receivables	(41,692)	6,214
Trade receivables from related parties	2,844	(29,891)
Other receivables	1,804	14,344
Other receivables from related parties	688	(622)
Inventories	(22,411)	(145,210)
Prepayments	113,609	(166,042)
Other current assets	(8,037)	10,288
Notes payable	(2,177)	2,232
Trade payables	(116,143)	81,308
Other payables	(48,334)	15,122
Other payables to related parties	33,119	-
Provisions	1,678	(1,457)
Other current liabilities	1,336	(2,167)
Net defined benefit liabilities	8,018	912
Cash generated from operations	2,456,335	2,011,418
Interest received	18,724	23,501
Interest paid	(87)	(171)
Income tax paid	(368,980)	(311,833)
Net cash generated from operating activities	2,105,992	1,722,915
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(349,000)	-
Proceeds on sale of available-for-sale financial assets	349,059	6,444
Purchase of debt investments with no active market	(1,044,055)	(902,050)
Proceeds from sale of debt investments with no active market	854,885	854,885
Proceeds from capital reduction of financial assets measured at cost	2,851	3,636
Payments for property, plant and equipment	(154,917)	(247,949)
Proceeds from disposal of property, plant and equipment	139	5,611

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Payment for intangible assets	$ (8,256)	$ (11,342)
Increase in other financial assets	(977)	(3,966)
Increase in other non-current assets	(11,700)	-
Decrease in other non-current assets	-	1,070
Dividend received from subsidiaries	191,229	180,198
Other dividend received	7,725	2,155
Net cash used in investing activities	(163,017)	(111,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	639,000	-
Decrease in finance lease payables	(531)	(758)
Increase in other financial liabilities	-	60
Dividends paid to owners of the Company	(1,153,014)	(1,057,811)
Acquisition of interest in subsidiaries	(749,378)	(647,445)
Net cash used in financing activities	(1,263,923)	(1,705,954)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	679,052	(94,347)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	492,209	586,556
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,171,261	$ 492,209

The accompanying notes are an integral part of the financial statements. (Concluded)

1. GENERAL INFORMATION

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

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

The financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 24, 2016.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

   Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Company should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version did not have any material impact on the Company's accounting policies:

   1) IFRS 12 "Disclosure of Interests in Other Entities"

      IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the disclosure requirements in IFRS 12 are more extensive than in past standards. Please refer to Note 13 for related disclosures

   2) IFRS 13 "Fair Value Measurement"

      IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than in past standards; for example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required only for financial instruments are extended by IFRS 13 to cover all assets and liabilities within its scope.

      The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Note 30 for related disclosures.

3) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under previous IAS 1, there were no such requirements.

The Company retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans and subsidiaries for using the equity method of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of subsidiaries accounted for using the equity method. The application of the above amendments did not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

4) Revision to IAS 19 "Employee Benefits"

The interest cost and expected return on plan assets used in previous IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

b. New IFRSs in issue but not yet endorsed by the FSC

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" and those with undetermined effective date. In addition, the FSC announced that the Company should apply IFRS 15 starting January 1, 2018. As of the date the financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Company's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Company's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Company takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

3) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the balance sheets except for low-value and short-term leases. The Company may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. In the statements of comprehensive income, the Company should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. In the statements of cash flows, cash payments for the principal portion of the lease liability are classified within operating activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Company as lessor.

When IFRS 16 becomes effective, the Company may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of presentation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements 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, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing its financial statements, the Company used equity method to account for its investment in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries, share of other comprehensive income of subsidiaries and related equity items, as appropriate, in the parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

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

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiary is an entity that is controlled by the Company.

Under the equity method, investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the financial statements taken as a whole of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss.

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

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

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

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Available-for-sale financial assets, and loans and receivables.

i. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

ii. Loans and receivables

Loans and receivables (including notes receivable, trade receivables, cash and cash equivalent, debt investments with no active market, other receivables and other financial assets) are measured at amortized cost using the effective interest method, less any impairment, except for short-term notes receivable and trade receivables when the effect of discounting is immaterial.

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

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost, such as notes receivable and trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of notes receivable and trade receivables, where the carrying amount is reduced through the use of an allowance account. When a notes receivable and trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible notes receivable and trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Company; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Royalty arrangements that are based on sales are recognized by reference to the underlying arrangement.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

n. Leasing

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

1) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Company as lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheets as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

o. Borrowing costs

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

q. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

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

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

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

a. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Company takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Actual future cash flows could be significantly less than the expected amount; thus, a material impairment loss may arise.

b. Write-down of inventory

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

c. Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

d. Income taxes

The realizability of deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

6. CASH AND CASH EQUIVALENTS

	December 31 2015	December 31 2014
Cash on hand	$ 1,419	$ 1,421
Checking accounts and demand deposits	449,617	24,200
Cash equivalent		
Time deposits with original maturities less than three months	720,225	-
Repurchase agreements collateralized by bonds	-	466,588
	$ 1,171,261	$ 492,209

The market rate intervals of cash in bank and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	December 31 2015	December 31 2014
Bank deposits	0.08%-4.20%	0.01%-0.60%
Repurchase agreements collateralized by bonds	-	0.62%-0.70%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31 2015	December 31 2014
Current		
Listed shares	$ 17,088	$ 17,059
Mutual funds	6,803	7,196
	$ 23,891	$ 24,255

8. FINANCIAL ASSETS MEASURED AT COST

	December 31 2015	December 31 2014
Non-current		
Unlisted shares	$ 37,014	$ 40,523
Mutual funds	35,631	35,631
	$ 72,645	$ 76,154
Classified according to measurement categories		
Available-for-sale	$ 72,645	$ 76,154

Management believed that the fair value of the above unlisted shares and mutual funds held by the Company cannot be reliably measured due to the very wide range of reasonable fair value estimates; therefore, the financial assets were measured at cost less impairment at the end of reporting period.

The Company recognized impairment loss on financial assets measured at cost as follows:

	December 31 2015	December 31 2014
Unlisted shares	$ 658	$ 468
Mutual funds	-	17,005
	$ 658	$ 17,473

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31 2015	December 31 2014
Current		
Time deposits with original maturity of more than 3 months	$ 786,615	$ 597,445

The market interest rates of the time deposits with original maturity of more than 3 months were 0.48%-4.00% and 1.31%-3.38% per annum as of December 31, 2015 and 2014, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31 2015	December 31 2014
Notes receivable		
Operating	$ 1,464	$ 1,312
Trade receivables		
Trade receivables	$ 1,758,156	$ 1,716,464
Less: Allowance for impairment loss	(2,266)	(2,164)
	$ 1,755,890	$ 1,714,300
Other receivables		
Accrued interest	$ 14,813	$ 7,729
Payment on behalf of others	183	3,119
Others	10,307	9,175
	$ 25,303	$ 20,023

The average credit period of receivables from sales of goods was 30-60 days. Allowance for impairment loss was recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience with the counterparties and an analysis of their current financial position.

The aging of receivables was as follows:

	December 31	
	2015	2014
Not past due	$ 1,782,657	$ 1,735,635
1-30 days	637	802
31-90 days	165	745
91-180 days	60	132
Above 181 days	1,404	485
	$ 1,784,923	$ 1,737,799

The above aging schedule was based on the past due date.

The Company had no trade receivables that were past due but not impaired as of December 31, 2015 and 2014.

The movements of the allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	1,349	706	2,055
Add: Impairment losses recognized on receivables	815	-	815
Less: Impairment losses reversed	-	(706)	(706)
Balance at December 31, 2014	2,164	-	2,164
Add: Impairment losses recognized on receivables	-	495	495
Less: Impairment losses reversed	(393)	-	(393)
Balance at December 31, 2015	$ 1,771	$ 495	$ 2,266

The notes receivable and other receivables as of December 31, 2015 and 2014 were neither past due nor impaired.

11. INVENTORIES

	December 31	
	2015	2014
Merchandise	$ 565,586	$ 621,366
Finished goods	781,049	747,841
Work in progress	170,553	164,333
Raw materials	479,920	446,760
Packing materials	43,617	38,014
	$ 2,040,725	$ 2,018,314

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2015 included $23,779 thousand loss on write-downs of inventories, $10,658 thousand loss on abandonment of inventories and $1,168 thousand of unallocated overheads. The cost of goods sold for the year ended December 31, 2014 included $12,373 thousand loss on write-downs of inventories, $18,012 thousand loss on abandonment of inventories and $1,929 thousand of unallocated overheads.

12. PREPAYMENTS

	December 31	
	2015	2014
Prepayments for supplies	$ 237,484	$ 394,698
Prepayments for equipment parts	15,704	16,057
Prepayments for fuel oil	6,829	8,898
Prepayments for insurance	6,684	6,441
Prepayments for advertisements	11,036	14,200
Others	81,685	32,737
	$ 359,422	$ 473,031

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2015	2014
Investments in subsidiaries	$ 8,172,404	$ 6,993,262
Unlisted companies		
Accession Limited	$ 3,672,625	$ 3,548,539
Standard Investment (Cayman) Limited ("Cayman Standard")	3,003,751	2,089,069
Standard Dairy Products Taiwan Limited ("Standard Dairy Products")	671,420	552,190
Charng Hui Ltd. ("Charng Hui")	564,074	563,910
Domex Technology Corporation ("Domex Technology")	179,721	160,636
Standard Beverage Company Limited ("Standard Beverage")	80,813	78,918
	$ 8,172,404	$ 6,993,262

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	2015	2014
Accession Limited	100.0%	100.0%
Cayman Standard	100.0%	100.0%
Standard Dairy Products	100.0%	100.0%
Charng Hui	100.0%	100.0%
Domex Technology	52.0%	52.0%
Standard Beverage	100.0%	100.0%

Refer to Note 35 for the details of the subsidiaries indirectly held by the Company.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Leased Assets	Other Equipment	Property in Construction	Total
Cost							
Balance at January 1, 2014	$ 396,356	$ 727,186	$ 1,639,310	$ 1,664	$ 177,377	$ 46,646	$ 2,988,539
Additions	-	-	160,305	-	13,259	74,385	247,949
Disposals	-	(3,234)	(49,253)	-	(11,947)	-	(64,434)
Transferred from prepayments for equipment	-	-	65,212	-	1,190	-	66,402
Reclassified	-	38,876	-	(738)	738	(38,876)	-
Balance at December 31, 2014	$ 396,356	$ 762,828	$ 1,815,574	$ 926	$ 180,617	$ 82,155	$ 3,238,456
Accumulated depreciation and impairment							
Balance at January 1, 2014	$ -	$ 434,084	$ 1,300,231	$ 1,114	$ 136,201	$ -	$ 1,871,630
Disposals	-	(2,733)	(44,471)	-	(10,656)	-	(57,860)
Depreciation expense	-	31,506	86,616	267	15,004	-	133,393
Reclassified	-	-	-	(645)	645	-	-
Balance at December 31, 2014	$ -	$ 462,857	$ 1,342,376	$ 736	$ 141,194	$ -	$ 1,947,163
Carrying amount at December 31, 2014	$ 396,356	$ 299,971	$ 473,198	$ 190	$ 39,423	$ 82,155	$ 1,291,293
Cost							
Balance at January 1, 2015	$ 396,356	$ 762,828	$ 1,815,574	$ 926	$ 180,617	$ 82,155	$ 3,238,456
Additions	-	-	95,103	-	14,896	44,918	154,917
Disposals	-	(634)	(30,868)	-	(2,848)	-	(34,350)
Transferred from prepayments for equipment	-	-	36,272	-	-	-	36,272
Reclassified	-	20,945	-	(926)	926	(20,945)	-
Balance at December 31, 2015	$ 396,356	$ 783,139	$ 1,916,081	$ -	$ 193,591	$ 106,128	$ 3,395,295
Accumulated depreciation and impairment							
Balance at January 1, 2015	$ -	$ 462,857	$ 1,342,376	$ 736	$ 141,194	$ -	$ 1,947,163
Disposals	-	(364)	(28,975)	-	(2,591)	-	(31,930)
Depreciation expense	-	34,620	105,010	30	15,521	-	155,181
Reclassified	-	-	-	(766)	766	-	-
Balance at December 31, 2015	$ -	$ 497,113	$ 1,418,411	$ -	$ 154,890	$ -	$ 2,070,414
Carrying amount at December 31, 2015	$ 396,356	$ 286,026	$ 497,670	$ -	$ 38,701	$ 106,128	$ 1,324,881

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

Building	
Main buildings	40 years
Electrical and mechanical equipment	8-15 years
Engineering	7-39 years
Others	3-14 years
Equipment	
Main equipment	2-20 years
Engineering	7-20 years
Others	3-15 years
Leased assets	5 years
Other equipment	2-15 years

Refer to Note 32 for the carrying amount of property, plant and equipment pledged by the Company to secure general banking facilities granted to the Company.

15. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1 and December 31, 2014	$ 141,150
Accumulated depreciation and impairment	
Balance at January 1, 2014	$ 13,224
Depreciation expense	415
Balance at December 31, 2014	$ 13,639
Carrying amount at December 31, 2014	$ 127,511
Cost	
Balance at January 1 and December 31, 2015	$ 141,150
Accumulated depreciation and impairment	
Balance at January 1, 2015	$ 13,639
Depreciation expense	415
Balance at December 31, 2015	$ 14,054
Carrying amount at December 31, 2015	$ 127,096

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

Building	
Main buildings	40 years
Electrical and mechanical equipment	24-25 years
Engineering	28 years

The fair value of the investment properties was $373,635 thousand and $399,647 thousand as of December 31, 2015 and 2014. The management of the Company arrived at the fair value amounts by reference to market evidence of transaction prices for similar properties.

The Company has freehold interest in all of its investment property.

16. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2014	$ 164,435
Additions	11,342
Balance at December 31, 2014	$ 175,777
Accumulated amortization and impairment	
Balance at January 1, 2014	$ 160,404
Amortization expense	8,883
Balance at December 31, 2014	$ 169,287
Carrying amount at December 31, 2014	$ 6,490
Cost	
Balance at January 1, 2015	$ 175,777
Additions	8,256
Balance at December 31, 2015	$ 184,033
Accumulated amortization and impairment	
Balance at January 1, 2015	$ 169,287
Amortization expense	8,308
Balance at December 31, 2015	$ 177,595
Carrying amount at December 31, 2015	$ 6,438

The above items of other intangible assets are amortized on a straight-line basis over the following estimated life:

Computer software	2-3 years

17. OTHER ASSETS

	December 31	
	2015	2014
Current		
Advances to officers	$ 14,317	$ 6,280
Non-current		
Prepayments for equipment	$ -	$ 32,366
Refundable deposits	16,633	15,656
Others	10,186	14,029
	$ 26,819	$ 62,051

18. BORROWINGS

Short-term Borrowings

	December 31	
	2015	2014
Unsecured borrowings		
Bank loans	$ 639,000	$ -

The range of weighted average effective interest rates on bank loans was 1.07%-1.13% per annum as of December 31, 2015.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2015	2014
Notes payable		
Notes payable - operating	$ 993	$ 3,170
Trade payables		
Trade payables	$ 851,705	$ 967,848

The average credit period of payables for purchases of goods was 3 months. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER LIABILITIES

	December 31 2015	December 31 2014
Current		
Other payables		
Payable for purchase of equipment	$ 52,201	$ 45,665
Payable for commission and rebate	382,036	397,808
Payable for advertisement	90,867	91,769
Payable for royalties	23,073	25,175
Salaries or bonus	114,127	120,039
Payable for freight	6,602	6,841
Payable for employee compensation or employee bonus	29,347	26,156
Payable for remuneration to directors and supervisors	19,466	18,683
Payable for insurance	12,677	11,945
Payable for green recycle fee	7,246	6,962
Others	95,866	130,618
	$ 833,508	$ 881,661
Other liabilities		
Advance receipts from customers	$ 7,687	$ 6,694
Others	1,856	1,513
	$ 9,543	$ 8,207
Non-current		
Other liabilities		
Guarantee deposits	$ 960	$ 960

21. PROVISIONS

	December 31 2015	December 31 2014
Current		
Customer returns	$ 10,271	$ 8,593

	Customer Returns
Balance at January 1, 2014	$ 10,050
Addition	86,612
Usage	(88,069)
Balance at December 31, 2014	8,593
Addition	108,206
Usage	(106,528)
Balance at December 31, 2015	$ 10,271

The provision for customer returns was the estimated product returns that may occur in the year; the estimate was based on historical experience and other relevant factors. The provision was recognized as a reduction of operating revenue in the periods the related goods were sold.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan of the Company is operated by the ROC government in accordance with the Labor Standards Law. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company makes monthly contributions to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2015	**2014**
Present value of defined benefit obligation	$ 486,670	$ 431,685
Fair value of plan assets	(262,507)	(264,042)
Net defined benefit liability	$ 224,163	$ 167,643

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2014	$ 402,473	$ (261,184)	$ 141,289
Service cost			
Current service cost	5,959	-	5,959
Net interest expense (income)	7,043	(5,279)	1,764
Recognized in profit or loss	13,002	(5,279)	7,723

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (895)	$ (895)
Actuarial loss - changes in demographic assumptions	13,012	-	13,012
Actuarial loss - experience adjustments	13,325	-	13,325
Recognized in other comprehensive income	26,337	(895)	25,442
Contributions from the employer	-	(6,811)	(6,811)
Benefits paid	(10,127)	10,127	-
Balance at December 31, 2014	431,685	(264,042)	167,643
Service cost			
Current service cost	6,315	-	6,315
Others	7,088	-	7,088
Net interest expense (income)	7,554	(4,683)	2,871
Recognized in profit or loss	20,957	(4,683)	16,274
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,316)	(2,316)
Actuarial loss - changes in demographic assumptions	23,211	-	23,211
Actuarial loss - changes in financial assumptions	16,753	-	16,753
Actuarial loss - experience adjustments	10,854	-	10,854
Recognized in other comprehensive income	50,818	(2,316)	48,502
Contributions from the employer	-	(8,256)	(8,256)
Benefits paid	(16,790)	16,790	-
Balance at December 31, 2015	$ 486,670	$ (262,507)	$ 224,163

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Years Ended December 31	
	2015	2014
Operating costs	$ 5,284	$ 4,331
Selling and marketing expenses	1,057	880
General and administrative expenses	9,900	2,472
Research and development expenses	33	40
	$ 16,274	$ 7,723

Through the defined benefit plan under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2015	**2014**
Discount rate	1.375%	1.75%
Expected rate of salary increase	3.000%	3.000%

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

	December 31	
	2015	**2014**
Discount rate		
0.250% increase	$ (12,051)	$ (10,015)
0.250% decrease	$ 12,497	$ 10,374
Expected rate of salary increase		
0.250% increase	$ 12,043	$ 10,008
0.250% decrease	$ (11,676)	$ (9,712)

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

	December 31	
	2015	**2014**
The expected contributions to the plan for the next year	$ 8,627	$ 7,149
The average duration of the defined benefit obligation	10.1 years	9.6 years

23. EQUITY

a. Common stock

1) Ordinary shares

	December 31	
	2015	2014
Number of shares authorized (in thousands)	800,000	740,000
Shares authorized	$ 8,000,000	$ 7,400,000
Number of shares issued and fully paid (in thousands)	792,697	720,634
Shares issued	$ 7,926,972	$ 7,206,338

2) Global depositary receipts

As of December 31, 2015, a total of 33,950.2 Global Depositary Receipts ("GDRs") (representing 169,751 shares of the Company's common stock), each GDR representing five shares of the Company's common stock, were traded on the Euro MTF Market of the Luxembourg Stock Exchange. Holders of the GDRs may request at any time that the shares represented by the GDRs be transferred to them.

b. Capital surplus

	December 31	
	2015	2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Recognized from treasury share transactions	$ 59,734	$ 51,330
Recognized from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	1	1
May not be used for any purpose		
Share options	3,418	-
	$ 63,153	$ 51,331

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 once a year).

c. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, the following shall be appropriated from the annual net income (less any deficit):

1) 10% thereof as legal reserve;

2) Special reserve provided or reversed in accordance with the regulations;

3) Bonus to employees at no less than 1% and remuneration to directors and supervisors at 1% of the remainder; and

4) 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%.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on March 24, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 15, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 24,g. Employee benefits expense.

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.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings, bonus to employees and remuneration to directors and supervisors for 2014 and 2013 had been approved in the shareholders' meetings on June 26, 2015 and June 18, 2014, respectively. The appropriations, dividends per share, bonus to employees and remuneration to directors and supervisors were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Years Ended December 31		**For the Years Ended December 31**	
	2014	**2013**	**2014**	**2013**
Legal reserve	$ 207,585	$ 185,958		
Cash dividends	1,153,014	1,057,811	$ 1.6	$ 1.6
Stock dividends	720,634	595,019	1.0	0.9

d. Other equity items

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

	For the Years Ended December 31	
	2015	**2014**
Balance at January 1	$ 482,506	$ 229,160
Exchange differences arising on translating the financial statement of foreign operations	(138,238)	305,236
Related income tax	23,502	(51,890)
Balance at December 31	$ 367,770	$ 482,506

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Years Ended December 31	
	2015	2014
Balance at January 1	$ 4,032	$ 10,787
Unrealized gain (loss) on revaluation of available-for-sale financial assets	(305)	(1,001)
Cumulative (gain) loss reclassified to profit or loss on sale of available-for-sale financial assets	(60)	(333)
Share of unrealized gain (loss) on revaluation of available-for-sale financial assets of subsidiaries accounted for using the equity method	(8,720)	(6,293)
Related income tax	(916)	872
Balance at December 31	$ (5,969)	$ 4,032

3) Other equity items

	For the Years Ended December 31	
	2015	2014
Balance at January1	$ -	$ -
Share of other equity of subsidiaries accounted for using the equity method	(46,970)	-
Balance at December 31	$ (46,970)	$ -

e. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2014	4,819
Increase during the year	433
Number of shares at December 31, 2014	5,252
Increase during the year	525
Number of shares at December 31, 2015	5,777

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
December 31, 2015			
Chang Hui	5,777	$ 21,182	$ 474,327
December 31, 2014			
Chang Hui	5,252	$ 21,182	$ 367,655

The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

24. NET PROFIT

Net Profit

a. Other income

	For the Years Ended December 31	
	2015	2014
Operating lease rental income		
Investment properties	$ 3,240	$ 2,160
Interest income		
Bank deposits	23,491	21,801
Repurchase agreements collateralized by bonds	2,317	2,979
	25,808	24,780
Dividends	7,725	2,155
	$ 36,773	$ 29,095

b. Other gains and losses

	For the Years Ended December 31	
	2015	2014
Net loss on disposal of property, plant and equipment	$ (2,281)	$ (963)
Net gain on disposal of available-for-sale financial assets	60	333
Net foreign exchange gains	34,803	18,799
Impairment loss arising on financial assets measured at cost	(658)	(17,473)
Others	35,440	23,844
	$ 67,364	$ 24,540

c. Finance costs

	For the Years Ended December 31	
	2015	2014
Interest on bank loans	$ 394	$ 177
Interest on obligations under finance leases	27	66
Total interest expense on financial liabilities measured at amortized cost	421	243
Less: Amounts included in the cost of qualifying assets	(153)	(72)
	$ 268	$ 171

Information about capitalized interest was as follows:

	For the Years Ended December 31	
	2015	2014
Capitalized interest	$ 153	$ 72
Capitalization rate	1.120%-1.330%	1.130%-1.134%

d. Impairment loss on financial assets

	For the Years Ended December 31	
	2015	2014
Trade receivables	$ 102	$ 109
Financial assets measured at cost	658	17,473
	$ 760	$ 17,582

e. Depreciation and amortization

	For the Years Ended December 31	
	2015	2014
Property, plant and equipment	$ 155,181	$ 133,393
Investment properties	415	415
Intangible assets (included in operating costs/operating expense)	8,308	8,883
Others	11,637	13,671
	$ 175,541	$ 156,362
An analysis of depreciation by function		
Operating costs	$ 115,199	$ 96,855
Operating expenses	39,982	36,538
Non-operating income and expenses	415	415
	$ 155,596	$ 133,808

(Continued)

	For the Years Ended December 31	
	2015	2014
An analysis of amortization by function		
Operating costs	$ 6,847	$ 7,966
Selling and marketing expenses	4,403	6,096
General and administrative expenses	8,146	8,218
Research and development expenses	549	274
	$ 19,945	$ 22,554

(Concluded)

f. Operating expenses directly related to investment properties

	For the Years Ended December 31	
	2015	2014
Direct operating expenses of investment properties that generated rental income	$ 415	$ 277
Direct operating expenses of investment properties that did not generated rental income	-	138
	$ 415	$ 415

g Employee benefits expense

	For the Years Ended December 31	
	2015	2014
Post-employment benefits (see Note 22)		
Defined contribution plans	$ 25,087	$ 24,416
Defined benefit plans	16,274	7,723
	41,361	32,139
Termination benefits	91	2,040
Other employee benefits	864,899	836,225
Total employee benefits expense	$ 906,351	$ 870,404
An analysis of employee benefits expense by function		
Operating costs	$ 440,053	$ 429,663
Operating expenses	466,298	440,741
	$ 906,351	$ 870,404

The existing (2014) Articles of Incorporation of the Company stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates no less than 1% and 1%, respectively, of net income (net of the bonus and remuneration). For the year ended December 31, 2014, the bonus to employees and the remuneration to directors and supervisors were $26,156 thousand and $18,683 thousand, respectively, representing 1.4% and 1%, respectively, of the base net income.

To be in compliance with the Company Act as amended in May 2015, the Company's board of directors proposed on March 24, 2016 amendments to the Articles of Incorporation of the Company which stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 0.50% and no higher than 0.75%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were $29,347 thousand and $19,466 thousand, respectively, representing 0.90% and 0.60%, respectively, of the base net profit. The employees' compensation and remuneration to directors and supervisors in cash for the year ended December 31, 2015 have been approved by the Company's board of directors on March 24, 2016 and are subject to the resolution and adoption of the amendments to the Company's Articles of Incorporation by the shareholders in their meeting to be held on June 15, 2016, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The bonus to employees and remuneration to directors and supervisors for 2014 and 2013 which have been approved in the shareholders' meetings on June 26, 2015 and June 18, 2014, respectively, were as follows:

	For the Years Ended December 31	
	2014	**2013**
	In Cash	**In Cash**
Bonus to employees	$ 26,156	$ 23,431
Remuneration of directors and supervisors	18,683	16,736

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 26, 2015 and June 18, 2014 and the amounts recognized in the financial statements for the years ended December 31, 2014 and 2013, respectively.

Information on the employee's compensation and remuneration to directors and supervisors resolved by the Company's board of directors in 2016 and bonus to employees, directors and supervisors resolved by the shareholders' meetings in 2015 and 2014 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Years Ended December 31	
	2015	**2014**
Foreign exchange gains	$ 131,882	$ 147,581
Foreign exchange losses	(97,079)	(128,782)
Net gains	$ 34,803	$ 18,799

i. Impairment losses on non-financial assets

	For the Years Ended December 31	
	2015	2014
Inventories (included in operating costs)	$ 23,779	$ 12,373

25. INCOME TAXES

a. Major components of tax expense (income) recognized in profit or loss

	For the Years Ended December 31	
	2015	2014
Current tax		
In respect of the current year	$ 404,442	$ 360,006
In respect of prior periods	2,372	(3,799)
	406,814	356,207
Deferred tax		
In respect of the current year	79,737	20,788
Income tax expense recognized in profit or loss	$ 486,551	$ 376,995

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

	For the Years Ended December 31	
	2015	2014
Profit before tax	$ 3,217,164	$ 2,452,846
Income tax expense calculated at the statutory rate	$ 546,918	$ 416,984
Nondeductible expenses in determining taxable income	5,775	6,509
Tax-exempt income	(68,514)	(42,699)
Adjustments for prior years' tax	2,372	(3,799)
Income tax expense recognized in profit or loss	$ 486,551	$ 376,995

The applicable tax rate used above is the corporate tax rate of 17%.

As the status of 2016 appropriations of earnings is uncertain, the potential income tax consequences of 2015 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Years Ended December 31	
	2015	**2014**
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ (23,502)	$ 51,890
Remeasurement on defined benefit plans	(8,245)	(4,325)
Share of other comprehensive income (loss)of subsidiaries	561	(872)
Total income tax recognized in other comprehensive expense (income)	$ (31,186)	$ 46,693

c. Current tax assets and liabilities

	December 31	
	2015	**2014**
Current tax assets		
Tax refund receivable	$ 31,500	$ 31,500
Current tax liabilities		
Income tax payable	$ 221,211	$ 183,377

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2015

	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Deferred tax assets				
Temporary differences				
Loss on foreign investment	$ 189,967	$ (50,153)	$ -	$ 139,814
Defined benefit plans	27,858	119	8,600	36,577
Deferred sales return and allowance	5,387	(3,368)	-	2,019
Allowance for inventory loss	5,009	(14)	-	4,995
Available-for-sale financial assets	916	-	(916)	-
Others	10,648	3,688	-	14,336
	$ 239,785	$ (49,728)	$ 7,684	$ 197,741

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Gain on foreign investment	$ -	$ 29,729	$ -	$ 29,729
Reverse for land value increment tax	33,685	-	-	33,685
Exchange difference on foreign operations	98,828	-	(23,502)	75,326
Others	1,786	280	-	2,066
	$ 134,299	$ 30,009	$ (23,502)	$ 140,806

(Concluded)

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss on foreign investment	$ 215,636	$ (25,669)	$ -	$ 189,967
Defined benefit plans	23,458	75	4,325	27,858
Deferred sales return and allowance	5,710	(323)	-	5,387
Allowance for inventory loss	5,054	(45)	-	5,009
Available-for-sale financial assets	44	-	872	916
Others	6,561	4,087	-	10,648
	$ 256,463	$ (21,875)	$ 5,197	$ 239,785
Deferred tax liabilities				
Temporary differences				
Reverse for land value increment tax	$ 33,685	$ -	$ -	$ 33,685
Exchange difference on foreign operations	46,938	-	51,890	98,828
others	2,873	(1,087)	-	1,786
	$ 83,496	$ (1,087)	$ 51,890	$ 134,299

e. Integrated income tax

	December 31	
	2015	2014
Unappropriated earnings Generated after January 1, 1998	$ 3,122,900	$ 2,540,559
Imputation credits account	$ 276,060	$ 287,751

The actual creditable ratio for distribution of the Company's earnings of 2014 was 20.16%; however, effective from January 1, 2015, the creditable ratio for individual ROC resident shareholders will be half of the original creditable ratio according to the revised Article 66 - 6 of the Income Tax Law.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company are calculated based on the creditable ratio as of the date of dividend distribution. Because the Company is unable to predict the amount of the imputation credits to be transferred from investees before the dividend distribution date, the creditable ratio for distribution of earnings of 2015 cannot be reasonably estimated.

f. Income tax assessments

The tax returns through 2013, except 2012, have been assessed by the tax authorities.

26. EARNINGS PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 25, 2015. The basic and diluted earnings per share for the year ended December 31, 2014 before and after retroactive adjustment were as follows:

Unit: NT$ Per Share

	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share	$ 2.90	$ 2.64
Diluted earnings per share	$ 2.90	$ 2.64

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

Net Profit for the Year

	For the Years Ended December 31	
	2015	2014
Profit for the period attributable to owners of the Company	$ 2,730,613	$ 2,075,851
Effect of potentially dilutive ordinary share	-	-
Earnings used in the computation of diluted earnings per share	$ 2,730,613	$ 2,075,851

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

	For the Years Ended December 31	
	2015	2014
Weighted average number of ordinary shares in computation of basic earnings per share	786,920	786,920
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	522	572
Weighted average number of ordinary shares used in the computation of diluted earnings per share	787,442	787,492

If the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus 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 was 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.

27. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

On April 1, 2014, the Company acquired additional 2.9% equity interest in Standard Beverage Company Limited, increasing its continuing interest from 97.1% to 100.0%.

The above transaction was accounted for as equity transactions, since the Company did not cease to have control over the subsidiary. For details about the acquisition of Standard Beverage Company Limited, please refer to Note 30 to the consolidated financial statements for the year ended December 31, 2015.

28. OPERATING LEASE ARRANGEMENTS

a. The Company as lessee

Operating leases relate to leases of office and parking lot with lease terms between 1 and 5 years. The Company does not have a bargain purchase option to acquire the leased office and parking lot at the expiration of the lease periods.

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 21,692	$ 21,717
Later than 1 year and not later than 5 years	3,082	21,811
	$ 24,774	$ 43,528

The lease payment recognized in profit or loss for the current period was as follows:

	For the Years Ended December 31	
	2015	2014
Minimum lease payment	$ 32,009	$ 27,632

b. The Company as lessor

Operating leases relate to the investment property owned by the Company with lease terms for 2 years. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

The future minimum lease payments of non-cancellable operating lease are as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 1,080	$ 3,240
Later than 1 year and not later than 5 years	-	1,080
	$ 1,080	$ 4,320

29. CAPITAL MANAGEMENT

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

30. FINANCIAL INSTRUMENTS

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

Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed shares				
Equity securities	$ 17,088	$ -	$ -	$ 17,088
Mutual funds	6,803	-	-	6,803
	$ 23,891	$ -	$ -	$ 23,891

December 31, 2014

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Listed shares				
Equity securities	$ 17,059	$ -	$ -	$ 17,059
Mutual funds	7,196	-	-	7,196
	$ 24,255	$ -	$ -	$ 24,255

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2015 and 2014.

b. Categories of financial instruments

	December 31	
	2015	2014
Financial assets		
Loans and receivables (1)	$ 3,890,316	$ 2,977,627
Available-for-sale financial assets (2)	96,536	100,409
Financial liabilities		
Amortized cost (3)	1,578,285	1,018,300

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, trade receivables, other receivables, and other financial assets.

2) The balances included the carrying amount of available-for-sale financial assets measured at cost.

3) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, finance lease payables, and other financial liabilities.

c. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, equity investments, mutual funds, debt investments with no active market, trade receivables, and trade payables. The Company'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 Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Company was mainly exposed to the RMB and USD.

The following table details the Company's sensitivity to a 3% increase or decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A change of 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis used the outstanding foreign currency denominated monetary items at the end of the reporting period and assumed the exchange rates at the end of the reporting period changed by 3% increase or decrease. The amount below indicates an increase (decrease) in pre-tax profit associated with New Taiwan dollars weakening 3% against the relevant currency. For a 3% strengthening of New Taiwan dollars 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 Years Ended December 31		For the Years Ended December 31	
	2015	2014	2015	2014
Profit or loss	$ 13,633 (i)	$ 7,436 (i)	$ 31,504 (ii)	$ 169 (ii)

i. This was mainly attributable to the exposure of outstanding RMB bank deposits and debt investments with no active market, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure of outstanding USD bank deposits and payables, which were not hedged at the end of the reporting period.

The Company's sensitivity to RMB and USD increased during the year mainly due to the increase in RMB bank deposits and debt investments with no active market and the increase in USD bank deposit, respectively.

b) Interest rate risk

The Company was exposed to interest rate risk because the Company held time deposits and repurchase agreements collateralized by bonds at both fixed and floating interest rates, and borrowed funds at fixed interest rates. The Company pays attention to the fluctuations of exchange rates in the market, and takes appropriate actions to manage the exchange rate risk.

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

	December 31	
	2015	2014
Fair value interest rate risk		
Financial assets	$ 1,368,757	$ 990,533
Financial liabilities	639,126	657
Cash flow interest rate risk		
Financial assets	138,083	73,500

Sensitivity analysis

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

If interest rates had been 1% basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2015 and 2014 would decrease/increase by $1,381 thousand and $735 thousand, respectively.

The Company's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate debt investments with no active market.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2015 and 2014 would increase/decrease by $239 thousand and $243 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

The Company's sensitivity to prices has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and due to financial guarantees provided by the Company could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheet; and

b) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

In order to minimize credit risk, management of the Company 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 Company reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts.

The Company's concentration of credit risk of 79% and 76% in total trade receivables as of December 31, 2015 and 2014, respectively, was related to the Company's four largest customers.

The table below analyzes the collaterals held as security and other credit enhancements, and their financial effect in respect of the financial assets recognized in the Company's balance sheet:

December 31, 2015

	Maximum Exposure to Credit Risk Mitigated by		
	Collateral	**Other Credit Enhancements**	**Total**
Receivables	$ 12,536	$ 6,028	$ 18,564

December 31, 2014

	Maximum Exposure to Credit Risk Mitigated by		
	Collateral	**Other Credit Enhancements**	**Total**
Receivables	$ 21,770	$ 3,228	$ 24,998

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2015 and 2014 the Company had available unutilized bank loan facilities in the amounts of $1,846,700 thousand and $2,913,064 thousand, respectively.

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

December 31, 2015

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 108,527	$ 150,817	$ 678,674	$ 960
Finance lease liabilities	43	85	-	-
Fixed interest rate liabilities	630	640,171	-	-
	$ 109,200	$ 791,073	$ 678,674	$ 960

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 84,724	$ 169,447	$ 762,512	$ 960
Finance lease liabilities	60	100	390	128
	$ 84,784	$ 169,547	$ 762,902	$ 1,088

31. TRANSACTIONS WITH RELATED PARTIES

The transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

a. Sales of goods

Line Items	Related Party Categories	For the Years Ended December 31 2015	2014
Sales	Subsidiaries	$ 1,246,436	$ 1,171,351

Sales to related parties were conducted on normal commercial terms.

b. Purchases of goods

Related Party Categories	For the Years Ended December 31 2015	2014
Subsidiaries	$ 697,462	$ 762,316

Purchases from related parties were conducted on normal commercial terms.

c. Receivables from related parties

Line Items	Related Party Categories	December 31 2015	2014
Trade receivables	Subsidiaries	$ 131,096	$ 133,940
Other receivables	Subsidiaries	2,054	2,742
		$ 133,150	$ 136,682

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2015 and 2014, no impairment loss was recognized on receivables from related parties.

d. Payables from related parties

Line Items	Related Party Categories	December 31 2015	December 31 2014
Other payables	Subsidiaries	$ 33,119	$ -

The outstanding payables from related parties are unsecured.

e. Property, plant and equipment acquired

Related Party Categories	Price For the Years Ended December 31 2015	Price For the Years Ended December 31 2014
Subsidiaries	$ 307	$ -

f. Property, plant and equipment disposed of

Related Party Categories	Proceeds For the Years Ended December 31 2015	Proceeds For the Years Ended December 31 2014	Gain (Loss) on Disposal For the Years Ended December 31 2015	Gain (Loss) on Disposal For the Years Ended December 31 2014
Subsidiaries	$ -	$ 3,095	$ -	$ (158)

g. Other transactions with related parties

Line Items	Related Party Categories	For the Years Ended December 31 2015	For the Years Ended December 31 2014
Royalty revenues	Subsidiaries	$ 5,211	$ 3,104
Service revenues	Subsidiaries	1,320	-
		$ 6,531	$ 3,104

h. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Categories	December 31 2015	December 31 2014
Subsidiaries		
Amount endorsed	$ 164,125	$ -
Amount utilized	27,000	-

i. Compensation of key management personnel

	For the Years Ended December 31	
	2015	2014
Short-term employee benefits	$ 23,565	$ 22,984
Post-employment benefits	809	783
	$ 24,374	$ 23,767

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2015	2014
Properties, plant and equipment	$ 228,031	$ 242,227

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2015 were as follows:

a. The Company has entered into a license agreement with The Quaker Oats Company ("Quaker") for a period ending July 11, 2024. The agreement provides that the Company may use Quaker's trademark, and process, manufacture, market and sell Quaker baby cereal, oatmeal, fruit cereal, ready-to-eat cereal, sesame paste, milk powder and other cereal products in the ROC. In consideration of the above, the Company shall pay Quaker royalties at an agreed percentage of net sales (as defined).

b. Unused letters of credit of approximately US$2,700 thousand.

c. Commitments for purchase of properties of approximately $96,000 thousand.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 33,258	32.83 (USD:NTD)	$ 1,091,683
RMB	90,976	5.00 (RMB:NTD)	454,426
			$ 1,546,109
Non-monetary items			
Investments accounted for using equity method			
USD	1,325,302	5.06 (RMB:NTD)	$ 6,699,400
Other			
USD	1,116	32.83 (USD:NTD)	36,641
			$ 6,736,041
Financial liabilities			
Monetary items			
USD	1,265	32.83 (USD:NTD)	$ 41,541
EUR	153	35.88 (EUR:NTD)	5,503
AUD	452	23.99 (AUD:NTD)	10,836
			$ 57,880

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 501	31.65 (USD:NTD)	$ 15,872
RMB	48,679	5.09 (RMB:NTD)	247,874
EUR	1	38.47 (EUR:NTD)	33
AUD	12	25.91 (AUD:NTD)	303
			$ 264,082

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using equity method			
USD	$ 1,092,743	5.17 (RMB:NTD)	$ 5,652,106
Other			
USD	1,227	31.65 (USD:NTD)	38,834
			$ 5,690,940
Financial liabilities			
Monetary items			
USD	323	31.65 (USD:NTD)	$ 10,232
EUR	471	38.47 (EUR:NTD)	18,104
AUD	379	25.91 (AUD:NTD)	9,812
			$ 38,148

(Concluded)

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Years Ended December 31			
	2015		2014	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	32.83 (USD:NTD)	$ 13,417	31.65 (USD:NTD)	$ (35)
RMB	5.00 (RMB:NTD)	(1,549)	5.09 (RMB:NTD)	9,434
EUR	35.88 (EUR:NTD)	159	38.47 (EUR:NTD)	861
AUD	23.99 (AUD:NTD)	122	25.91 (AUD:NTD)	233
Other		2		23
		$ 12,151		$ 10,516

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financings provided: Please see Table 1 attached.

2) Endorsement/guarantee provided: Please see Table 2 attached.

3) Marketable securities held (excluding investments in subsidiaries): Please see Table 3 attached.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Please see Table 4 attached.

5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate properties 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 of at least NT$100 million or 20% of the paid-in capital: Please see Table 5 attached.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 6 attached.

9) Trading in derivative instruments: Please see Table 7 attached.

10) Information on investees (excluding investees of Mainland China): Please see Table 8 attached.

b. Information on investment in Mainland China

1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 9 attached.

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: None.

TABLE 1

STANDARD FOODS CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 3)	Note
													Item	Value			
1	Accession Limited	Shanghai Standard Foods Co., Ltd.	Other receivables	Y	$ 262,960	$ 262,600	$ 262,600	-	b.	$ -	Need for operation	$ -	-	$ -	$ 3,666,072	$ 3,666,072	

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

Note 2: Reasons for financing are as follows:

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

Note 3: The total amount shall not exceed 100% of net value of Accession Limited, which was calculated to be $3,666,072 thousand (the net value per financial statements at September 30, 2015 of $3,666,072 thousand x 100%).

STANDARD FOODS CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount	Guarantee Provided by Parent Company (Note 9)	Guarantee Provided by Subsidiary (Note 9)	Guarantee Provided to Subsidiaries in Mainland China (Note 9)	Note
		Name	Nature of Relationship (Note 2)											
0	Standard Foods Corporation.	Standard Beverage Company Limited	b.	$ 10,311,373 (Note 3)	$ 314,350	$ 164,125	$ 27,000	$ -	1.27	$ 12,889,216 (Note 4)	Y	-	-	
1	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	c.	2,520,537 (Note 5)	535,570	535,570	-	-	17.00	3,150,671 (Note 6)	-	-	Y	
		Standard Foods (China) Co., Ltd.	c.	2,520,537 (Note 5)	292,930	292,930	-	-	9.30	3,150,671 (Note 6)	-	-	Y	
2	Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	b.	1,907,554 (Note 7)	258,360	-	-	-	-	2,384,443 (Note 8)	-	-	Y	

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

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

a. Trading partner.
b. Majority owned subsidiary.
c. The Company and subsidiary owns over 50% ownership of the investee company.
d. A subsidiary jointly owned by the Company and company's directly-owned subsidiary.
e. Guaranteed by the Company according to construction contract.
f. Investee company. The guarantees were provided based on the Company's proportionate share in an investee company.

Note 3: The total amount shall not exceed 80% of the net value in the financial statements of Standard Foods Corporation; amount was calculated at $10,311,373 thousand (the net value per financial statements at September 30, 2015 of $12,889,216 thousand x 80%).

Note 4: The total amount shall not exceed 100% of the net value in the financial statements of Standard Foods Corporation; amount was calculated at $12,889,216 thousand (the net value per financial statements at September 30, 2015 of $12,889,216 thousand x 100%).

Note 5: The total amount shall not exceed 80% of the net value in the financial statements of Shanghai Standard Foods Co., Ltd.; amount was calculated at $2,520,537 thousand (the net value per financial statements at September 30, 2015 of $3,150,671 thousand x 80%).

Note 6: The total amount shall not exceed 100% of the net value in the financial statements of Shanghai Standard Foods Co., Ltd.; amount was calculated at $3,150,671 thousand (the net value per financial statements at September 30, 2015 of $3,150,671 thousand x 100%).

Note 7: The total amount shall not exceed 80% of the net value in the financial statements of Standard Investment (China) Co., Ltd.; amount was calculated at $1,907,554 thousand (the net value per financial statements at September 30, 2015 of $2,384,443 thousand x 80%).

Note 8: The total amount shall not exceed 100% of the net value in the financial statements of Standard Investment (China) Co., Ltd.; amount was calculated at $2,384,443 thousand (the net value per financial statements at September 30, 2015 of $2,384,443 thousand x 100%).

Note 9: Guarantee provided by the listed parent company, guarantee provided by the subsidiary or guarantee provided to subsidiaries in Mainland China, coded "Y".

TABLE 3

STANDARD FOODS CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value (Note 2)	
Standard Foods Corporation	Stock							
	Far Eastern International Commercial Bank Co., Ltd.		Available-for-sale financial assets - current	1,253,504	$ 12,272		$ 12,272	
	Chunghwa Telecom Co., Ltd.		Available-for-sale financial assets - current	48,600	4,816		4,816	
	Mutual funds							
	UPAMC Quality Growth		Available-for-sale financial assets - current	297,794	6,803		6,803	
	Stock							
	GeneFerm Biotechnology	The Company is a director.	Financial assets carried at cost - non-current	2,344,110	18,549	9.8	20,734	
	Dah Chung Bills Finance Corp.		Financial assets carried at cost - non-current	1,149,249	9,600	0.3	18,825	
	Mutual funds							
	VantagePoint Communications Partners, L.P.		Financial assets carried at cost - non-current	Note 1	1,129	0.5	513	
	Walden VC 2, L.P.		Financial assets carried at cost - non-current	Note 1	34,502	2.1	28,104	
	Stock							
	Techgains Pan-Pacific Corporation		Financial assets carried at cost - non-current	500,000	1,009	0.9	2,337	
	Authenex, Inc.		Financial assets carried at cost - non-current	2,424,242	-	5.5	-	
	Global Strategic Investment Co., Ltd.		Financial assets carried at cost - non-current	850,500	4,784	1.9	3,638	
	Paradigm Venture Capital Corporation		Financial assets carried at cost - non-current	307,125	3,072	7.0	3,388	
	U-Teck Environment Corporation, Ltd.		Financial assets carried at cost - non-current	11,200	-	0.2	-	
	Octamer, Inc.		Financial assets carried at cost - non-current	907,815	-	8.8	-	
Standard Dairy Products Taiwan Limited	Mutual funds							
	Prudential Financial Money Market		Available-for-sale financial assets - current	192,191	3,000		3,000	
	Capital Multi-Asset Allocation FOF		Available-for-sale financial assets - current	217,598	3,136		3,136	
	Jih Sun Money Market		Available-for-sale financial assets - current	342,118	5,002		5,002	
	Taishin 1699 Money Market		Available-for-sale financial assets - current	1,123,175	15,002		15,002	
Charng Hui Ltd.	Stock							
	Standard Foods Corporation	Parent of Charng Hui Ltd.	Available-for-sale financial assets - current	5,777,436	474,327	0.7	474,327	
	Formosa Plastics Corporation		Available-for-sale financial assets - current	91,440	7,041		7,041	
	China Steel Corporation		Available-for-sale financial assets - current	803,258	14,419		14,419	
	Polytronics Technology Corp.	Charng Hui Ltd. is a director	Available-for-sale financial assets - current	1,596,000	106,453	2.0	106,453	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Available-for-sale financial assets - current	90,000	12,870		12,870	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value (Note 2)	
	Mutual funds							
	Jih Sun Money Market		Available-for-sale financial assets - current	1,504,652	$ 22,000		$ 22,000	
	Fuh Hwa Global Strategic Allocation FoF		Available-for-sale financial assets - current	1,000,000	9,990		9,990	
	Taishin 1699 Money Market		Available-for-sale financial assets - current	1,528,509	20,416		20,416	
	Franklin Templeton SinoAm Global Bd Acc		Available-for-sale financial assets - current	1,453,360	19,266		19,266	
	Franklin Templeton SinoAm Money Market		Available-for-sale financial assets - current	883,913	9,014		9,014	
	Stock							
	Hong Da Leasing & Finance Co., Ltd.		Financial assets carried at cost - non-current	8,297,000	-		-	
	CNEX Co., Ltd.	Charng Hui Ltd. is a director	Financial assets carried at cost - non-current	1,000,000	10,000	6.0	7,621	
Standard Beverage Company Limited	Mutual funds							
	Fuh Hwa Greater China Mid & Small Cap		Available-for-sale financial assets - current	225,000	2,052		2,052	
	Fuh Hwa Money Market		Available-for-sale financial assets - current	356,761	5,095		5,095	
	Franklin Templeton SinoAm Global Bd Acc		Available-for-sale financial assets - current	282,988	3,751		3,751	
	Jih Sun Money Market		Available-for-sale financial assets - current	547,248	8,002		8,002	
DOMEX Technology Corporation	Stock							
	InnoComm Mobile Technology Corp.		Financial assets carried at cost - non-current	3,600,000	26,586	13.4	309	
Accession Limited	Mutual funds							
	AsiaVest Opportunities Fund IV		Financial assets carried at cost - non-current	200	3,698	0.7	6,153	

Note 1: No number of units of the Fund.

Note 2: The fair values for unlisted investees were not available; market value was based on the net value.

(Concluded)

STANDARD FOODS CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Financial Instruments Evaluation (Loss) Gain	Other	Ending Balance		Note
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal			Shares	Amount	
Standard Foods Corporation	Standard Investment (Cayman) Limited	Investments accounted for using equity method	-	-	66,396,296	$ 2,089,069	22,899,457	$ 749,378	-	$ -	$ -	$ -	$ -	$ 165,304 (Note 1)	89,295,753	$ 3,003,751	
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Investments accounted for using equity method	-	-	66,371,296	2,088,697	22,899,457	749,378	-	-	-	-	-	165,432 (Note 2)	89,270,753	3,003,507	
Standard Corporation (Hong Kong)	Standard Investment (China) Co., Ltd.	Investments accounted for using equity method	-	-	Note 5	2,087,597	Note 5	749,378	-	-	-	-	-	165,634 (Note 3)	Note 5	3,002,609	
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Investments accounted for using equity method	-	-	Note 5	-	Note 5	721,338	-	-	-	-	-	(8,130) (Note 4)	Note 5	713,208	

Note 1: Share of profit of subsidiary on investments accounted for using equity method $223,720 thousand, and exchange differences on translation of foreign operations of $(58,416) thousand.

Note 2: Share of profit of subsidiary on investments accounted for using equity method $223,840 thousand, and exchange differences on translation of foreign operations of $(58,408) thousand.

Note 3: Share of profit of subsidiary on investments accounted for using equity method $224,018 thousand, and exchange differences on translation of foreign operations of $(58,384) thousand.

Note 4: Share of profit of subsidiary on investments accounted for using equity method $1,138 thousand, and exchange differences on translation of foreign operations of $(9,268) thousand.

Note 5: A limited company, no issued shares.

STANDARD FOODS CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Sales	$ (1,246,436)	10.61	Net 55 days after receivables and payables monthly netting	-	-	$ 131,096	6.93	
			Purchases	690,834	9.95	Net 55 days after receivables and payables monthly netting	-	-	-	-	
Standard Dairy Products Taiwan Limited	Standard Foods Corporation	Parent company of Standard Dairy Products Taiwan Limited	Purchases	1,246,436	65.37	Net 55 days after receivables and payables monthly netting	-	-	(131,096)	32.45	
			Sales	(690,834)	25.80	Net 55 days after receivables and payables monthly netting	-	-	-	-	
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Sales	(7,071,843)	82.69	Net 60 days	-	-	773,713	49.39	
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	7,071,843	83.46	Net 60 days	-	-	(773,713)	66.10	
Shanghai Standard Foods Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Sales	(463,639)	5.42	Net 60 days	-	-	503,195	32.12	
			Purchases	585,431	5.57	Net 60 days	-	-	-	-	
Standard Foods (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Foods (China) Co., Ltd.	Sales	(585,431)	29.46	Net 60 days	-	-	-	-	
			Purchases	463,639	22.66	Net 60 days	-	-	(503,195)	59.66	
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(1,401,931)	70.54	Net 60 days	-	-	396,798	100.00	
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	1,401,931	16.54	Net 60 days	-	-	(396,798)	33.90	

STANDARD FOODS CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance for Account Receivable - Related Parties		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Note
						Amount	Actions Taken			
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Trade receivables	$ 131,096	9.41	$ -	-	$ 131,096 (Note 1)	$ -	
			Other receivables	1,939		-	-	1,939 (Note 1)	-	
				$ 133,035		$ -		$ 133,035 (Note 1)	$ -	
Accession Limited	Shanghai Standard Foods Co., Ltd.	Accession Limited's subsidiary	Other receivables	$ 262,600		$ -	-	$ - (Note 1)	$ -	
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co.	Trade receivables	$ 773,713	7.25	$ -	-	$ 773,713 (Note 1)	$ -	
			Trade receivables from sale of trademark rights	138,806		-	-	- (Note 1)	-	
			Other receivables	27,959		-	-	27,959 (Note 1)	-	
				$ 940,478		$ -		$ 801,672 (Note 1)	$ -	
	Standard Foods (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co.	Trade receivables	$ 503,195	1.91	$ -	-	$ 503,195 (Note 1)	$ -	
			Other receivables	505		-	-	505 (Note 1)	-	
				$ 503,700		$ -		$ 503,700 (Note 1)	$ -	
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Trade receivables	$ 396,798	7.07	$ -	-	$ 396,798 (Note 1)	$ -	
			Other receivables	86,836		-	-	86,836 (Note 1)	-	
				$ 483,634		$ -		$ 483,634 (Note 1)	$ -	

Note 1: Amounts received before March 24, 2016.

STANDARD FOODS CORPORATION

DERIVATIVES TRADING INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

The Company was not engaged in derivatives trading during 2015.

Shanghai Standard Foods Co., Ltd. (“Shanghai Standard Foods”), Standard Investment (China) Co., Ltd. (“China Standard Investment”), Standard Foods (China) Co., Ltd. (“China Standard Foods”) and Shanghai LeBen De Health Technology Co., Ltd. (“Shanghai Le Ben De”) entered into structured time deposits during 2015 mainly to earn from favorable effects of fluctuations of interest rates.

Shanghai Standard Foods entered into futures contracts during 2015 to manage exposures to price volatility risk of raw materials. The contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

As of December 31, 2015, Shanghai Standard Foods, China Standard Investment, China Standard Foods and Shanghai Le Ben De did not have outstanding structured time deposit.

As of December 31, 2015, Shanghai Standard Foods did not have outstanding futures contract.

As of December 31, 2015, the amount of the margin deposits paid by Shanghai Standard Foods was RMB503 thousand, which had been included in other non-current assets.

The net gain from derivative transactions at Mercantile Exchange for Shanghai Standard Foods, China Standard Investment, China Standard Foods and Shanghai Le Ben De was RMB4,223 thousand during 2015.

STANDARD FOODS CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2015			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2015	December 31, 2014	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	$ 3,936,267	$ 3,936,267	123,600,000	100	$ 3,672,625	$ 252,555	$ 243,988 (Note 1)	Subsidiary
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	2,739,763	1,990,385	89,295,753	100	3,003,751	223,677	223,720 (Note 2)	Subsidiary
	Standard Dairy Products Taiwan Limited	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100	671,420	319,639	312,023 (Note 3)	Subsidiary
	Charng Hui Ltd.	Taipei, Taiwan	Investment business	530,000	530,000	54,100,000	100	564,074	26,691	18,287	Subsidiary
	DOMEX Technology Corporation	Hsinchu Taiwan	Manufacture and sale of computer peripherals and computer and information products	114,116	114,116	10,374,399	52	179,721	54,799	28,501	Subsidiary
	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	80,813	3,538	3,717 (Note 4)	Subsidiary
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	206,905	-	320	80	191,272	4,481		Indirect subsidiary
Dermalab S.A.	Swiss Line Cosmetics China Limited	Hong Kong	Sale of cosmetics	39	-	10,000	100	-	-		Indirect subsidiary
	Swissderma SL	Spain	Sale of cosmetics	96	-	3,000	100	-	-		Indirect subsidiary
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Wan Chai, Hong Kong	Investment business	2,739,013	1,989,635	89,270,753	100	3,003,507	223,840		Indirect subsidiary

Note 1: This amount was the share of profit of investee of $252,555 thousand minus the unrealized gain on sidestream transaction of $8,567 thousand.

Note 2: This amount was the share of profit of investee of $223,677 thousand plus the realized gain on sidestream transaction of $43 thousand.

Note 3: This amount was the share of profit of investee of $319,639 thousand minus the unrealized gain on upstream transaction of $7,616 thousand.

Note 4: This amount was the share of profit of investee of $3,538 thousand plus the realized gain on upstream transaction of $179 thousand.

STANDARD FOODS CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2015	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2015	Accumulated Repatriation of Investment Income as of December 31, 2015	Note
					Outward	Inward							
Shanghai Standard Foods Co., Ltd.	Manufacture and sale of edible oil products and nutritional food	$ 3,949,575	b. (Note 3)	$ 3,980,795 (Note 4)	$ -	$ -	$ 3,949,575 (Note 4)	$ 259,791	100	$ 259,791 (Note 10)	$ 3,190,001	$ -	
Inner Mongolia Jiatai Agriculture Technology Co., Ltd.	Production of sunflower	92,235	c. (Note 5)	- (Note 5)	-	-	- (Note 5)	(3,624)	100	(3,624) (Note 10)	3,356	-	
Standard Investment (China) Co., Ltd.	Investment and sales of edible oil products and nutritional food	2,732,656	b. (Note 6)	1,983,278 (Note 6)	749,378	-	2,732,656 (Note 6)	224,018	100	224,018 (Note 10)	3,002,609	-	
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional food	1,631,668	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	41,018	100	20,486 (Note 10)	1,757,849	-	
Shanghai Le Jiun International Trade Co., Ltd.	Sale of nutritional food and international trading	29,949	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	(13,660)	100	(13,660) (Note 10)	16,806	-	
Shanghai Le Ben Extension Health Technology Co.	Sale of nutritional food and international trading	199,370	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	82	100	82 (Note 10)	198,237	-	
Guangzhou Swissland Trade Co., Ltd.	Sale of cosmetics	2,359	c. (Note 8)	- (Note 8)	-	-	- (Note 8)	-	20	-	-	-	
Shanghai Le Ben De Health Technology Co., Ltd.	Sale of nutritional food and international trading	31,220	c. (Note 4 and 9)	- (Note 4)	-	-	31,220 (Note 4)	167	100	167 (Note 10)	31,087	-	
Standard Foods (Xiamen) Co., Ltd.	Manufacture and sale of edible oil products and nutritional food	721,338	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	1,138	100	1,138 (Note 10)	713,208	-	
Shanghai Le Ho Industrial Co., Ltd.	Management of properties	- (Note 11)	c. (Note 7)	- (Note 11)	-	-	- (Note 11)	-	100	-	-	-	
Shanghai Le Min Industrial Co., Ltd.	Management of properties	- (Note 11)	c. (Note 7)	- (Note 11)	-	-	- (Note 11)	-	100	-	-	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 6,766,730	$ 8,766,199	Unlimited amount of investment (Note 12)

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

a. Direct investment in Mainland China.
b. Indirectly investment in Mainland China through companies registered in a third region (please specify the name of the Company in third region).
c. Other methods.

(Continued)

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

a. Please specify no investment income (loss) has been recognized due to the investment is still during development stage.

b. The investment income (loss) was determined based on the following basis:

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

Note 3: Indirectly invested in a third region was Accession Limited.

Note 4: As of January 1, 2015 and December 31, 2015, accumulated amount invested from Taiwan was $4,034,074 thousand. The amount of investment $53,279 thousand has been retained in Accession Limited. The amount balance of $3,980,795 thousand was accumulated outward remittance for investment of Shanghai Standard Foods Co., Ltd. However, Shanghai Standard Foods Co., Ltd. used assets of $31,220 thousand to incorporate Shanghai Le Ben De Health Technology Co., Ltd. as of July 2015. After the investment, accumulated outward remittance for investment of Shanghai Standard Foods Co., Ltd. and Shanghai Le Ben De Health Technology Co., Ltd. was $3,949,575 thousand and $31,220 thousand, respectively.

Note 5: The Company in Mainland China that was reinvested through company registered in Mainland China was Shanghai Standard Foods Co., Ltd.

Note 6: The Company indirectly invested through a third region was Standard Corporation (Hong Kong) Limited.

Note 7: The Company in Mainland China that was reinvested through company registered in Mainland China was Standard Investment (China) Co., Ltd.

Note 8: The Company invested through business combination, and indirectly invested through a third region was Dermalab S.A.

Note 9: The Company spun off from Shanghai Standard Foods Co., Ltd. and indirectly invested through a third region was Accession Limited.

Note 10: Recognition of investment income (loss) was based on Note 2,b,2).

Note 11: As of December 31, 2015, the funds were not invested from Taiwan.

Note 12: The Company has been issued by Industrial Development Bureau, MOEA of the operational headquarters' document which is still valid within the period, so according to the Investment Commission, MOEA, there is no upper limit on the amount of investment.

(Concluded)

STANDARD FOODS CORPORATION

THE CONTENTS OF SCHEDULES OF MAJOR ACCOUNTING ITEMS

STANDARD FOODS CORPORATION

SCHEDULE OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Interest Rate	Amount
Cash on hand			$ 1,419
Cash in banks			
Checking account deposits			19,403
Demand deposits		0.13%	561
Foreign currency demand deposits	Including RMB18 thousand @5.00 and US$13,086 thousand @32.83	0.08%-0.40%	429,653
Foreign time deposits	Including US$20,000 thousand @32.83, expired by January 2016, interest rate 0.55%, and RMB12,758 thousand @5.00, expired by March 2016, interest rate from 2.95% to 4.20%	0.55%-4.20%	720,225
			1,169,842
			$ 1,171,261

STANDARD FOODS CORPORATION

SCHEDULE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Shares/ Units	Par Value (NT$)	Total Amount	Cost	Accumulated Impairment	Unit Cost (NT$)	Total Amount
Listed shares							
Far Eastern International Commercial Bank Co., Ltd.	1,253,504	$ 10.00	$ 12,535	$ 17,114	$ -	$ 9.79	$ 12,272
Chunghwa Telecom Co., Ltd.	48,600	10.00	486	4,063	-	99.10	4,816
				21,177	-		17,088
Open ended fund							
UPAMC Quality Growth	297,974			5,000	-	22.83	6,803
				$ 26,177	$ -		$ 23,891

STANDARD FOODS CORPORATION

SCHEDULE OF DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Description	Number	Par Value	Total Amount	Annual Interest Rate	Book Value	Note
The Shanghai Commercial & Savings Bank time deposit	Expired by January 2016, maturity interest	8	5,119	$ 40,952	1.31%	$ 40,952	Fixed
The Shanghai Commercial & Savings Bank time deposit	Expired by January 2016, maturity interest	10	5,059	50,590	1.31%	50,590	Fixed
Far Eastern International Bank time deposit	Expired by January 2016, maturity interest	6	4,900	29,400	1.35%	29,400	Floating
Far Eastern International Bank time deposit	Expired by March 2016, maturity interest	5	4,960	24,800	1.37%	24,800	Fixed
Far Eastern International Bank time deposit	Expired by April 2016, maturity interest	5	4,960	24,800	1.37%	24,800	Fixed
Far Eastern International Bank time deposit	Expired by April 2016, maturity interest	6	4,900	29,400	1.35%	29,400	Floating
Far Eastern International Bank time deposit	Expired by May 2016, maturity interest	9	4,960	44,640	1.37%	44,640	Fixed
Far Eastern International Bank time deposit	Expired by June 2016, maturity interest	10	4,960	49,600	1.37%	49,600	Fixed
Far Eastern International Bank time deposit	Expired by June 2016, maturity interest	1	4,900	4,900	1.35%	4,900	Floating
Far Eastern International Bank time deposit	Expired by July 2016, maturity interest	4	4,960	19,840	1.37%	19,840	Fixed
Far Eastern International Bank time deposit	Expired by September 2016, maturity interest	1	4,960	4,960	1.37%	4,960	Fixed
Far Eastern International Bank time deposit	Expired by October 2016, maturity interest	5	4,959	24,796	1.27%	24,796	Floating
Far Eastern International Bank time deposit	Expired by November 2016, maturity interest	4	4,959	19,837	1.27%	19,837	Floating
Far Eastern International Bank time deposit	Expired by December 2016, maturity interest	2	4,959	9,918	1.27%	9,918	Floating
Far Eastern International Bank time deposit	Expired by December 2016, maturity interest	4	4,958	19,832	0.48%	19,832	Floating
Taishin International Bank time deposit	Expired by January 2016, maturity interest	1	4,500	4,500	1.36%	4,500	Fixed
Taishin International Bank time deposit	Expired by November 2016, maturity interest	1	4,500	4,500	1.28%	4,500	Fixed
First Commercial Bank foreign currency time deposit	Expired by February 2016, maturity interest	1	RMB10,332 thousand @5.00	51,608	3.60%	51,608	Fixed
Chang Hwa Bank foreign currency time deposit	Expired by January 2016, maturity interest	1	RMB10,301 thousand @5.00	51,454	3.44%	51,454	Fixed
Chang Hwa Bank foreign currency time deposit	Expired by February 2016, maturity interest	1	RMB20,597 thousand @5.00	102,884	3.63%	102,884	Fixed
Chang Hwa Bank foreign currency time deposit	Expired by April 2016, maturity interest	1	RMB10,000 thousand @5.00	49,950	3.60%	49,950	Fixed
Chinatrust Commercial Bank foreign currency time deposit	Expired by March 2016, maturity interest	1	RMB5,000 thousand @5.00	24,975	4.00%	24,975	Fixed
Mega International Commercial Bank foreign currency time deposit	Expired by March 2016, maturity interest	1	RMB10,080 thousand @5.00	50,349	3.40%	50,349	Fixed
Mega International Commercial Bank foreign currency time deposit	Expired by March 2016, maturity interest	1	RMB5,041 thousand @5.00	25,178	3.40%	25,178	Fixed
Mega International Commercial Bank foreign currency time deposit	Expired by March 2016, maturity interest	1	RMB4,595 thousand @5.00	22,952	3.10%	22,952	Fixed
				$ 786,615		$ 786,615	

STANDARD FOODS CORPORATION

SCHEDULE OF TRADE RECEIVABLES
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Unrelated parties	
Company A	$ 610,877
Company B	327,755
Company C	191,321
Company D	260,501
Others (Note)	367,702
	1,758,156
Less: Allowance for impairment loss	(2,266)
	$ 1,755,890
Related party	
Standard Dairy Products Taiwan Limited	$ 131,096

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STANDARD FOODS CORPORATION

SCHEDULE OF INVENTORIES
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

	Amount	
Item	Cost	Net Realizable Value
Merchandise	$ 565,586	$ 823,467
Finished goods	781,049	1,375,537
Work in progress	170,553	331,363
Raw materials	479,920	841,184
Packaging materials	43,617	63,906
	$ 2,040,725	$ 3,435,457

STANDARD FOODS CORPORATION

SCHEDULE OF CHANGES IN FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2015		Addition		Deduction		Balance, December 31, 2015		Collateral	Accumulated Impairment	Note
	Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Amount			
Walden VC II L.P.	-	$ 34,502	-	$ -	-	$ -	-	$ 34,502	Nil	$ 82,801	Note 1
Authenex, Inc.	2,424,242	-	-	-	-	-	2,424,242	-	Nil	67,580	-
Global Strategic Investment Co., Ltd.	850,500	4,784	-	-	-	-	850,500	4,784	Nil	3,721	-
VantagePoint Communications Partners, L.P.	-	1,129	-	-	-	-	-	1,129	Nil	23,516	Note 1
iGlobe Partners Fund, L.P.	-	-	-	-	-	-	-	-	Nil	-	Notes 1 and 2
GeneFerm Biotechnology Co., Ltd.	2,344,110	18,549	-	-	-	-	2,344,110	18,549	Nil	3,889	-
United Venture Capital Corporation	36,422	-	-	-	36,422	-	-	-	Nil	-	Note 3
Paradigm Venture Capital Corporation	438,750	4,388	-	-	131,625	1,316	307,125	3,072	Nil	-	Note 4
Dah Chung Bills Finance Corporation	1,194,249	9,600	-	-	-	-	1,194,249	9,600	Nil	-	-
Techgains Pan-Pacific Corporation	500,000	3,202	-	-	-	2,193	500,000	1,009	Nil	9,185	Note 5
U-Teck Environment Corporation, Ltd.	11,200	-	-	-	-	-	11,200	-	Nil	1,362	-
Octamer, Inc.	907,815	-		-	-	-	907,815	-	Nil	20,143	-
		$ 76,154		$ -		$ 3,509		$ 72,645			

Note 1: The funds do not have unit.

Note 2: Closure of liquidation this year.

Note 3: The number of shares decreased this year due to closure of liquidation and cancellation of number of shares.

Note 4: The number of shares decreased this year due to the investee that reduced capital by 65,813 shares to cover loss and reduced capital by 65,812 shares to refund money; the amount decreased this year due to recognized investment loss of $658 thousand and investees reduced capital and refunded $658 thousand.

Note 5: The amounts decreased this year due to investment costs refunded.

STANDARD FOODS CORPORATION

SCHEDULE OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2015		Addition		Decrease		Balance, December 31, 2015			Net Assets Value (Note 8)		Collateral	Note
	Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	%	Amount	Unit Price (NT$)	Total Price		
Accession Limited	123,600,000	$ 3,548,539	-	$ 250,878	-	$ 126,792	123,600,000	100.00	$ 3,672,625	$29.9	$ 3,695,649	Nil	Note 1
Standard Dairy Products Taiwan Limited	30,000,000	552,190	-	312,023	-	192,793	30,000,000	100.00	671,420	23.0	691,044	Nil	Note 2
Charng Hui Ltd.	54,100,000	563,910	-	26,691	-	26,527	54,100,000	100.00	564,074	19.2	1,038,402	Nil	Note 3
DOMEX Technology Corporation	10,374,399	160,636	-	28,501	-	9,416	10,374,399	52.00	179,721	17.3	179, 162	Nil	Note 4
Standard Beverage Company Limited	7,907,000	78,918	-	3,717	-	1,822	7,907,000	100.00	80,813	10.3	81,083	Nil	Note 5
Standard Investment (Cayman) Limited	66,396,296	2,089,069	22,899,457	973,098	-	58,416	89,295,753	100.00	3,003,751	33.6	3,003,751	Nil	Note 6
		$ 6,993,262		$ 1,594,908		$ 415,766			$ 8,172,404		$ 8,689,091		

Note 1: The amounts increased this year due to adjustment to capital surplus in the amount of $3,418 thousand under equity method, recognized investment income of $243,988 thousand under equity method and recognized other comprehensive income of $3,472 thousand under equity method; the amounts decrease this year due to recognized translation adjustment of $79,822 thousand under equity method, and recognized other equity items of $46,970 thousand under equity method.

Note 2: The amounts increased this year due to recognized investment income of $312,023 thousand under equity method; the amounts decreased this year due to received cash dividends of $168,000 thousand issued by the investee and recognized other comprehensive loss of $24,793 thousand under equity method.

Note 3: The amounts increased this year due to the Company's cash dividends received by the investee to adjust capital surplus in the amount of $8,404 thousand and recognized investment income of $18,287 thousand under equity method; the amounts decreased this year due to received cash dividends of $13,352 thousand issued by the investee and recognized other comprehensive loss of $13,175 thousand under equity method.

Note 4: The amounts increased this year due to recognized investment income of $28,501 thousand under equity method; the amounts decreased this year due to received cash dividends of $9,337 thousand issued by the investee and recognized other comprehensive loss of $79 thousand under equity method.

Note 5: The amounts increased this year due to recognized investment income of $3,717 thousand under equity method; the amounts decreased this year due to received cash dividends of $540 thousand issued by the investee and recognized other comprehensive loss of $1,282 thousand under equity method.

Note 6: The number of shares increased this year due to increased investment; the amounts increased this year due to increased investment in the amount of $749,378 thousand and recognized investment income of $223,720 thousand under equity method; the amounts decreased this year due to recognized translation adjustment of $58,416 thousand under equity method.

Note 7: Net assets value was calculated based on the financial statements of investees.

STANDARD FOODS CORPORATION

SCHEDULE OF SHORT-TERM BORROWINGS
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Borrowing Type and Lender	Balance, End of Year	Contract Period	Range of Interest Rates	Financing Facilities	Collateral
Line of credit borrowings					
ANZ Bank (Taiwan) Limited - Taipei Branch	$ 22,000	December 10, 2015 - March 10, 2016	1.13%	US$ 25,000 thousand (Note 1)	-
ANZ Bank (Taiwan) Limited - Taipei Branch	20,000	December 22, 2015 - March 22, 2016	1.13%	US$ 25,000 thousand (Note 1)	-
ANZ Bank (Taiwan) Limited - Taipei Branch	30,000	December 23, 2015 - March 23, 2016	1.13%	US$ 25,000 thousand (Note 1)	-
ANZ Bank (Taiwan) Limited - Taipei Branch	10,000	December 25, 2015 - March 25, 2016	1.13%	US$ 25,000 thousand (Note 1)	-
ANZ Bank (Taiwan) Limited - Taipei Branch	397,000	December 28, 2015 - March 28, 2016	1.13%	US$ 25,000 thousand (Note 1)	-
HSBC Bank (Taiwan) Limited - Taipei Branch	100,000	December 2, 2015 - March 2, 2016	1.07%	US$ 5,500 thousand (Note 2)	-
HSBC Bank (Taiwan) Limited - Taipei Branch	60,000	December 28, 2015 - March 28, 2016	1.07%	US$ 5,500 thousand (Note 2)	-
	$ 639,000				

Note 1: The loan limit of the bank is US$25,000 thousand.

Note 2: The loan limit of the bank is US$5,500 thousand.

STANDARD FOODS CORPORATION

SCHEDULE OF TRADE PAYABLES
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Unrelated parties	
Company A	$ 107,595
Company B	53,492
Others (Note)	690,618
	$ 851,705

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

STANDARD FOODS CORPORATION

SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Item	Quantity (Tons)	Amount
Nutritious foods	80,655	$ 11,005,157
Cooking products	24,206	2,163,281
Others	12,417	375,304
Total sales		13,543,742
Less: Sales returns		(102,956)
Sales allowances		(1,693,990)
Net sales		$ 11,746,796

STANDARD FOODS CORPORATION

SCHEDULE OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold - finished goods	
Raw materials, beginning of year	$ 484,774
Add: Raw materials purchased	4,762,604
Gain on physical inventory of raw materials	1,876
Less: Sales of raw materials	(55,689)
Other use	(6,029)
Raw materials scrapped	(8,417)
Raw materials, end of year	(523,537)
Raw materials consumed	4,655,581
Direct labor	220,884
Manufacturing expenses	818,447
Manufacturing costs	5,694,912
Work in progress, beginning of year	164,333
Less: Loss on physical inventory of work in progress	(1)
Transferred to other accounts	(17,953)
Work in progress scrapped	(258)
Work in progress, end of year	(170,553)
Cost of finished goods	5,670,480
Finished goods, beginning of year	747,841
Add: Gain on physical inventory of finished goods	33
Less: Transferred to other accounts	(85,766)
Finished goods scrapped	(1,430)
Finished goods, end of year	(781,049)
Cost of goods sold - finished goods	5,550,109
Cost of goods sold - merchandise	
Merchandise, beginning of year	621,366
Add: Merchandise purchased	2,180,666
Less: Loss on physical inventory of merchandise	(4)
Merchandise scrapped	(553)
Merchandise, end of year	(565,586)
Cost of goods sold - merchandise	2,235,889
Cost of sales of raw materials	55,689
Unallocated fixed manufacturing expenses	1,168
Gain on physical inventory	(1,904)
Inventory scrap losses	10,658
	$ 7,851,609

STANDARD FOODS CORPORATION

SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Amount
Advertising expenses	$ 725,596	$ -	$ -	$ 725,596
Salaries and pensions	204,884	188,590	24,200	417,674
Freight expenses	96,643	-	-	96,643
Taxes	21,173	433	17	21,623
Professional service fees	2,193	41,597	3,030	46,820
Rental	12,366	11,457	34	23,857
Insurance premiums	21,959	11,350	2,257	35,566
Amortization	4,403	8,146	549	13,098
Depreciation	12,608	6,623	20,751	39,982
Traveling expenses	18,600	5,515	1,176	25,291
Repair and maintenance expenses	15,976	558	1,929	18,463
Computer expenses	279	16,845	155	17,279
Meal expenses	6,189	1,927	525	8,641
Postage and telephone charges	1,508	1,485	183	3,176
Entertainment expenses	2,015	6,847	214	9,076
Employee welfare	7,746	2,596	635	10,977
Utilities	6,406	1,986	915	9,307
Donations	3,442	11,385	-	14,827
Others	32,849	30,858	34,651	98,358
Sector cost-sharing (Note)	29,741	(56,050)	2,183	(24,126) (Note)
	$ 1,226,576	$ 292,148	$ 93,404	$ 1,612,128

Note: Transferred to the manufacturing expenses.

STANDARD FOODS CORPORATION

SCHEDULE OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

	Year Ended December 31, 2015				Year Ended December 31, 2014			
Item	Classified as Costs Operating	Classified as Operating Expenses	Classified as Non-operating Income and Expenses	Total	Classified as Costs Operating	Classified as Operating Expenses	Classified as Non-operating Income and Expense	Total
Labor cost								
Salary and bonus	$ 359,810	$ 387,362	$ -	$ 747,172	$ 349,693	$ 368,606	$ -	$ 718,299
Labor and health insurance	33,270	29,766	-	63,036	31,924	28,750	-	60,674
Pension	16,449	24,912	-	41,361	15,179	16,960	-	32,139
Others	30,524	24,258	-	54,782	32,867	26,425	-	59,292
	$ 440,053	$ 466,298	$ -	$ 906,351	$ 429,663	$ 440,741	$ -	$ 870,404
Depreciation	$ 115,199	$ 39,982	$ 415	$ 155,596	$ 96,855	$ 36,538	$ 415	$ 133,808
Amortization	$ 6,847	$ 13,098	$ -	$ 19,945	$ 7,966	$ 14,588	$ -	$ 22,554

As of December 31, 2015 and 2014, the Company had 877 and 847 employees, respectively.

V. Financial difficulties of the company and related party in the current year and up to the printing of the annual report: None.

Seven. Review of Financial Position, Financial Performance, and Risk Management

I. Financial position

Comparative financial analysis Unit: NTD Thousand

Item \ Date	As of December 31, 2014	As of December 31, 2015	Difference	
			Amount	%
Current Assets	13,501,577	15,391,892	1,890,315	14
Property, Plant and Equipment	3,691,574	3,783,949	92,375	3
Intangible Assets	7,504	166,422	158,918	2118
Other Assets	940,694	1,187,011	246,317	26
Total Assets	18,141,349	20,529,274	2,387,925	13
Current Liabilities	5,659,720	6,441,771	782,051	14
Noncurrent Liabilities	378,442	584,030	205,588	54
Total Liabilities	6,038,162	7,025,801	987,639	16
Equity attributable to owners of the parent	11,955,482	13,306,157	1,350,675	11
Capital Stock	7,206,338	7,926,972	720,634	10
Capital Surplus	51,331	63,153	11,822	23
Retained Earnings	4,232,457	5,022,383	789,926	19
Other equity	486,538	314,831	(171,707)	(35)
Treasury Stock	(21,182)	(21,182)	0	0
Non-controlling interest	147,705	197,316	49,611	34
Total equity	12,103,187	13,503,473	1,400,286	12

Remark:
1. Current assets increased in 2015 mainly because of the cash increase from business growth .
2. Intangible assets increased 2015 was mainly due to the acquisition of patent rights.
3. Other assets increased in 2015 was mainly due to the increase in land use rights of subsidiaries in mainland China.
4. Current liabilities in 2015 increased mainly because of the parent company’s capital increase for subsidiaries in mainland China resulting in higher capital demand. Part of the funds for capital increase came from short-term loans.
5. Retained earnings increased in 2015 mainly because the annual net profit increased in 2015.
6. The increase of other equity in 2015 was mainly due to the depreciation of exchange rate of RMB against NT dollar, causing the exchange difference in the conversion of figures in the financial statements of foreign operations to reduce.

II. Financial performance

(I) Comparative analysis of operational results

Unit: NT$ Thousand

Fiscal year / Item	2014	2015	Increase (decrease) amount	Increase (decrease)
Sales revenue	21,800,013	25,514,586	3,714,573	17
Gross Profit	6,222,406	8,040,850	1,818,444	29
Operating Income	2,457,158	3,287,048	829,890	34
Non-operating Income/expense	112,867	111,503	(1,364)	(1)
Earnings before tax	2,570,025	3,398,551	828,526	32
Income tax expense	479,665	646,084	166,419	35
Net income from continuing operations	2,090,360	2,752,467	662,107	32
Loss from discontinued operations	-	-	-	-
Net income (loss)	2,090,360	2,752,467	662,107	32
Other comprehensive profit and loss for the period (Net amount after tax)	223,874	(191,612)	(415,486)	(186)
Current comprehensive income/loss	2,314,234	2,560,855	246,621	11

Analysis of financial ratio change:

1. The increase in operating gross profit in 2015 was mainly due to the steady growth of the operating income of this Company and the continuing growth of subsidiaries in mainland China as a result of the active market expansion strategy and effective costing.
2. The increase in operating income in 2015 was mainly due to the continuing growth of subsidiaries in mainland China.
3. Net income before tax, net income from continuing operations, net income, and total comprehensive income increased in 2015 was mainly due to the increase in operating profit (please refer to Note 2 for the root cause of increase in operating profit).
4. Other comprehensive income in 2015 reduced mainly because of the depreciation of exchange rate of RMB against NTD, causing losses from foreign exchange of foreign operations.

(II) Potential impact on and significant change of the future business operations of the Company: None.

III. Analysis of Cash Flows

(I) Cash Flow Analysis of the Current Year

Unit: NT$ Thousand

Cash and Cash Equivalents Beginning of the Year (1)	Net Cash Inflows From Operating Activities during the year (2)	Other Cash Outflows Note (3)	Cash Surplus (Deficit) (1)+(2)- (3)	Remedy for Cash Shortfall	
				Investing Plans	Financing Plans
1,991,558	2,673,005	1,747,745	2,916,818	N/A	N/A

1. Operating activities: Current Net cash inflow was NT$2,673,005 thousand mainly due to an increase in operating profit.
2. Investing activities: The current net cash outflow was NT$1,057,499 thousand mainly due to the purchase of real estate, factory buildings, and equipment, cash outflow from acquisition of subsidiaries, and acquisition of land use of subsidiaries in China.
3. The net cash outflow was NT$656,535 thousand mainly due to the payment of cash dividends.

Note: It includes the effect of exchange rate on cash and cash equivalents.

(II) Corrective action for insufficient liquidity and liquidity analysis

1. No insufficient liquidity occurred for the year.
2. Analysis of liquidity over the past two years

Item \ Fiscal year	2014 (1)	2015 (2)	Increase (decrease) (2)-(1) / (1)
Cash flow ratio	37.31	41.49	11.2%
Cash flow adequacy ratio	117.18	110.34	-5.84%
Cash reinvestment ratio	6.89	8.89	29.03%
Analysis of financial ratio change: Cash re-investments increased in 2015 was mainly due to overall profit increase in 2015, which also increased cash flow in business activities.			

(III) Forecast of cash liquidity for the next fiscal year

Unit: NT$ Thousand

Cash and Cash Equivalents Beginning of the Year (1)	Net Cash Inflows From Operating Activities during the year (2)	Other Cash Outflows (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Remedy for Cash Shortfall	
				Investing Plans	Financing Plans
2,916,818	2,031,076	3,043,392	1,904,502	N/A	N/A

1. **Cash Flow Analysis for the Next Fiscal Year**
   (1) **Sales activities:** Estimated cash inflows were the results of estimated operating profit.
   (2) **Investment activities:** It was mainly due to the increase of property, plant, and equipment, and acquisition and investment in available-for-sale financial assets and cash outflow for acquisition of subsidiaries
   (3) **Investment activities:** Mainly due to cash dividend distribution
2. **Corrective action for insufficient cash liquidity and liquidity analysis:** N/A.

IV. Impact of major capital expenditure on finance and business in the current year.

(I) Major capital expenditure and the funding sources of the year

Unit: NT$ Thousand

Projects Item	Actual or Expected Sources of Capital	Actual or Expected Dates of Completion	Total Capital Needed	Actual or expected capital expenditures				
				2014	2015	2016	2017	2018
Procurement of machinery, transportation and office equipment and computer software; betterment projects for premises and buildings and land use	Self-sufficient capital	2016	2,947,500	666,000	400,000	1,881,500	-	-

(II) Expected effectiveness from expansion plans:

1. **Expected increase in production and sales volume, value and gross profit:** Production increased by 12%, sales increased by 11%, and gross profit by 9%.
2. **Other effects:** Increase capacity to reduce outsourcing, enhance self-production rate and utilization rate, and fulfill market demand nearby to reduce logistics cost and increase overall profit.

V. Reasons and remedial plans for investment gain or loss occurred in the current year and the investment plan for the next year

Unit: NT$ Thousand

Item / Remark	Gain (loss) in 2015	Investment Policies	Main reasons for gain or loss	Remedial plans	Investment plan for the next one year
Shanghai Standard Foods Co.	259,791	Investment is focusing on the food-related industry to build brand name, increase market share in China, and increase profit sources.	Steady sales growth and rising capacity utilization.	Continue to enhance the development of new products, integrate resources, and expand sales to improve efficiency.	No defined investment plan is made so far as it will evolve based on future market development.
Standard Dairy Products Taiwan Ltd.	319,639	Focus on the product development and sales of food-related industry for increasing market share and generating profits.	Stable sales growth and high production capacity utilization.	Grasp the pulse of the market, continue to develop new products to meet customer needs with innovative ideas, and manage costs and expenses to maintain profits.	No defined investment plan is made so far.
Standard Investment (China) Ltd.	224,018	Established as Standard Food Group's investment and sales head office in China to expand sales from the local market and generate profits.	Steady sales growth and rising capacity utilization.	Initiates focused marketing by market segmentation, optimizing product structure, and expanding marginal contribution.	To enhance multi-channel development and improve competitive advantages, depending on future changes in market demands.
Standard Foods (China) Ltd.	41,018	Establish as the production base for edible oil and nutritious food products.	Steady sales growth and rising capacity utilization.	Expand product lines to fully utilize production capacity and reduce fixed cost amortization.	Continue to implement relevant product expansion plans.
Dermalab S.A.	4,481	To develop on various kinds of product in the field of consumer goods along with the changes of the market structure.	Still in the early stages of M&A.	Expand the market actively and strengthen internal management.	Continue to implement cosmetic product development plans.

VI. Risk Management in the most recent year and up to the printing of the annual report:

(I) The impact of interest rates, foreign exchange rates, and inflation on the Company's profit and loss and the remedial measures:

1. Interest rate: Interest rate risk arises primarily from bank loans. The 2015 bank loan interest expense amounted to 0. 68% of the net income before tax; therefore, interest rate changes have little effect on the profit or loss of the Company. In prospect, the Company will continue to monitor the movement of interest rates and will reduce interest rate risk by adjusting the position of assets and liabilities.

2. Exchange rate: As most ingredients were imported overseas, any change in the exchange rate will affect profitability. In addition to establishing defined operational strategies and strict risk control processes, Standard Foods will cope with changes in the spot exchange rate to reduce exchange volatility risk.

3. Inflation: The Directorate-General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan announced the 2016 CPI forecast at 0.69% on February 17, 2016. Besides, the China National Information Center announced the 2016 CPI forecast at 0.69% on January 17, 2016. It is suggested that inflation will bring no significant impact on the Company's profitability and business operations.

(II) High-risk investments, highly-leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby, and response measures to be taken in the future:

The Company did not engage in any high-risk and high-leverage investment in 2015. However, the subsidiaries in China had used futures contract to hedge risk that was resulted from price fluctuation of raw material. Futures contract is applied to hedge the risk arising from price fluctuations of raw material, but it cannot completely eliminate the risk of price fluctuations.

Loaning of company funds in 2015 all went to subsidiaries directly or indirectly owned by the Company as revolving capital. No company fund was lent to non-affiliates of Standard Foods.

In 2015 Standard Foods provided endorsements and guarantees only for subsidiaries directly or indirectly owned by the Company as guaranty for loan credit and no endorsement or guarantee was provided for non-affiliates of Standard Foods .

(III) Major factor to impact research projects and the expected research expenditures in the future:

Research projects	Completion	Expected research expenditure in the future	Expected completion time	Major factors to impact future success
The research and development of health foods	Completed 39.3%	NT$7,840 thousand	The last quarter in 2016	Product development and clinical test result

(IV) The impact of changes in domestic and foreign policy and law on the Company's financial operations and the response measures: The Legislative Yuan passed on January 20, 2015, the Act Governing Food Safety and Sanitation to specify that food businesses shall voluntarily accept the audit of third-party verification authorities and further define the independence and impartiality of third-party verification authorities. The Company will uphold its "quality and safety" commitment to continuously control the quality of each part of food production processes and optimize supply chain management to ensure eating health and prioritize food health for consumers.

(V) The impact of technological change on the Company's financial operations and the response measures: Standard Foods values the importance of technological development and industrial changes; also, has always been committed to the use of information technology, such as, introducing ERP, setting up the Group's video conferencing systems, setting up network telephone and the Group's employee internet management systems, and human resources management system in order to reduce cost and enhance the competitiveness of the Company with a positive and effective use of information technology.

(VI) Impact of changes in corporate image on business crisis management and response measures: Standard Foods believes in repaying society in multiple ways, in addition to making donations or sponsoring the activities of educational, charitable and minority groups from time to time, product quality and safety are also closely monitored. The Company has obtained GMP Good Manufacturing Practice, CAS Premium Agricultural Products and ISO22000 Food Safety and Health Certification, and the long-lasting trust of consumers.

(VII) Expected benefits or risks and responsive measures associated with merger and acquisition plans: None.

(VIII) The expected effect and possible risk of plant expansion and the response measures: The Company is mainly to continue having the existing old product line and equipment replaced with new ones in order to improve productivity and quality. Standard Foods (Xiamen) Ltd., a subsidiary, is conducting the planned production lines expansion for taking advantage of the convenient geographic proximity to have the regional resources integrated in order to reduce product and transportation cost. The construction of other product lines will be promoted subsequently in response to the sales demand of Standards Foods in China, to further expand sales scale, and to improve operational performance in China; therefore, there should be no risk expected.

(IX) Risk of centralized purchase or sales, and the response measures: The major individual vendor of Standard Foods is for less than 10% of the total purchase amount in 2015. In addition, Company A was the major sales customer for 15.1% of the net sales. The rest of the sales customers were for less than 10% of the total sales; therefore, there was no centralized purchase or sales.

(X) The impact, risk and response measures of material shares transfers or conversions by directors, supervisors, or major shareholders with over 10% shareholdings: None.

(XI) The impact of changes in the company's operation rights, risk and response measures: None.

(XII) The risk of the finalized or pending major litigation, non-litigation, or administrative disputes involving the company and its directors, supervisors, President, person-in-charge, shareholders with over 10% shareholdings, and subsidiaries significantly affecting shareholder equity or security price: None.

(XIII) Other important risks and responsive measures:

1. Risk management policy:
   Standard Foods' risk management policy is to establish risk identification, to measure, monitor and control risk management mechanisms, to structure an overall risk management system, and promote an appropriate risk management-oriented business model in order to achieve business goals and enhance shareholder value.
   For the risks of business marketing, production operations, human resources planning, new product development and financial accounting controls faced by Standard Foods' operations, in addition to the original specification of the system and process, the Company has also developed advanced supervision, assessment and risk control procedures and standards. These take into account safety and efficiency and establish a more cost-effective business model, strengthening the establishment of information systems and enhancing monitoring capabilities.
2. Organizational structure for risk management:
   Standard Foods has a risk response organization setup that is stratified according to organizational units and managed by the President, with the responsible unit of each center designated to promote business risk management.
   (1) Financial risk, liquidity risk, credit risk, and legal risk: The Finance & Accounting and Compliance units are responsible for strategy formation and enforcement. In

addition, they analyze and assess the responsive measures adopted for changes in laws, policies, and market development, which are audited and monitored though the risk assessment by the auditing unit.

(2) Market risk: The department heads of Standard Foods are to have strategies formed and enforced in accordance with the job responsibilities. In addition, they analyze and assess the responsive measures for changes in laws, policies, and market development.

(3) Internal Auditing unit: It is under the direct administration of the Board of Directors. It regulates the Company's risk assessment and control operating procedures to help complete the overall risk management action plans. In addition, it also applies a risk assessment and audit model to examine high risk items that affect the goal achievement of the Company and affiliated companies; also manages an internal control system to increase the value of the organization and improve management and operational risk.

VII. Other Important Matters: None.

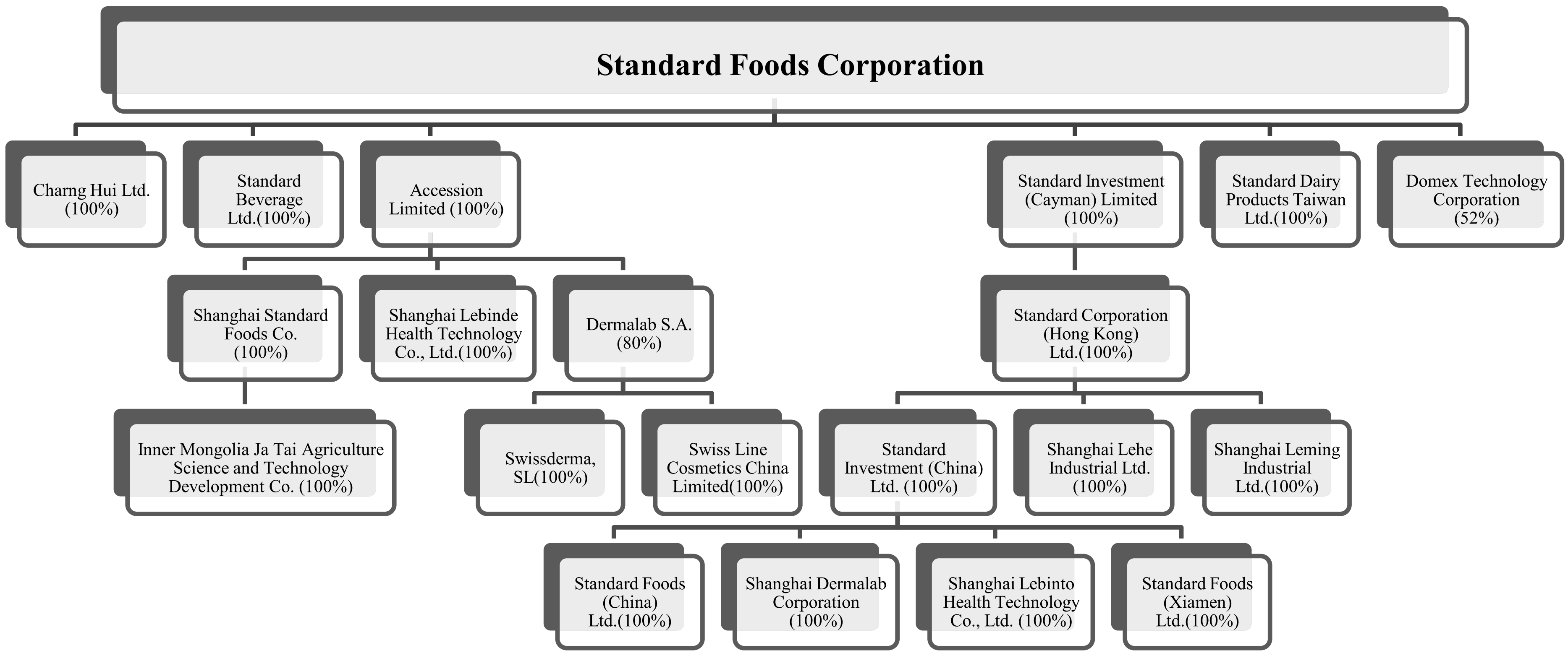
Eight. Special Disclosures

I. Related parties

(I) Consolidated business report of the related parties

1. 2015 consolidated business report of the related parties

(1) Organizational chart of the related parties



(2) Related party information

Unit: NTD Thousand, unless otherwise stated

Corporation	Date of Establishment	Address	Total paid-in capital	Major business or products
Standard Dairy Products Taiwan Ltd.	April 16, 1999	5F., No.136, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City	300,000	Production and sales of dairy products and beverage
Standard Beverage Ltd.	March 24, 1998	5F., No.136, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City	79,070	Production and sales of beverages
Charng Hui Ltd.	April 28, 1997	5F., No.136, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City	541,000	Investment
Domex Technology Corporation	July 30, 1986	No.6, Hsinan Road, Hsinchu Science Industrial Park, Hsinchu City	199,471	Manufacture and sale of computer peripherals and computer appliances
Accession Limited	May 17, 2000	Portcullis TrustNet Chambers, P. O. Box 3444, Road Town, Tortola, British Virgin Islands	USD 123,600 thousand	Investment
Standard Investment (Cayman) Limited	August 5, 2011	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands	USD 89,296 thousand	Investment
Standard Corporation (Hong Kong) Ltd.	August 30, 2011	Room 1004, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.	USD 89,271 thousand	Investment
Dermalab S.A.	October 31, 1989	Seestrasse 59,8703 Erlenbach, Switzerland	CHF 400 thousand	Development and sales of cosmetics and skincare products
Swissderma, SL	July 5,2012	Calle Balmes 177, 08006 Barcelona, Spain	EUR 3 thousand	Sales of cosmetics and skincare products
Swiss Line Cosmetics China Limited	April 18, 2012	Rm 1701, 17/7, Fee Tat Comm. Ctr., 613 Nathan Road, Mongkok, Kln, Hong Kong	HKD 10 thousand	Sales of cosmetics and skincare products
Shanghai Standard Foods Co.	September 11, 2001	No.1128, Wuzhong Road, Shanghai, China	USD 123,500 thousand	Production and sales of edible oil and nutritious products
Inner Mongolia Ja Tai Agriculture Science and Technology Development Co.	May 28, 2008	Mon-New Industrial Park, Din-Kou County, Inner Mongolia, China	RMB 20,000 thousand	Farming and produce wholesale and retailing
Standard Investment (China) Ltd.	December 26, 2011	No. 88, Shanghai E. Rd., Economy and Technology Development District (New District), Taicang Port	USD 89,248 thousand	Investments/selling of cooking oil and nutriments
Standard Foods (China) Ltd.	January 21, 2012	No. 88, Dalian W. Rd., Economy and Technology Development District (New District), Taicang Port	US$ 55,000 thousand	Making and selling cooking oil and nutriments
Shanghai Dermalab Corporation	July 25, 2014	79 Aona Road, Room 3005, Level 3, Block 1, Shanghai Free-Trade Zone	RMB 6,000 thousand	Sales of nutrition foods and import/export trade.
Shanghai Lebinto Health Technology Co., Ltd.	December 2, 2014	688 Beiqing Highway, Room A302, Minxing District, Shanghai City	RMB 39,200 thousand	Sales of nutrition foods and import/export trade.

Corporation	Date of Establishment	Address	Total paid-in capital	Major business or products
Shanghai Lebinde Health Technology Co., Ltd.	May 11, 2015	1128 Wuzhong Road, 2nd Floor, Block 8, Shanghai City, China	USD 1,000 thousand	Technological transfer, technical consultation, and technical service in health technology.
Standard Foods (Xiamen) Ltd.	Sep 2, 2015	45 Haijing 2nd Road, 4th Floor, Unit 10, Xiamen Pian District (Bonded Port Area), China (Xiamen) Pilot Free Trade Zone	USD 22,000 thousand	Manufacture and sales of cooking oil and nutrition supplements
Shanghai Lehe Industrial Ltd.	Jun 8, 2015	1-30 Minbei Road, Room BN138, Block 22, Shanghai City, China	-	Property management
Shanghai Leming Industrial Ltd.	Jun 8, 2015	1-30 Minbei Road, Room BN139, Block 22, Shanghai City, China	-	Property management

(3) Shareholders of the Company who are also the shareholders of the wholly owned subsidiaries or the subsidiaries: None.

(4) The division of business operations of affiliated companies and the related business of the affiliated companies: Standard Foods Corporation and its affiliated companies are principally engaged in food industry, trade, investment, and computer peripherals, equipment and IT product manufacturing. The milk and flavored milk of Standard Foods Corporation are sold to Standard Dairy Products Taiwan Ltd. and then to the market. Standard Diary Products Taiwan Ltd. sell its cereal beverages and Quaker Complete Nutrition Food to Standard Foods Corporation to re-sell them to over companies. The beverages of Standard Beverage Ltd. are sold to Standard Foods Corporation and then to the market. The sunflower seeds of Inner Mongolia Jiatai Agriculture Technology Co. are sold to Shanghai Standard Foods Co. as the raw material for edible oil. Standard Investment (China) Ltd. sells edible oil products that are purchased from Shanghai Standard Foods Co. Ltd. and Standard Foods (China) Ltd. for resale. Standard Foods (Xiamen) Ltd. will manufacture and sell edible oil and nutrition supplement. Shanghai Lebinto Health Technology Co. Ltd. sells nutrition supplements and engages in import-export trade. Shanghai Dermalab Corporation sells nutrition supplements and cosmetics and engages in import-export trade. Dermalab S.A sells cosmetics and skincare products. Shanghai Lehe Industrial Ltd. and Shanghai Leming Industrial Ltd. engage in property management.

(5) Director, Supervisor and President of the related party

Corporation	Title	Name or Representative	Shareholding	
			Shares (Invested capital)	Shareholding ratio (Capital investment ratio)
Standard Dairy Products Taiwan Ltd.	Director	Standard Foods Corporation Representative: Ter-Fung Tsao Glendy Chiang Chris Hong	30,000,000 share	100.00%
	Supervisor	Standard Foods Corporation Representative: Sophia Huang	30,000,000 share	100.00%
	President	Tina Huang	—	—
Standard Beverage Ltd.	Director	Standard Foods Corporation Representative: Ter-Fung Tsao Glendy Chiang Chris Hong	7,907,000 share	100.00%
	Supervisor	Standard Foods Corporation Representative: Sophia Huang	7,907,000 share	100.00%
Charng Hui Ltd.	Director	Standard Foods Corporation Representative: Yao Steven Yih-chun Wendy Tsao Smart Hsu	54,100,000 share	100.00%
	Supervisor	Standard Foods Corporation Representative: Sophia Huang	54,100,000 share	100.00%
Domex Technology Corporation	Director	Standard Foods Corporation Representative: Ter-Fung Tsao Chun-Hsin Ku Chris Hong	10,374,399 share	52.01%
	Supervisor	Sophia Huang	3,794 shares	0.02%
	President	Chun-Hsin Ku	542,513 shares	2.72%
Accession Limited	Director	Ter-Fung Tsao	— Standard Foods Corporation holds 123,600,000 share	— 100.00%
Standard Investment (Cayman) Limited	Director	Ter-Fung Tsao	— 89,295,753 share held by Standard Foods Corporation	— 100.00%

Corporation	Title	Name or Representative	Shareholding	
			Shares (Invested capital)	Shareholding ratio (Capital investment ratio)
Standard Corporation (Hong Kong) Ltd.	Director	Ter-Fung Tsao	— 89,270,753 share held by Standard Investment (Cayman) Limited	— 100.00%
Dermalab S.A.	Chairman Director Director Director Director	Michael Massalsky Arthur Tsao Yao Steven Yih-chun Glendy Chiang Kelly Yao	— — — — — 320 share held by Accession Limited	— — — — — 80%
Shanghai Standard Foods Co.	Chairman Director Director Director	Jason Hsuan Arthur Tsao Kelly Yao Wesley Chen	— — — — USD 123,500 thousand founded through Accession Limited	— — — — 100.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—
Inner Mongolia Ja Tai Agriculture Science and Technology Development Co.	Director	Ter-Fung Tsao	— RMB 20,000 thousand founded through Shanghai Standard Foods Co.	— 100.00%
Standard Investment (China) Ltd.	Chairman Director Director Director	Jason Hsuan Ter-Fung Tsao Arthur Tsao Glendy Chiang	— — — — USD 89,248 thousand founded through Standard Corporation (Hong Kong) Limited	— — — — 100.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—

Corporation	Title	Name or Representative	Shareholding	
			Shares (Invested capital)	Shareholding ratio (Capital investment ratio)
Standard Foods (China) Ltd.	Chairman Director Director Director	Jason Hsuan Arthur Tsao Kelly Yao Wesley Chen	— — — — USD55,000 thousand founded through Standard Investment (China) Ltd.	— — — — 100.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—
Shanghai Dermalab Corporation	Chairman Director Director	Arthur Tsao Kelly Yao Wesley Chen	— — — RMB 6,000 thousand founded through Standard Investment (China) Ltd.	— — — 100%
	Supervisor	Chris Hong		
	President	Arthur Tsao		
Shanghai Lebinto Health Technology Co., Ltd.	Chairman Director Director Director	Jason Hsuan Arthur Tsao Kelly Yao Wesley Chen	— — — — RMB 39,200 thousand founded through Standard Investment (China) Ltd.	— — — — 100%
	Supervisor	Chris Hong		
	President	Arthur Tsao		
Shanghai Lebinde Health Technology Co., Ltd.	Chairman Director Director	Arthur Tsao Kelly Yao Guang-yao Yu	— — — USD 1,000 thousand founded through Accession Limited	— — — 100%
	Supervisor	Wei-lun Tang	—	—
	President	Arthur Tsao	—	—

Corporation	Title	Name or Representative	Shareholding	
			Shares (Invested capital)	Shareholding ratio (Capital investment ratio)
Standard Foods (Xiamen) Ltd.	Chairman Director Director Director	Jason Hsuan Arthur Tsao Kelly Yao Wesley Chen	– – – – USD22,000 thousand founded through Standard Foods (China) Ltd.	– – – – 100%
	Supervisor	Chris Hong	–	–
	President	Arthur Tsao	–	–
Shanghai Lehe Industrial Ltd.	Chairman Director Director	Arthur Tsao Kelly Yao Wesley Chen	– – – As of December 31, 2015, no capital paid-in.	– – –
	Supervisor	Chris Hong	–	–
	President	Arthur Tsao	–	–
Shanghai Leming Industrial Ltd.	Chairman Director Director	Arthur Tsao Kelly Yao Wesley Chen	– – – As of December 31, 2015, no capital paid-in.	– – –
	Supervisor	Chris Hong	–	–
	President	Arthur Tsao	–	–

(6) Operational highlights of affiliated companies

Unit: NT$ Thousand

Corporation	Stock capital	Total Assets	Total Liabilities	Net worth	Sales revenue	Operating Income (loss)	Net income (loss)	Earnings per share ($) (after-tax)
Standard Dairy Products Taiwan Ltd.	300,000	1,269,589	578,545	691,044	2,677,205	387,070	319,639	10.65
Standard Beverage Ltd.	79,070	188,951	107,868	81,083	5,126	(1,463)	3,538	0.45
Charng Hui Ltd.	541,000	1,060,427	22,025	1,038,402	144,435	21,423	26,691	0.49
Domex Technology Corporation	199,471	665,868	321,390	344,478	804,261	39,940	54,799	2.75
Accession Limited	3,930,777	3,744,493	48,844	3,695,649	0	(701)	252,555	0.64
Shanghai Standard Foods Co.	3,949,575	4,212,477	1,022,476	3,190,001	8,552,282	241,983	259,791	(Note 1)
Shanghai Lebinde Health Technology Co., Ltd.	31,220	31,142	55	31,087	0	(23)	167	(Note 1)
Inner Mongolia Ja Tai Agriculture Science and Technology Development Co.	92,235	3,734	378	3,356	1,999	(2,016)	(3,624)	(Note 1)
Dermalab S.A.	13,023	155,704	95,384	60,320	136,727	(9,319)	4,481	11.20
Standard investment (Cayman) Limited	2,739,763	3,003,780	29	3,003,751	0	(177)	223,677	0.63
Standard Corporation (Hong Kong) Ltd.	2,739,013	3,003,597	90	3,003,507	0	(192)	223,840	0.63
Standard Investment (China) Ltd.	2,732,656	6,549,751	3,547,142	3,002,609	11,084,706	297,289	224,018	(Note 1)
Standard Foods (China) Ltd.	1,631,668	2,912,057	1,133,879	1,778,178	1,987,380	53,917	41,018	(Note 1)
Shanghai Dermalab Corporation	29,949	41,240	24,434	16,806	32,705	(13,495)	(13,660)	(Note 1)
Shanghai Lebinto Health Technology Co., Ltd.	199,370	198,263	26	198,237	0	(2,863)	82	(Note 1)
Standard Foods (Xiamen) Ltd.	721,338	724,664	11,456	713,208	0	(338)	1,138	(Note 1)
Shanghai Lehe Industrial Ltd.	0	0	0	0	0	0	0	(Note 1)
Shanghai Leming Industrial Ltd	0	0	0	0	0	0	0	(Note 1)

Note 1: The Company held no stock share.

(II) Consolidated financial statements of the related parties: Same as the consolidated financial statements of the parent company and the subsidiary. Please refer to pp 89~169 for the 2015 financial statements.

(III) Relationship report of the related parties: N/A.

II. Private subscription of marketable security in the most recent years and up to the printing of the annual report:

N/A.

III. The stock shares of the Company held or disposed of by the subsidiary in the most recent years and up to the printing of the annual report:

Unit: NTD Thousand; Shares; %

Name of Subsidiary	Total paid-in capital	Fund source	Shareholding ratio of the Company	Date of acquisition or disposition	Shares and amount acquired	Shares and amount disposed	Investment gain (loss)	Shareholdings & amount up to the printing date of the annual report	Under pledge	Endorsement amount made for the subsidiary	Amount loaned to the subsidiary
Charng Hui Ltd.	541,000	Self-sufficient capital	100%	2000	Bought 166,000 shares for NT$4,938 thousand	-	-	5,777,436 shares NT$21,182 thousand	-	-	-
				2000	9,960 shares from stock dividend	-	-				
				2001	Bought 2,163,000 shares for NT$16,244 thousand	-	-				
				2009	11,694 shares from stock dividend	-	-				
				2010	352,598 shares from stock dividend	-	-				
				2011	675,813 shares from stock dividend	-	-				
				2012	810,975 shares from stock dividend	-	-				
				2013	628,506 shares from stock dividend	-	-				
				2014	433,669 shares from stock dividend						
				2015	525,221 shares from stock dividend						
				Until the report publication date this year							

IV. Other disclosures:

(I) Provision for asset and liability impairments

1. Accounts receivable allowance for doubtful accounts

   Purpose: To assess the risk of accounts and notes receivables collection, the impairment of assets is assessed and appropriated in accordance with the collection experience of the customers and the collection rate derived from a depreciation analysis of each sample group.

   Provision basis:

   (1) Recording allowance for bad debt:

   1.1 The Company may classify the accounts and notes receivable account by the number of transactions or by the credit limit of each customer in accordance with the internal accounts receivable management mechanism:

   A. The Company classifies all the uncollected transactions at the closing date of the fiscal year into different groups and assesses the impairment amount for each uncollected transaction and group.

   B. The Company divided the aforementioned groups further into four categories based on the risk features.

   1.2. Three customer categories:

   A. General accounts: The impairment amount is assessed through the recovery rates of each account age for individual account and channel group.

   B. Special accounts: These are the invested subsidiaries under Standard Foods Group. No bad debt provision will be made out of receivables owed by these accounts.

   C. Insolvent accounts: Assess the collectable amount according to the collaterals placed by the customers and set up a separate bad-debt provision ratio to make the provision.

   1.3 Accounting Department adjusts “Bad Debt Allowance” according to the asset impairment amounts derived as above.

   (2) Write-off of bad debt allowance:

   2.1. Bad debt determination:

   A. Receivables are deemed not collectable in part or in full due to insolvency, settlement, bankruptcy declaration or other reasons.

   B. Outstanding principal or interests that are due for more than two years and the efforts of collection have failed.

   2.2. Write-off:

   A. Upon the occurrence of loss from bad debt, the supporting documents are to be submitted to make the write-off, according to Article #94 of “Guidelines for Examination of Profit-Seeking Enterprise Income Tax”.

   B. When writing off bad debts, the allowance account shall be reduced accordingly in the year the bad debt is determined. If the actual bad debt is larger than the allowance balance, the discrepancy shall be recorded as bad debt loss for the year.

2. Allowance for loss on inventories

   Inventories consist of raw materials, packing materials, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price under normal course of business net of the estimated cost needed to complete the project and estimate cost needed to make the sale after completion. Inventory cost is calculated in accordance with the weighted average method.

(II) Key Performance Indicator (KPI): Standard Foods' ' KPI includes Finance KPI and Non-Finance KPI. In addition to examining the finance KPI of sales revenue, debt ratio, business cycle, return on equity, and earnings per share within the industry periodically, non-finance KPI are set to understand Standard Foods'' competitive advantages and industry momentum.

(III) Licenses or certificates acquired by financial personnel:

1. Republic of China (CPA): 3 persons.
2. CMA: 1 person.
3. Certified internal auditor (CIA): 1 person.

V. The impacts to shareholders' equity or security price due to events defined in Securities Transaction Law Article #36.3.2 on in the current recent year and up to the printing of the annual report: None.

Standard Foods Corporation

Chairman: Ter-Fung Tsao

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