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Standard Foods Corporation

2019

Annual Report

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Standard Foods Corporation

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Table of Contents

One Letter to Shareholders

Dear Shareholders, ladies and gentlemen,

Despite the continuous changes in macro-environment in 2019, customers' pursuits of balanced nutrition and health remain the same. Therefore, with the joint efforts of all colleagues, the consolidated operating revenue of Standard Foods is over NT$ 30 billion for the first time.

We believe that "balanced nutrition is the basis for people's health." With this concept, Standard Foods will continue to promote a healthy diet, not only paying attention to food safety and trying hard to develop high-quality products meeting people's demands, but also continuing to pursue the growth and improving company governance, so as to maintain customer's satisfaction and trustworthiness, and finally become a trustworthy food company.

Looking forward to 2020, the COVID-19 epidemic greatly influences economy domestically and overseas. More and more attention has been paid towards to the importance of nutrition and health. Standard Foods is on a mission to become "nutrition and health partner for the family." With intention, innovation and love, the company is devoted to developing new products and maintaining high-quality products. Under the joint efforts of everyone, the company expects to provide customers with reassuring, nutritious, and healthy products, making the company's business more and more prosperous.

The shareholders' trust and support for our operating team are highly appreciated.

2019 consolidated operating results and 2020 annual business plan are reported as below:

I. 2019 Consolidated Business Results

1. Consolidated revenue and profit

Unit: NT$ Thousand

Item	2019	%	2018	%	+/- %
Operating revenue	31,266,232	100	27,340,587	100	14.4
Operating costs	21,635,219	69	19,086,242	70	13.4
Gross profit	9,631,013	31	8,254,345	30	16.7
Net operating profit	4,423,873	14	3,149,836	12	40.4
Net income before tax	4,548,534	15	3,676,232	14	23.7
Net profit for the period	3,454,836	11	2,968,307	11	16.4
Total comprehensive income	3,198,647	10	2,829,558	10	13.0

The combined operating revenue of Standard Foods in 2019 was NT$ 31.26 billion, with a year-on-year increase of 14.4%, equivalent to NT$ 3,925 million. The operating revenue of individual company in 2019 was NT$ 13.14billion, with a year-on-year increase of 7.8%, equivalent to NT$ 952 million.

The total comprehensive income in 2019 was NT$3.2 billion, with a year-on-year increase of 13.0%, equivalent to NT$369 million. The total comprehensive income belonging to the owners of the company was NT$3.14 billion, with a year-on-year increase of 11.7%, equivalent to NT$329 million.

2. Research and development

With the purpose of providing customers with nutritious, delicious, healthy, and high-quality products, Standard Foods invested NT$148 million for research and development in 2019. Besides continuous development of various new products, clinical trials and technical research, the company also upgrades and improves the formulation and packaging of existing products, with the expectation of bringing consumers higher quality of products.

II. 2020 Business Plan and Future Development Strategies

1. Business directions

(1) As the awareness of health rises in Taiwan, nutrition and health products are increasingly demanded for all ages. The company will conduct consumer research and investigation persistently to grasp the trend of the market, and develop more convenient and more diverse products that meet consumer needs.

(2) Implement traceability management, improve quality control, technological improvement, and strictly control the "safety of food" to provide consumers with safe, nutritious, and delicious products.

(3) Develop a systematic plan for talent development, foster talents to grow diversely, deepen professional capabilities and interdisciplinary flexibility, activate internal organizations and increase the flexibility and elasticity of organization for operations.

2. Expected sales volume and important production and sales policies

The combined sales volume in 2020 is expected to be 456,435 tons, and based on this estimation, the focuses of future production and sales policies are as follows:

(1) Production

- Follow the Group's future development strategy and goals, and improve various capital expenditures and operational process to enhance the production efficiency and quality of products.
- Choose proper suppliers and strengthen cooperation with upstream suppliers and downstream distributors, and implement traceability management and quality policies to enhance supply chain efficiency.
- Conduct strict control over production flow operations and products. Abide by quality specifications and standards, and provide safe and guaranteed products for customers.

(2) Sales

- Grasp the market consumption trend and listen to customers attentively.

Adhering to the concept of "balanced nutrition is the basis for people's health," we integrate natural nutrition into each product. Besides, by sticking to the principles of less burden, no or low sugar, and no addition of artificial chemicals, we launch the products that make all customers satisfied, and enhance loyalty towards the brand.

- Serve all customers honestly and earnestly. Contact targeted customer groups through multimedia. Use innovative and flexible marketing strategies to strengthen product exposure and penetration, further increasing market share.
- Through the official account of communication software and the Standard Health Go website (a marketing website), the customers can easily acquire information related to products and experience more friendly and convenient shopping methods.

III. Impact of External Competitive Environment, Legal Environment, and Overall Business Environment

1. External competitive environment

In respond to the constant change in domestic and foreign environment as well as the rise of sales channels such as social marketing and live marketing, the consumption is transferred through the changes between virtual and real channels. Other than responding to the fierce competition from many domestic and foreign manufacturers, it is urgent to master customers' consumption behaviors and methods. In addition to upholding the original intention and strictly inspecting and producing each product with high standards, Standard Foods strengthens the communications with customers and understands their real demands through various marketing channels, continues to develop products that make customers "buy and eat with no worries," and improves the innovation and added value of products. Through various multimedia and experience activities, the company delves into customers lives, and then further strengthens the brand image and improves customer's loyalty to the brand, making it the leading brand of the market.

2. Regulatory environment

In recent years, the government has made the food safety and health management systems more comprehensive through numerous amendments to laws to ensure food safety in Taiwan. The mission of Standard Foods is to become the nutrition and health partner of the whole family of customer. "Safe food" is our permanent promise to customers. Except for abiding by government's food safety acts, laws and regulations, the company establishes food safety monitoring plan and constantly improves the plan, so as to perfect the quality of all products.

3. Overall business environment

Recently, affected by COVID-19 epidemic, the international oil price fluctuates wildly, which also exerts an influence on bulk commodities, raw materials, and exchange rate. Although the domestic epidemic has been controlled properly, the violent change in international economy will inevitably affect the domestic economy and consumption momentum. It is still considerably challenging for the operation of food industry relying on imported raw materials and mainly depending on domestic markets.

Looking forward to the future, though the unpredictable changes in the economic situation, Standard Foods still sticks to the concept of prudent operation, keeps promise to customers, continues to improve and launch high-quality products to serve customers.

Chairman: Ter-Fung Tsao Manager: Arthur Tsao Accounting Supervisor: Chris Hong

Two. Company Profile

I. Date of incorporation: 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 Zone 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) Ltd.

• Established Le Bonta Wellness Co., Ltd. with re-investments through Standard Investment (China) Ltd.

2015 •Transferred capital surplus at NT$720,633,770 to capital to increase paid-in capital to NT$7,926,971,510.

•Increased capital to US$22,899,457 to Standard Investment (Cayman) Limited to increase paid-in capital to US$89,295,753. Standard Investment (Cayman) Limited then reinvested in Standard Foods (Xiamen) Co., Ltd. and Shanghai Dermalab Corporation through Standard Foods (Hong Kong) Ltd. and Standard Investment (China) Ltd.

•Shanghai Standard Foods Co. established Shanghai Le Ben De Health Technology Co., Ltd. through asset partitioning at US$1,000,000.

•Accession Limited acquired 80% shares of Dermalab S.A

•Le Bonta Wellness Co., Ltd. acquired Beijing Yisheng Tong Kang Biotechnology Co., Ltd. via cash merger.

2016 •Transferred capital surplus NT$871,966,860 to capital to increase paid-in capital to NT$8,798,938,370

•Increased capital US$45,040,101 to Standard Investment (Cayman) Limited to increase paid-in capital to US$134,335,854. Standard Investment (Cayman) Limited established Shanghai Le Ho Industrial Co., Ltd. and Shanghai Le Min Industrial Co., Ltd. with re-investments through Standard Foods (Hong Kong) Limited.

•Acquired 100% share equity of Le Bonta Wellness International Co.

2017 •Capitalization of undistributed earnings into new shares amounting to NT$351,957,540. The paid-in capital amounted to NT$9,150,895,910 after the capitalization

•The Company's Chairman and President, Mr. Ter-Fung Tsao, resigned from the position of the Company's President on May 1, and Vice President of the Company, Yao Steven Yih-Chun, took over the office.

•The Company established the position of Chief Executive Officer on May 5, assumed by the Chairman, Ter-Fung Tsao

•Lebonata Health Technology (Shanghai) Limited increased its capital in cash amounting to CNY40,900,000, which made the paid-in capital of the company amounting to CNY80,100,000

•Standard Investment (Cayman) Limited and Standard Foods (Hong Kong) increased capita in cash amounting to USD15,724,960, which made the paid-in capital amounting to USD 150,060,815 and USD 150,012,815, respectively.

2018 • Accession Limited acquired 20% of the share equity of Dermalab S.A..

• Disposed of the Company's land in Wugu Industrial Zone in May. The total trading value was NT$508,620 thousand, and the gains from the disposition were NT$304,600 thousand.

• Increased capital by US$64,000 to Standard Investment (Cayman) Limited and US$38,000 to Standards Foods (Hong Kong) to increase said companies' paid-in capital to US$150,124,815 and US$150,050,815 respectively.

2019 • Mr. Arthur Tsao, the General Manager of Standard Foods China, is the Chief Executive Officer of the company since March 22nd.

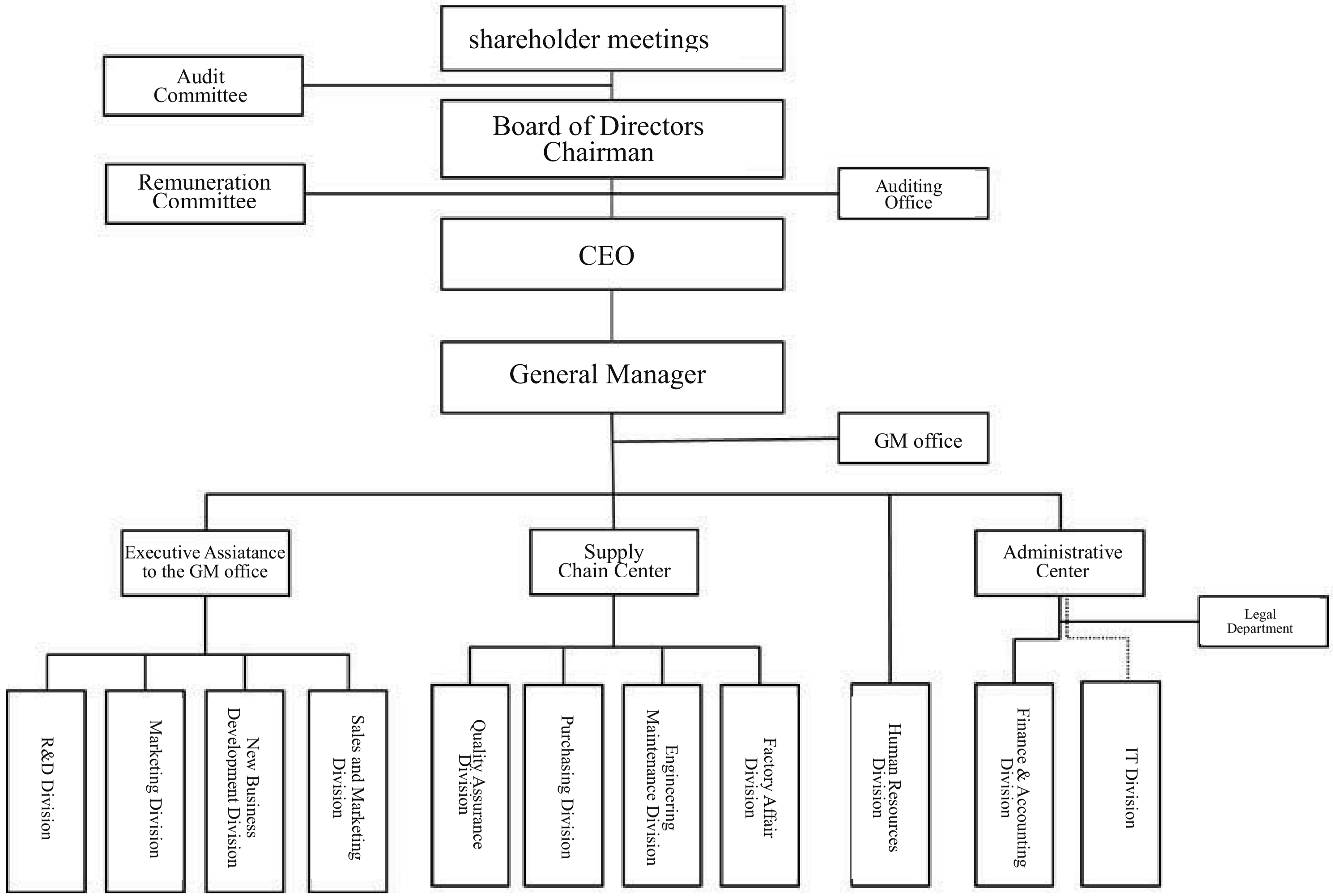
• Miss Chris Hong, the Chief Financial Officer , is the post of director of corporate governance, since March 22nd.

Three. Corporate Governance Report

I. Organization of company

I.1. Organization chart

info. date: 2020/3/31



I.2. Department function description

<table>
<tr><th colspan="2">Major Departments</th><th>Functions</th></tr>
<tr><td colspan="2">Audit Committee</td><td>Oversee the company and ensure that the power granted by Company Act, Securities and Exchange Act, and other related laws and regulations are effectively exercised.</td></tr>
<tr><td colspan="2">Remuneration Committee</td><td>Assist the Board of Directors to review the compensations of directors, supervisors and managerial officers to strengthen the company's governance capabilities.</td></tr>
<tr><td colspan="2">Auditing Office</td><td>Carry out the internal audit of the company, and provide the audit results to the management and assess corporate risks.</td></tr>
<tr><td colspan="2">General Manager (President) Office</td><td>Assist the General Manager to comprehensively manage the execution and coordination of the company's overarching business, set operating goals and arrange and supervise various departments to handle the business.</td></tr>
<tr><td colspan="2">R&D Division</td><td>Responsible for R&D of new products and technologies, product quality improvement research, cost reduction research, new product business evaluation, health certification application, etc.</td></tr>
<tr><td colspan="2">Marketing Division</td><td>Responsible for planning and implementing brand marketing strategy, advertising planning, consumer services, etc.</td></tr>
<tr><td colspan="2">New Business Development Division</td><td>Responsible for planning and developing the company's future products on the basis of company strategy.</td></tr>
<tr><td colspan="2">Sales and Marketing Division</td><td>Responsible for annual customer operation plan, planning and implementation of channel sales activity, dealer management, etc.</td></tr>
<tr><td rowspan="4">Supply Chain Center</td><td>Quality Assurance Division</td><td>Responsible for production system management and control, inspection and analysis, quality system management and control, etc.</td></tr>
<tr><td>Purchasing Division</td><td>Responsible for the procurement of domestic and foreign raw materials and packaging materials, and the management of outsourcing manufacturers.</td></tr>
<tr><td>Engineering Maintenance Division</td><td>Responsible for the planning and implementation of new engineering of production equipment, procurement of production equipment, outsourcing and maintenance, new processes and process changes and improvements, etc.</td></tr>
<tr><td>Factory Affair Division</td><td>Responsible for product manufacturing and packaging, supply planning and implementation, inventory management, storage and transportation, factory labor safety and health management matters, etc.</td></tr>
<tr><td colspan="2">Human Resources Division</td><td>Responsible for recruitment, appointment, training, compensation benefits and other related operations.</td></tr>
</table>

Major Departments		Functions
Administrative Center	Legal Department	Responsible for asset management, legal affairs, investor relations, etc.
	Finance & Accounting Division	Responsible for summary of transaction accounting and bookkeeping, tax affairs, cost calculation, budget management, investment and business analysis, finance, stock affairs, reinvestment company accounting, and accounting information provision, etc.
	Information Systems Division	Responsible for the planning, management and maintenance of information and network systems.

II. Directors, supervisors, president, vice president, assistant VP, and department heads

II.1. Directors and supervisors

II.1.1. Information of directors

As of April 18, 2020; Unit: Shares/NT$ thousands

Title	Nationality or Residency	Name	Gender	Date elected (inaugurated)	Term (year)	Date of First Elected	Shareholding when elected		Current Shareholding		Current shareholding of representative		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			Remark
							Shares	Share-holding ratio%	Shares	Share-holding ratio%	Shares	Share-holding ratio%	Shares	Share-holding ratio%	Shares	Share-holding ratio%			Title	Name	Relation	
Chairman	ROC	Mu Te Investment Co. Ltd. Representative: Ter-Fung Tsao	Male	June 13, 2019	3 years	June 15, 2016	22,650,057	2.48%	22,650,057	2.48%	40,848,203	4.46%	0	0	22,651,211	2.48%	Ph.D., Colorado University, USA R&D Director of Quaker Plant Manager of Quaker(Taiwan) General Manager of Quaker(Taiwan) President, Standard Foods.	Chairman of the Company Chairman of Standard Dairy Products Taiwan Ltd. Chairman of Domex Technology Corporation Chairman of Standard Beverage Company Ltd. Director of Accession Ltd. Institutional Directors' Representative of Polytronics Technology Corporation Director of Green Wall Enterprise Co., Ltd. Independent Director of PlexBio Co., Ltd. Supervisor of Crosslink Semiconductor, Inc. Director of Standard Investment (Cayman) Ltd. Director of Standard Corp (HK) Ltd. Director of Standard Investment (China) Ltd. Chairman, Mu Te Investment Co., Ltd. Director, Chia Yun Investment Co., Ltd. Director, Chia Chieh Investment Co., Ltd.	Director	Wendy Tsao Arthur Tsao	Sibling Son	
Director	ROC	Mu Te Investment Co. Ltd. Representative: Jason Hsuan	Male								0	0.00%	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 (Xiamen) Co., Ltd. Chairman of Le Bonta Wellness Co., Ltd.	None	None	None	
Director	ROC	Mu Te Investment Co. Ltd. Representative: Wendy Tsao	Female								4,949,915	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	Charng Hui Ltd. Representative: Arthur Tsao	Male	June 13, 2019	3 years	June 15, 2016	6,669,471	0.73%	6,669,471	0.73%	0	0.00%	0	0	0	0	MBA, Stanford University, USA	CEO of the Company President of Standard Investment (China) Ltd. President of Shanghai Standard Foods Co. President of Standard Foods (China) Ltd. President of Standard Foods (Xiamen) Co., Ltd. President of Le Bonta Wellness Co., Ltd. President of Shanghai Le Ben De Health Technology Co., Ltd. Chairman of Shanghai Dermalab Corporation Chairman of Shanghai Le Ho Industrial Co., Ltd. Chairman of Shanghai Le Min Industrial Co., Ltd.	Chairman	Ter-Fung Tsao	Father	
Inde-pendent Director	ROC	Ben Chang	Male	June 13, 2019	3 years	June 15, 2016	0	0.00%	0	0.00%	0	0.00%	0	0	0	0	Master in Statistics, National Chengchi University, R.O.C	Institutional Directors' Representative of Polytronics Technology Corporation Independent director of Pegatron Corporation Independent director of Raydium Semiconductor Corporation	None	None	None	
I Inde-pendent Director	ROC	George Chou	Male	June 13, 2019	3 years	June 15, 2016	0	0.00%	0	0.00%	0	0.00%	0	0	0	0	Master in Mathematics, Colorado State University	Independent Director of Yulon Motor Co., Ltd. Independent Director of Taiwan Acceptance Corporation Independent Director, Fubon Life Insurance Co., Ltd. Representative of Institutional Director, Kino Biotech Co., Ltd. Representative of Institutional Director, Easycard Corp.	None	None	None	

Title	Nationality or Residency	Name	Gender	Date elected (inaugurated)	Term (year)	Date of First Elected	Shareholding when elected		Current Shareholding		Current shareholding of representative		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			Remark
							Shares	Share-holding ratio%	Shares	Share-holding ratio%	Shares	Share-holding ratio%	Shares	Share-holding ratio%	Shares	Share-holding ratio%			Title	Name	Relation	
Inde-pendent Director	ROC	Daniel Chiang	Male	June 13, 2019	3 years	June 15, 2016	0	0.00%	0	0.00%	0	0.00%	0	0	0	0	Master in Political Economics, University of Taxes President, Trend Micro; CEO, Business Engine; Chairman, Sina Net	Chairman of Purestone Capital Group Independent Director of TPK Holding Co., Ltd	None	None	None	

I.1.2. Major shareholders of institutional shareholders

As of April 18, 2020

Name of institutional shareholders	Major shareholders of institutional shareholders	Shareholding (%)
Mu Te Investment Co., Ltd.	Ter-Fung Tsao	99.99
Charng Hui Ltd.	Standard Foods Corporation	100.00

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

As of April 18, 2020

Name of Legal Person	Major Shareholders of the Legal Persons	Shareholding (%)
Standard Foods Corporation	Mu Te Investment Co., Ltd. Trust Property Account	17.16
	Chia Yun Investment Co., Ltd. Trust Property Account	14.55
	Chia Chieh Investment Co., Ltd. Trust Property Account	11.86
	Ter-Fung Tsao	4.46
	Bilai Investment Co., Ltd.	3.61
	Mu Te Investment Co., Ltd.	2.48
	HSBC as Trustee of RBC Emerging Markets Equity Fund	2.29
	Cathay Life insurance co., Ltd.	1.45
	Chun-Yao Lin	1.33
	Nan Shan Life Insurance Co., Ltd.	1.30

I.1.4. Independence of directors and supervisors

As of April 18, 2020

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	11	12	
Mu Te Investment Co., Ltd. Representative:Ter-Fung Tsao			V								V	V		V		1
Mu Te Investment Co., Ltd. Representative: Jason Hsuan			V	V		V	V	V		V	V	V	V	V		1
Mu Te Investment Co., Ltd. Representative: Wendy Tsao			V	V		V		V		V	V	V		V		0
Charng Hui Ltd. Representative: Arthur Tsao			V			V		V			V	V		V	V	0
Ben Chang			V	V	V	V	V	V	V	V	V	V	V	V	V	2
George Chou			V	V	V	V	V	V	V	V	V	V	V	V	V	3
Daniel Chiang			V	V	V	V	V	V	V	V	V	V	V	V	V	1

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 affiliates of the Company (except the seats of Independent Directors established by the Company or its parent company, subsidiaries in accordance with local laws or applicable laws in the host countries of investment).

(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, of a managerial officer as stated in (1) or any of the persons mentioned in (2) and (3).

(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the company or is ranked top 5 in holdings or is a legal person shareholder who is a director or supervisor of the company per Paragraph 1 or 2 of Article 27 of the Company Act (this does not apply in cases where the person is an independent director of the company, its parent or subsidiary, or a subsidiary of the same parent company established in pursuant to this law or local laws).

(6) Not directors, supervisors or employees of other companies controlled by the same person holding a majority of the company's director seats or voting shares of the company. (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

(7) Not directors (governors), supervisors or employees of other companies or institutions who are the same person or spouse as the chairperson, general manager or person holding an equivalent position of the company. (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not any director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company(for a particular company or institution holds more than 20%, but not exceed 50%, of the company's issued shares, and the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, shall not be restricted by this provision.)

(9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation not to the company or to any affiliate of the company, nor a spouse thereof and the cumulative amount of remuneration obtained in the last two years did not exceed NT$ 500,000; However, members of the special committee on remuneration, public acquisition review, or merger and acquisition who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not be subject to this provision.

(10) Not the spouse or a relative within two degrees of lineal consanguinity of an individual;

(11) Free of any of the behaviors as defined in Article 30 of Company Act;

(12) Not a governmental officer, juridical person or its representative as defined in Article 27 of Company Act.

I.2. President, vice president, assistant VP and department heads

As of April 18, 2020

Title	Nationality or Residency	Name	Gender	Date Elected (Inaugurated)	Shareholding		Shareholding of Spouse and Minor		Shares Held by Other Persons in Their Names		Experience (Education)	Current Position With Other Company	Manager Who has Spouse or Second Cousin Status		
					Shares	Share-holding Ratio%	Shares	Share-holding Ratio%	Shares	Share-holding Ratio%			Title	Name	Relation
CEO Also President	ROC	Arthur Tsao	Male	March 22, 2019 Arpil 1, 2020	6,669,471	0.73	-	-	-	-	MBA, Stanford University, USA	President of Standard Investment (China) Ltd. President of Shanghai Standard Foods Co. President of Standard Foods (China) Ltd. President of Standard Foods (Xiamen) Co., Ltd. President of Le Bonta Wellness Co., Ltd. President of Shanghai Le Ben De Health Technology Co., Ltd. Chairman of Shanghai Dermalab Corporation Chairman of Shanghai Le Ho Industrial Co., Ltd. Chairman of Shanghai Le Min Industrial Co., Ltd.	Chairman	Ter-Fung Tsao	Father and Son
Chief Investment Officer	USA	Yao Steven Yih Chun	Male	Arpil 01, 2020	20,000	-	-	-	-	-	Master's From Northwestern University U.S.A. Attorney Partner of Bluefield Ventures Partner of Dubuglo Vice President of California Pacific Bank Vice President of the Supply Chain of Standard Foods Corporation President of Standard Foods	President of Standard Dairy Products Taiwan Ltd. Chairman, Charng hui Ltd. Director, Le Bonta Wellness International Co. Director, Dermalab S.A.	None	None	None
Chief Financial Officer	ROC	Chris Hong	Female	September 30, 2015	-	-	-	-	-	-	Master, National Cheng Chi University. Vice President of PriceWaterhouseCoopers CPA Firm President of Standard Dairy Products Taiwan Ltd.	Director of Standard Dairy Products Taiwan Ltd. Director of Standard Beverage Ltd. Director of Domex Technology Corporation Representative of Institutional Director, GeneFerm Biotechnology Co., Ltd. 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 Le Bonta Wellness Co., Ltd. Supervisor of Shanghai Le Ho Industrial Co., Ltd. Supervisor of Shanghai Le Min Industrial Ltd. Supervisor of Standard Foods (Xiamen) Ltd.	None	None	None

Note : 1. The Chief Executive Officer of the company is Mr. Arthur Tsao, also is the Prdsident since April 01,2020.
2.YAO STEVEN YIH CHUN is the Chief Investment Officer since April 01,2020.

I.3. Remuneration of directors, supervisors, president and vice president

I.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 Subsidiaries
		Remuneration (A)		Pension (B)		Remuneration for Directors (C)		Business Expenses (D) (Note 1)				Salary, Bonus, and Compensation (E) (Note 1)		Pension (F)		Compensations for Employees (G)				From the Company	From all Consoli-dated Entities in This Report	
		From the Company	From all Consoli-dated Entities in This Report	From the Company	From all Consoli-dated Entities in This Report	From the Company	From all Consoli-dated Entities in This Report	From the Company	From all Consoli-dated Entities in This Report	From the Company	From all Consoli-dated Entities in This Report	From the Company	From all Consoli-dated Entities in This Report	From the Company	From all Consoli-dated Entities in This Report	From the Company		From all Consolidated Entities in This Report				
																Cash	Stock	Cash	Stock			
Chairman	Ter-Fung Tsao	-	-	-	-	3,594	3,594	60	60	0.11	0.11	8,100	8,100	189	189	-	-	-	-	0.35	0.35	None
Director	Jason Hsuan	-	-	-	-	3,580	3,580	60	60	0.11	0.11	-	-	-	-	-	-	-	-	0.11	0.11	None
Director	Wendy Tsao	-	-	-	-	3,580	3,580	60	60	0.11	0.11	-	-	-	-	-	-	-	-	0.11	0.11	None
Director	Arthur Tsao	-	-	-	-	3,580	3,580	60	60	0.11	0.11	4,400	4,400	138	138	-	-	-	-	0.24	0.24	None
Independent Director	Ben Chang	-	-	-	-	3,580	3,580	60	60	0.11	0.11	-	-	-	-	-	-	-	-	0.11	0.11	None
Independent Director	George Chou	-	-	-	-	3,580	3,580	60	60	0.11	0.11	-	-	-	-	-	-	-	-	0.11	0.11	None
Independent Director	Daniel Chiang	-	-	-	-	3,580	3,580	60	60	0.11	0.11	-	-	-	-	-	-	-	-	0.11	0.11	None

* Except as Disclosed Above, Compensation Paid to Directors for the Services Rendered (e.g. non-employee consultants) to all Consolidated Entities in This Report: 0

Note 1: Expenses incurred in 2019.

I.3.2. Remuneration of president and vice president

As of Dec. 31, 2019 Unit: NT$ thousands

Title	Name	Salary (A) (Note 2)		Pension (B) (Note 3)		Bonuses and Allowance (C) (Note 2)		Compensation for Employees (D)				Ratio of A+B+C+D to Net income (%) (Note 1)		Remuneration From an 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	From 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	
								Cash	Stock	Cash	Stock			
CEO	Arthur Tsao	3,500	3,500	138	138	900	900	0	0	0	0	0.13	0.13	None
President	Yao Steven Yih Chun	5,200	5,200	194	194	2,100	2,100	0	0	0	0	0.22	0.22	None

Note 1: Net income stated in the Separate Financial Statements in 2019.
Note 2: Appropriation of pension expense for the contracted management.

II.3.3 Employee Compensations for Management

As of April 30, 2020; Unit: NT$ thousand

	Title	Name	Stock	Cash	Total	Ratio of the Total Amount of Net Income (%) (Note 1)
Management	CEO and also President	Ter-Fung Tsao	0	0	0	0%
	Chief Investment Officer	Yao Steven Yih Chun				
	Chief Financial Officer	Chris Hong				
	R&D Division Director	Hsin-Chuan Wang				
	Marketing Division Director	Yen-Lin Cheng				
	Supply Chain Center Director	Yi-Ting Huang				

Note 1: Net income stated in the Separate Financial Statements in 2019.

I.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:

I.4.1. Remuneration analysis of the last two years

Unit: NT$1,000

Title	2018				2019			
	Total Amount of Remuneration		Ratio of Total Amount to Net Income After Tax (%)		Total Amount of Remuneration		Ratio of Total Amount to Net Income After Tax (%)	
	From the Company	Companies in the Consolidated Financial Statements	From the Company	Companies in the Consolidated Financial Statements	From the Company	Companies in the Consolidated Financial Statements	From the Company	Companies in the Consolidated Financial Statements
Director	21,380	21,380	0.72	0.72	25,494	25,494	0.75	0.75
President	7,373	7,373	0.25	0.25	7,494	7,494	0.22	0.22
Total	28,753	28,753	0.97	0.97	32,988	32,988	0.97	0.97

(1) Analysis of the Remuneration to the Directors, Supervisors, and Presidents of the Company in Proportion to the Net Income After Tax Stated in the Separate Financial Statements of the Last Two Years:The ratio of the remunerations to the Directors, Supervisors, and Presidents of the Company to net income after tax of all companies included in the Consolidated Financial Statements paid in 2019 was same as 2018.

(2) Please refer to Provision (VIII) on page 62for the payment policy of bonus to employees and remuneration to directors

I.4.2. The policies, standards, packages and procedures for payment of remuneration, and their linkages to business performance and future risks:

The Remuneration Committee shall be responsible for the formulation and periodic review for the remuneration of directors and managerial officers paid by the company. In addition to the reference to the general remuneration level of the industry, the linkages to the individual performance, corporate operation performance, mode of payment and future operating risks shall be taken into consideration as well. It shall be implemented after submitting to the Board of Directors for approval; for the items assigned in statement of surplus allocation, it can be implemented only after submitting to the shareholders' meeting for approval.

III. Implementation of Corporate Governance

III.1 Information on operations of the Board of Directors

In order to strengthen corporate governance and promote the sound development of board composition and structure, Article 20-3 of the "Corporate Governance Best Practice Principles" issued by the company in 2016 states that Board members shall be diverse in form, and the corresponding diversity policies shall be formulated in accordance with its own operations, operating patterns and development demands, including but not limited to the following two standards:

I. Basic requirements and values: gender, age, nationality, and culture.

II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

The current Board of Directors of the company consists of 7 directors, including 4 directors and 3 independent directors with rich experience and expertise in the fields of finance and economics, business and management. The company also pays attention to the gender equality, improves women's participation in decision-making and improves the structure of the Board of Directors. At present, there is a female director among 7 directors.

1. A total of 6 meetings (A) were held by the Board of Directors in the most recent year. The attendance of directors is as follows:

Title	Name	Number of Attendances (B)	Time of proxy attendance	Ratio of Attendances (%) [B / A]	Remarks
Chairman	Mu Te Investment Co. Ltd. Representative: Ter-Fung Tsao	5	1	83%	
Director	Mu Te Investment Co. Ltd. Representative: Jason Hsuan	2	4	33%	
	Mu Te Investment Co. Ltd. Representative: Wendy Tsao	6	-	100%	
	Charng Hui Ltd Representative: Arthur Tsao	6	-	100%	
Independent Director	Ben Chang	6	-	100%	
	George Chou	5	1	83%	
	Daniel Chiang	6	-	100%	

Other matters:

1. Where the proceedings of the board meeting include one of the following circumstances, then describe the date, session, topic discussed, opinions of every independent director, and their handling:

   (I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Date of the meeting (Period)	Proposals	Opinions of all independent directors and the company's handling of these opinions
Mar. 22, 2019 (14th Meeting from the 12th term of the Board of Directors)	Amendments to the "Procedures for Acquisition and Disposal of Assets."	Approved by all Independent Directors
May 08, 2019 (15th Meeting from the 12th term of the Board of Directors)	1. Amendments to the "Procedures for Loaning of Funds to Other Parties." 2. Amendments to the "Procedures for Endorsements and Guarantees."	
Nov. 05, 2019 (4th Meeting from the 13th term of the Board of Directors)	2019 remuneration case for the CPAs.	

(II) In addition to the aforementioned matters, other motions resolved by the Board of Directors that are objected to by Independent Directors or expressed reservations and recorded or declared in writing: None.

2. In regard to the recusal of directors from voting due to conflict of interests, the name of the directors, the proposal, reasons for recusal due to conflict of interests and voting outcomes should be stated: None.
3. TWSE/TPEx listed companies shall disclose information such as the evaluation cycle and period, scope, method, and items of the Board of Directors' self (or peer) evaluation, and fill out the implementation status of evaluation of the Board in Table 2(2).
4. Goals to strengthen the functions of the Board of Directors (for example, establishing an Audit Committee and enhancing information transparency) for the current year and the most recent years and the implementation:
   (I). Establish corporate governance regulations: in addition to the Articles of Incorporation defining the power and function of Board of Directors, "Rules of Procedures for Board of Directors' Meeting," "Standard Operating Procedures for Directors' Request," "Corporate Governance Best Practice Principles," "Corporate Social Responsibility Best Practice Principles," "Internal Operating Procedures for Major Information Processing," "Code of Ethics," "Ethical Corporate Management Best Practice Principles" and many other regulations shall be concluded, to strengthen board operations and corporate governance.
   (II). The company has covered directors' liability insurance with current insurance amount reaching US$ 12 million, so as to disperse the legal liability risks of directors and improve the corporate government ability.
   (III). The company shall disclose relevant information on Market Observation Post System set up by the government, and disclose investor information, corporate governance, and corporate social responsibility information on official website of the company, aiming to fully and promptly disclose information concerned by various stakeholders.

2. Evaluation of the performance for the Board of Directors

Evaluation cycle	Annually
Period of Evaluation	Evaluation of the performance for the Board of Directors from Jan. 1, 2019 to Dec. 31, 2019
Scope	Performance evaluation of the Board of Directors and individual directors
Evaluation methods	Self-evaluation by board members
Evaluation contents	(1). Mastery of company goals and tasks, internal control, participation in company operations, internal relationship management and communication, board operation,

	professional and continuing education of directors, cognition and self-evaluation of responsibilities by directors. (2). Participation in the discussion and evaluation - compliance with relevant laws and regulations by the Board of Directors.

III.2 Operations of the Audit Committee:

The company's Audit Committee is composed of 3 independent directors, and the purpose of the Audit Committee is to assist the Board of Directors in supervising the quality and integrity in respect of implementation of relevant accounting, auditing, and financial reporting procedures and control over finance by the company.

A total of 4 meetings (A) were held by the Audit Committee in 2019. The matters reviewed mainly include:

1. Preparation and Adjustment of the Financial Reports
2. 2019 Business Plan and Budget
3. Revision of the "Procedures for Acquisition and Disposal of Assets," "Procedures for Loaning of Funds to Other Parties," and "Procedures for Endorsements and Guarantees"
4. Financial Report and Consolidated Financial Statements
5. Information Security
6. Material Capital Loan and Endorsement or Guarantee
7. Evaluation of the Qualifications, Independence, and Performance of the CPAs
8. Appointment, Dismissal, and Compensation of CPAs
9. Self-evaluation Questionnaire for Performance of Audit Committee
10. The Design and Implementation Instructions for the Internal Control System

A total of 4 meetings (A) were held by the Board of Directors in the most recent year. The attendance of independent directors is as follows:

Title	Name	Number of attendance in person (B)	Time of proxy attendance	Percentage of attendance in person (%) [B/A]	Remarks
Independent Director	Ben Chang	4	0	100%	
	George Chou	4	0	100%	
	Daniel Chiang	4	0	100%	

Other matters:

I. If the Audit Committee has any of the following circumstances, the date, session, proposal content, the resolution of the Audit Committee and the company's response toward the Audit Committee's opinions shall be specified.

(I) Matters listed in Article 14-5 of the Securities and Exchange Act

Date of the meeting (Period)	Proposals	The Audit Committee's opinion and the company's disposition to Audit Committee's opinion.
Mar. 22, 2019 (12th Meeting from the 1st term of the Board of Directors)	1. Amendments to the "Procedures for Acquisition and Disposal of Assets" 2. 2018 Financial Report and Consolidated Financial Statements.	Approved by all Independent Directors
May 08, 2019 (13th Meeting from the 1st term of the Board of Directors)	1. Amendments to the "Procedures for Loaning of Funds to Other Parties." 2. Amendments to the "Procedures for Endorsements and Guarantees."	

Aug. 05, 2019 (1st Meeting from the 2nd term of the Board of Directors)	Consolidated Financial Report for the second quarter of 2019.	
Nov. 05, 2019 (2nd Meeting from the 2nd term of the Board of Directors)	2019 remuneration case for the CPAs.	

(II) Except the items in the preceding issues, other resolutions which was not approved by the Audit Committee but approved by two-thirds of all Board of Directors members: None.

II. In regard to the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the proposal content, reasons for recusal due to conflict of interests and voting outcomes should be specified: None.

III. Communication between the independent director and internal audit supervisor and the CPA: The independent director of the company shall discuss and communicate regularly with the CPA, discussing accounting principles and financial statements, as well as exchanging views on major financial changes and business changes or operating risks; and the chief internal auditor shall report to the independent director on a regular basis and communicate on the company's internal controls and risks.

III.3 Supervisors' involvements in Board of Directors meetings:

The company has set up an Audit Committee to replace the supervisors on Jun. 15, 2016.

III.4 State of Corporate Governance, Deviations to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," and the Reasons for the Said Deviations

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No.	Description	
I. Does the company establish and disclose the "Corporate Governance Best Practice Principles" based on "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The company has established the "Corporate Governance Best Practice Principles" and has related regulations for protecting the shareholders' rights, strengthening the functions of the Board of Directors, respecting the rights of stakeholders, and improving information transparency.	Compliant to the regulations prescribed by Article 2 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
II. Shareholding structure & shareholders' rights				Compliant to the regulations prescribed by Articles 10, 13, 14, 19 and 30 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
(I) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(I) In order to ensure shareholders 'rights, the company has spokesperson, Stock Affairs Department, Legal Department and other relevant departments to handle shareholders' suggestions or disputes.	
(II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(II) The company shall regularly obtain the latest register of shareholders from the stock affairs agency, and acquire the list of major shareholders substantially controlling the company and their ultimate controlling parties and maintain good interaction with them. The change data shall be declared in accordance with regulations on information declaration of listed companies and disclosed on Market Observation Post System.	
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(III) The assets, business, and finance between the company and affiliates shall be split clearly and operated independently. Besides, the "Supervision Measures for Subsidiaries," "Procedures for Acquisition and Disposal of Assets," "Procedures for Loaning of Funds to Other Parties," "Procedures for Endorsements and Guarantees," and other related measures have been established in accordance with regulations, to implement risk control mechanism and firewall management for affiliates.	

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No.	Description	
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	V		(IV) The company has established "Management Regulations for Prevention of Insider Trading" against insiders trading with undisclosed information.	
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors develop and implement a diversified policy for the composition of its members?	V		(I) There is one female member out of the seven directors in the company, accounting for 14%; the directors are experts in aspects like assets management and risk control, with Ter-Fung Tsao, Jason Hsuan, Arthur Tsao good at food industry, George Chou, Daniel Chiang good at information technology and Ben Chang, Wendy Tsao good at finance and investment. Four directors are over 70 years old, two are between 60 and 69 years old, and one director is under the age of 40. The Board of Directors and the independent director shall exercise their power in accordance with laws, the provisions of the Articles of Incorporation and resolutions of shareholders' meeting. The diversity policy on the formation of the Board members is disclosed on the company website and on the Market Observation Post System.	Compliant to the regulations prescribed by Articles 27, 20, 28-1 and 37 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(II) The company has set up the Remuneration Committee and the Audit Committee according to law, but has yet to set up other various functional committees.	
(III) Does the company establish a standard to measure the performance of the Board of Directors, and implement it annually?	V		(III) The company's policy, system, standard and structure for annual and long-term performance goals and remunerations of directors, independent directors, and managerial officers shall be established and regularly reviewed by Remuneration Committee, in accordance with "Remuneration Committee Charter." The company has established "Measures for the Performance Evaluation of Directors and Managerial Officers" and evaluates the performance of directors regularly every year. The latest internal performance evaluation	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof</th></tr>
<tr><th>Yes</th><th>No.</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>of the Board of Directors (2019) was completed by in Mar. 2020, and the report was submitted to the Board of Directors on Mar. 18, 2020 for review and improvement. The items of the performance evaluation of the Board of Directors shall include: mastery of company goals and tasks, internal control, participation in company operations, internal relationship management and communication, board operation, professional and continuing education of directors, cognition and self-evaluation of responsibilities by directors. The indicators of directors' participation in the discussion shall include: compliance with recusal of directors' interests, required continuing education hours per year, percentage of attendance in person in board meetings and shareholders' meetings. The average score of the evaluation was 87.43. The outcome of overall result of board performance was still effective.</td><td></td></tr>
<tr><td>(IV) Does the company regularly evaluate the independence of CPAs?</td><td>V</td><td></td><td>(IV) An annual evaluation of CPA independence shall be carried out by the Accounting Department of the company. The results were submitted to the Audit Committee and Board of Directors on Nov. 5, 2019 for approval. According to the evaluation by the Accounting Department of the company, the CPAs, Tse-Li Kung and Ching-Chen Yang from Deloitte & Touche comply with the company's evaluation standards of independence (Note 1), so they are qualified to serve as the company's CPAs. Deloitte & Touche has issued a statement declaring no violation of independence.
(Note 1): Evaluation standards for the independence of CPAs
<table>
<tr><th>Evaluation item</th><th>Evaluation results</th><th>Meet independence criteria</th></tr>
<tr><td>1. Is the CPA an employee of the company or the related companies?</td><td>No</td><td>Yes</td></tr>
<tr><td>2. Does the CPA hold the company's shares?</td><td>No</td><td>Yes</td></tr>
<tr><td>3. Does the CPA engage in financing activities or guarantee behaviors with the company or its directors?</td><td>No</td><td>Yes</td></tr>
</table></td><td></td></tr>
</table>

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No.	Description	
			4. Are there direct or indirect material financial interests between the CPAs and the company? No / Yes 5. Are there close business relations between the CPA and the company? No / Yes 6. Are there close business relations between the CPA and the company's management, or other individuals in positions that could seriously impact the audit? No / Yes 7. Does the CPA provide the company non-audit items that may directly affect the audit? No / Yes 8. Does the CPA act as the defender of the company or on behalf of the company to coordinate conflicts with other third parties? No / Yes 9. Does the CPA provide the statement of independence? Yes / Yes	
IV. Does the listed company appoint an exclusively (or concurrently) responsible unit or personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, and handling, in accordance with relevant laws, matters related to board meetings and shareholders' meetings, business registration and changes to the registration, and for preparing minutes of board meetings and shareholders' meetings)?	V		The company established a corporate governance team according to the resolution of the board meeting on Mar. 22, 2019, appointing Ms. Chris Hong, CFO, as the corporate governance officer in charge of promoting corporate governance, protecting shareholders' rights and strengthening the functions of the Board of Directors. Ms. Chris Hong passed the CPA college entrance examination of Taiwan and has been engaged in financial work in public companies for more than three years. The corporate governance officer shall be responsible for handling matters related to the Board of Directors and shareholders' meeting in accordance with laws, drawing up agendas of the board meetings and shareholders' meetings, assisting induction and continuing education of directors and supervisors, providing directors, supervisors with the information required to carry out business, and assisting directors and supervisors to comply with ordinance. **Implementation status in 2019 is as follows:** 1. Assist independent directors and general directors to perform their duties, provide necessary information and arrange for continuing education for directors: (1) Notify the board members of the latest amendments and development to laws and regulations relating to the company's businesses and corporate governance and regularly update them.	In compliance with Article 3-1 of the "Corporate Governance Best Practice Principles for TWSE or TPEx Listed Companies."

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No.	Description	
			(2) Review the confidentiality level of the relevant information and provide corporate information required by the directors to maintain smooth communication and interaction between directors and managers. (3) Arrange meetings with the chief internal auditor or CPAs for independent directors who are in need of investigating the company's financial or business operation, in accordance with the "Corporate Governance Best Practice Principles." (4) Assist independent directors and general directors in drawing up annual continuing education plan and making arrangement for courses in accordance with the nature of the industry to which the company belongs and the experience and background of directors. 2. Assist in the matters related to the rules of procedures of Board of Directors and shareholders' meeting as well as legal compliance with resolutions: (1) Report the implementation of corporate governance to the Board of Directors, independent directors, and Audit Committee or supervisors, and confirm whether the meetings of the company's shareholders' meeting and Board of Directors are held in compliance with relevant laws and regulations and the "Corporate Governance Best Practice Principles." (2) Assist in and remind directors of the regulations to be complied with when performing their duties or officially voting on resolutions by the Board of Directors, and offer suggestions when the Board of Directors is going to vote on an illegal resolution. (3) Be responsible for checking the release of the major information related to the important resolutions made by the Board of Directors, and ensure the legality and accuracy of the contents of such information, so as to keep the consistency of investor's trading information. 3. Draw up agendas for board meetings and notify directors of the agendas seven days before the meeting, convene meetings and provide information about the meetings, send out reminders regarding agendas that require	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof</th></tr>
<tr><th>Yes</th><th>No.</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>recusal of directors and complete the minutes of the board meeting within 20 days after the meeting.
4. Handle prior registration for shareholders' meetings, prepare meeting notices, agenda handbook, meeting minutes within the statutory period, as well as handle registration of changes due to amendment of regulations and re-election of directors
A total of 18 continuing education hours in 2019:
<table>
<tr><th>Continuing education date</th><th>Undertaker Unit</th><th>Course title</th><th>Hours</th></tr>
<tr><td>Oct. 23, 2019</td><td rowspan="3">Accounting Research and Development Foundation</td><td>Lectures on internal auditing practice: How to Deal with Corporate Crisis - Focusing on Risk Management and Crisis Communication</td><td>6</td></tr>
<tr><td>Oct. 31, 2019</td><td>Audit and law compliance practice over "independent directors" and "Audit Committees" of companies required by the competent authorities</td><td>6</td></tr>
<tr><td>Dec. 6, 2019</td><td>Audit and control practice over lowering costs and competitive strategies of companies</td><td>6</td></tr>
</table></td><td></td></tr>
<tr><td>V. Has the company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established in the company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the company?</td><td>V</td><td></td><td>The company has established a spokesman system and properly uses the public information systems, ensuring shareholders and stakeholders fully understanding the company's financial operations and corporate governance. The company has also established a special zone for the stakeholders on the website, so the stakeholders may contact the company via telephone or e-mail to reflect different CSR issues of concern.</td><td>Compliant to the regulations prescribed by Article 51 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."</td></tr>
</table>

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No.	Description	
VI. Has the company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The corporation has appointed CTBC Bank to handle affairs of the shareholders' meeting.	Compliant to the regulations prescribed by Article 7 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
VII. Information disclosure (I) Does the company establish a website to disclose information on financial operations and corporate governance? (II) Does the company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implement a spokesperson system, and disclosing the process of investor conferences on the company website)?	V V		(I) The company has established a website in both Chinese and English to information on financial operations and corporate governance under the "Investor Information" area at www.sfworldwide.com The website is maintained by a dedicated person to ensure that the information is correct and real-time. (II) The company has a spokesperson and a deputy spokesperson, and arranges dedicated units responsible for company information collection and disclosure. The significant external announcement shall be made according to regulations in "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities"; and the relevant information of legal representative meeting shall also be placed on the company's website for shareholders' reference.	Compliant to the regulations prescribed by Articles 55, 56, 57 and 58 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder	V		(I) Employee's rights and employee wellness: 1. The employee asset is one of the most important assets of the company. The "Working Rules for Employees" shall be made by the company in accordance with Labor Standards Act and relevant regulations to specify the rights and obligations of the employees. 2. The company continuously and systematically improves the quality of talents. In addition to the regular employee education and training, the supply of external training opportunities and funding,	Compliant to the regulations prescribed by Article 59 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No.	Description	
rights, continuing education records of directors and Audit Committee members, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?			the company also develops talents via job rotations, special project participation, and senior supervisor guidance. 3. The company has established an Employee Welfare Committee, which gives out birthday or anniversary gift regularly, arranges employee club activities and provides travel subsidies and allowances for marriage, death, birth and illness. Furthermore, the company arranges regular health check and purchase group accident insurance and medical insurance for employees and the premiums are fully borne by the company. 4. The company promotes labor safety and health and has established a complete proposal system, encouraging employees to make suggestions on continuous improvement and innovation of the company. Moreover, the corporate culture emphasizes the steady and practical team spirit and encourages the employees to face challenges with mutual respect and support. (II) Investor relations: the company discloses all the information on Market Observation Post System in accordance with acts and regulations to protect rights of investors, and establishes a "Special Investor Information Zone" on website, from which investors can acquire the relevant information of the company, with service contact information to maintain the good and harmonious relationship between the company and its shareholders. (III) Supplier relations: the company maintains a smooth communication channel with suppliers and adheres to the principle of sincerity in order to establish a long-term, stable and cooperative relationship with mutual trust, jointly pursuing sustainable growth. Furthermore, the company carries out supplier evaluation on a regular basis and selects good suppliers as partners. (IV) Stakeholders' rights: the company maintains a smooth communication channel for the stakeholders' rights, and respects and maintains their legitimate rights. If there is any dispute about the legitimate rights of	

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No.	Description	
			the stakeholders, the company shall abide by the principle of sincerity and settle the disputes properly. (V) Continuing education of directors and Audit Committee members: the directors and Audit Committee members of the company are qualified with professional skills. Please refer to the following attachment: Summary on continuing education of directors in 2019. (VI) Implementation of risk management policies and risk measurement standards: for the risk management policies, organizational structure and related risk control operations of the company, please refer to the descriptions in Pages 274-277 of "Risk Analysis and Evaluation during the Most Recent Year up to the Publication Date of the Annual Report." Furthermore, the company has analyzed, tracked and responded to events that may pose high risks to operating objectives, in order to establish a sound management mechanism. (VII) Implementation of customer policies: the company has established a special line for customer service, maintaining smooth communication with customers. The company has been actively participating in related food safety association, fulfilling the responsibilities and obligations as a member, caring about community environmental protection and other public welfare issues, and being dedicated to obtaining health food certification. (VIII) Liability insurance purchased by the company for its directors and the Audit Committee: the company has covered the director liability insurance for all directors and the Audit Committee.	
(IX). Please state the improved situation according to the corporate governance evaluation results released by the Corporate Governance Center of TWSE in the latest year, and put forward priority items and measures for those which have not been improved: the company regularly carries out corporate governance evaluations in accordance with the regulations of the competent authority. In the future, the company shall strengthen corporate governance by improving the situation and protecting shareholders' rights, strengthening equal treatment of shareholders, strengthening the board structure and improving information transparency.				

Appendix: Summary of Directors' Continuing Education in 2019

Title	Name	Continuing education date	Organizer	Course title	Hours of continuing education
Independent Director	Ben Chang	2019.09.24	Taiwan Corporate Governance Association	Practices for Anti-money Laundering and Bribery Risk Management	3
				Countermeasures for the business secret maintenance and the infringement prevention of company	3
Independent Director	George Chou	2019.07.12	Taiwan Corporate Governance Association	Innovation, Digital Technology and Competitive Advantages	3
				Group corporate governance	3
Independent Director	Daniel Chiang	2019.12.13	Taiwan Investor Relations Institute	Corporate management and media PR strategies	3
				Discover Corporate Values from CSR	3

III.5 Composition, responsibilities, and operations of Remuneration Committee:

1. A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Qualification / Name	Meets one of the following professional qualifications, with at least five years of work experience			Independence criteria (Note)										Number of other public companies where the individual concurrently serves as a Remuneration Committee member	Remarks
		Currently serving as an instructor or higher post in a private or public college or university in the field of business, law, finance, accounting, or the business sector of the company	Currently serving as a judge, prosecutor, lawyer, accountant, or other professional practice or technician that must undergo national examinations and specialized license	Work experience necessary for business administration, legal affairs, finance, accounting, or business sector of the company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Ben Chang			V	V	V	V	V	V	V	V	V	V	V	2	-
Independent Director	George Chou			V	V	V	V	V	V	V	V	V	V	V	3	-
Independent Director	Daniel Chiang			V	V	V	V	V	V	V	V	V	V	V	1	-

Note: For any committee member who fulfills the relevant condition(s) 2 years before being elected or during the term of office, please provide the "√" sign in the field next to the corresponding condition(s).✓

(1) Not an employee of the company or any of its related company.

(2) Not a director or supervisor of the company or any of its related company (not applicable in cases where the person is an independent director of the company, its parent company, its subsidiaries or any subsidiary of the same parent company as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(3) Not a natural person shareholder who holds more than one percent (1%) of issued shares or is ranked top ten in terms of the total quantity of shares held, including the shares held in the name of the person, the person's spouse, minor children, or in the name of others.

(4) Not a managerial officer listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company or of a corporate shareholder that ranks among the top five in shareholdings, appointed according to Article 27 (1) or (2) of Company Act (Not applicable in cases where the person is an independent director of the company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(6) Not a director, supervisor or employees of another company controlled by the same person with more than half of the company's director seats or voting shares (Not applicable in cases where the person is an independent director of the company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(7) Not a director, supervisor, or an employee of a company where the chairman, general manager or any equivalent position are held by the same person or by his/her spouse separately (Not applicable in cases where the person is an independent director of the company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the company (excluding specified companies or institutions holding more than 20% but less than 50% of the total issued shares of the company, and independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).

(9) Not a professional individual who is an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution, or a spouse thereof, that provides commercial, legal, financial, accounting services or consultation to the company or its affiliated companies, or those made an accumulated profit of less than NT$500,000 over the last 2 years. However, members

of the special committee on remuneration, public acquisition review, or merger and acquisition who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not be subject to this provision.

(10) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

2. Operational Status of the Remuneration Committee:

(1) The company has a Remuneration Committee composed of three members.

(2) The term of the third-session committee member: from Jun. 15, 2016 to Jun. 14, 2019; the term of the fourth-session committee member: from Jun. 13, 2019 to Jun. 12, 2022. Two Remuneration Committee meetings were held twice in 2019 (A), and qualifications of the members and attending members were as the following:

Title	Name	Number of attendance in person (B)	Percentage of attendance in person (%) [B / A]	Remarks
Convener	Ben Chang	2	100%	None
Committee member	George Chou	2	100%	
Committee member	Daniel Chiang	2	100%	

Other matters:

I. Discussions and resolutions of the Remuneration Committee

Date of Meeting (Period)	Proposals	Resolution
Mar. 22, 2019 (6th Meeting from the 3rd term of the BOD)	1. 2018 Performance Evaluation of Directors and Managerial Officers. 2. Report on the Distribution Status of the Compensation of Employees and Directors for 2018	Approved by all Independent Directors
Nov. 05, 2019 (1st Meeting from the 4th term of the BOD)	Discussions on the ratio of appropriation of compensation of employees and Directors for 2019.	

II. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the meeting, term, agenda, resolution results, and the company's response to the comments provided by the Remuneration Committee shall be described: None.

III. If the resolutions to which the members of the Remuneration Committee have an objection or reservation are recorded or written, please state the date and session of the meeting of the Remuneration Committee, proposals, opinions of the members, and handling of the opinions: None.

III.6 CSR Performance

Assessment Item	Implementation: Yes	Implementation: No	Implementation: Performance Summary	Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
1. Corporate governance promotion				
(1) Does the Company establish a CSR policy or system and review the effectiveness of implementation?	✓		1. The Company has established the "CSR Best Practice Principles" and actively implemented environmental protection and energy conservation, and involved in social charity events.	The Company complies with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.
(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/TPEX Listed Companies.
(1) Does the Company make efforts to enhance resource efficiency and use recycled materials with lower environmental impact?			1. The main packaging materials adopted by the Company's products are categorized into glass, iron/aluminum cans, plastic and paper cases, etc., by nature, which are selected based on the four indicators: (1). Quality and Safety: All packaging materials holding food comply with the "Sanitation Standard for Food Utensils, Containers, and Packages" to ensure the safety of the packaging materials. (2). Environmental Protection and Recycling: The packaging of all products bears the CNS recycling mark to remind consumers that the packaging may be recycled after using the products, and the paper cases are made	

Assessment Item	Implementation			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Performance Summary	
			of eco-friendly pulp. The Company selects suppliers who pass product certification, and uses its best efforts to reduce consumption of the consumables for packaging materials in order to mitigate the rapid decrease of trees due to human being's excessive development and to do its best for the environment and ecology in which human beings are living.	
			(3). Waste Reduction: The packaging and design of such products as gift boxes have been reviewed and approved in accordance with the "Excessive Product Packaging Restriction" laws and regulations promulgated by Environmental Protection Administration before the product hits the market, in order to prevent the packaging from deriving excessive waste and to protect the environment on the earth. (4). Green Ecology: Given the increasing green consumption consciousness, paper packaging materials adopted by bulk products, which pass FSC certification, account for 72.43% of all packaging materials, including the long-life milk series already adopting 100% packing materials with FSC certification.	

Assessment Item	Implementation			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Performance Summary	
(2) Does the Company establish an appropriate environmental management system (EMS) according to the characteristics of its industry?	✓		2. The Company always spares no effort to protect the environment in response to the environmental protection policies promoted by the government. The Company implements environment management and environmental equipment inspections, and also establishes a dedicated unit to engage in transportation, maintenance, and improvement of various pollution equipment. Meanwhile, the Company adopts a management model consisting of planning (P), deployment (D), checking (C), and auditing (A) to set the indicators about the consumption of power, water, waste water emission, waste articles, and waste gas emission to help it control said conditions from time to time. In response to the implementation of ISO 14001 environmental management system, the Company has successively adopted the air pollution control procedure, wastewater control procedure, industrial waste management regulations, toxic chemical substance operation control, operating standards for noise control, and operating procedures for management of water dispensers since November 2014. The company follows the following policies for energy management department: ● Comply with energy laws and regulations, building energy management system ● Actively promote energy conservation, strengthen energy independent management ● Follow energy management policy, everyone join in conservation and carbon reduction ● Design to purchase the products of energy saving,improve energy efficiency ● Building the protection and energy saving environment, improve resource utilization efficiency ● Continue to promote energy conservation and carbon reduction , Achieve greenhouse gases reduction	

Assessment Item	Implementation			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Performance Summary	
(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 actively promotes various energy conservation and carbon reduction policies. In addition to the continuous monitoring process of the factory to improve equipment efficiency, it also implements energy conservation and power saving management. The projects that have been implemented in 2020 years are listed below : (1) Reuse of process water: The clean water after moistening the packing material is recycled and reused. The recycled water is filtered by the activated carbon tank and sent to the ion exchange resin to make pure water, which will be used by the boiler after passing the inspection. It is estimated that 24,000 tons of water can be recovered every year, while 24,000 tons of waste water can be reduced. (2) New monitoring and improvement of public equipment in Dayuan plant: There are 4 air compressors in total - 3 in air compressor room and 1 in air compressor room of production line. After centralized monitoring and management of air compressor, effective power and invalid power are analyzed It is estimated that 10% of the operating power can be saved, 832 hours can be saved every year, 111.9kw can be reduced per hour, and 93100kwh can be reduced every year. (3) Replace the variable frequency air compresso: This year, the 100hp air compressor will be replaced with frequency conversion oil-free type, which is expected to improve the efficiency by 8% and reduce the power consumption of 42600kwh (KWH) every year. (4) Renewal of high energy consumption and water consumption equipment (Sterilizer): The high energy consumption and water consumption production equipment will be replaced with the equipment with high heat transfer efficiency and recyclable water. It is estimated that each	

Assessment Item	Implementation			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Performance Summary	
			production can save 2 tons of water source, reduce waste water source and reduce heat consumption. It is estimated that 252,000 kilojoules (kJ) can be saved each time.	
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/TPEX 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 implements education and training on labor safety and health whenever new employees come onboard, and conducts a health examination for workers at all of the plants in August. In addition, the Company also feeds the employees with information on occupational safety and health of the work environment 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	✓		5. The Company provides a diversified learning environment, by virtue of the systematic general education courses, inter-departmental on-the-job training and practice, research counseling from senior consultants,	

Assessment Item	Implementation			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Performance Summary	
employability?			participating in projects, attendance at theme meetings, inter-departmental and inter-company job rotation, management's continuing education abroad, and self-learning by reading designated reading materials, in order to facilitate personal and team development and growth.	
(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 a hotline of the contact window for stakeholders 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	✓		The Company has formed a dedicated team to promote CSR affairs, and has completed the CSR Reports for 2015-2017 and established the "CSR" site on the Company's website for the public to download the same Report from	The Company complies with the Corporate Social Responsibility Best Practice

Assessment Item	Implementation			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Performance Summary	
relevant and reliable CSR information on the corporate website and MOPS?			the site.	Principles for TWSE/TPEx 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 established and put into practice the “Corporate Social Responsibility Best Practice” in compliance with the principles.

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

Item	Beneficiary	Item	Beneficiary
1	Chinese Christian Relief Association	11	Taiwan Association for Food Science and Technology
2	Taipei Trend Study Educational Foundation	12	Taiwan industry and Economic Construction Institute
3	Taipei Communications Educational Foundation	13	Association of the Republic of China
4	CNEX Foundation	14	Foundation for drug control and development
5	Hong-Hua Foundation	15	Association legal person Taiwan Society of biotechnology and Bioengineering
6	Christian Huashen school Consortium	16	Miao Li County Private Haiqing elderly care center
7	Taipei Qingjing medical care Charity Foundation	17	Taiwan Institute of Directors
8	Taiwan heart surgery research and Development Association	18	Lixin Social Welfare Foundation
9	Association legal person Kaohsiung Federation of charities	19	Foundation for academic development of Taiwan University
10	Taipei Medical University	20	World Vision

7. If the organizational CSR report has passed the verification standards of relevant certification authorities, please specify: The Company’s CSR Report has been verified by Deloitte Taiwan with the limited assurance report.

III.7 Enforcement of fair and ethical business operations

Assessment Item	Implementation			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	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 established the " Ethical Corporate Management Best Practice Principles" and specified clearly in the "Ethical Corporate Management Best Practice Principles" and "Employees Work Rules" that employees are not allowed to extort treatments, gifts, kickbacks, or benefits of any form 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 Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
2. Implementation of fair and ethical business operations				

Assessment Item	Implementation			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Performance Summary	
(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. The Company's human resources unit is the dedicated (concurrent) unit to promote fair and ethical business operations. 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?	✓		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)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?	✓			

Assessment Item	Implementation			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Performance Summary	
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?	✓ ✓ ✓		Coordinated by the human resources unit, the Company's audit unit accepts reports on unfair and unethical business operations, and such reports and reward system, investigation standards and protection measures for informers are handled with reference to the Company's "Ethical Corporate Management Best Practice Principles" and human resources regulations.	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 implementation of the Code of Business Ethics on the corporate website and MOPS?	✓		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 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 established the "Ethical Corporate Management Best Practice Principles" and put it into practice in compliance with the best practice principles.				

Assessment Item	Implementation			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	Performance Summary	
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, 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 major policies such as Corporate Governance Best Practice Principles are 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 18, 2020

This Company makes the following statements on the compliance of the internal control system in 2019 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, 2018 (including the supervision and management of 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 seven directors at the board meeting unanimously on March 18, 2020

Standard Foods Corporation

Chairman: Ter-Fung Tsao (Signature)

President: Yao Steven Yih Chun (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 of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report:

(1) The most recent important board resolutions are as follows:

Date	Major resolution matters
Mar. 22, 2019 14th Meeting from the 12th term of the Board of Directors.	1. The resolution on Business Plan and Budget for 2019 was passed. 2. The resolution on the amendment to the "Procedures for Acquisition and Disposal of Assets" was passed. 3. The resolution on the Performance Evaluation of Directors and Managerial Officers for 2018 was passed. 4. The resolution on the Distribution of Compensation of Employees and Directors for 2018 was passed. 5. The resolution on Financial Report and Consolidated Financial Statements for 2018 was passed. 6. The resolution on 2018 Profit Distribution for 2018 was passed. 7. The resolution on Internal Control Declaration for 2018 was passed. 8. The resolution on Reelecting the 13th Term of Directors (Independent Directors) was passed. 9. The resolution on nomination for 13th term of directors (including independent directors), including time, number of nominees, and place of nomination was passed. 10. The resolution on review the list of candidates nominated by the Board of Directors (including independent directors) was passed. 11. The resolution on approval for the newly elected directors of the 13th term to be a director, supervisor or managerial officers of other companies with the business scope similar to the company was passed. 12. The resolution on the date and agenda and other related matters of 2019 shareholders' general meeting of the company was passed. 13. The resolution on the establishment of CSR project team was passed. 14. The resolution on the establishment of the "Corporate Governance Team" was passed. 15. The resolution on the change of the CEO was passed.
May 08, 2019 15th Meeting from the 12th term of the Board of Directors	1. The resolution on the Consolidated Financial Statements for the first quarter of 2019 was passed. 2. The resolution on the amendments of the "Procedures for Loaning of Funds to Other Parties" was passed. 3. The resolution on the amendments of the "Procedures for Endorsements and Guarantees" was passed.
Jun. 14, 2019 1st Meeting from the 13th term of the Board of Directors	1. The resolution on election of the 13th Chairman of the company was passed.

Date	Major resolution matters
Jun. 14, 2019 2nd Meeting from the 13th term of the Board of Directors	1. The report on the renewal of director's liability Insurance was passed. 2. The resolution on the confirmation of cash dividend base date and payment date and other related matters of the company for 2018 was passed. 3. The resolution on the employment of members of the 4th term of the Remuneration Committee was passed. 4. The resolution on the formulation of the company's "Standard Operating Procedures for Directors' Request" was passed. 5. The resolution on the supply of CHF 1,500,000 as loans to Dermalab S.A was passed
Aug. 05, 2019 3rd Meeting from the 13th term of the Board of Directors	1. The resolution on the Consolidated Financial Statements for the second quarter of 2019 was passed.
Nov. 05, 2019 4th Meeting from the 13th term of the Board of Directors	1. Report on the Overall Implementation of the Information Security Policies of 2019. 2. The resolution on the regular evaluation of the independence and suitability of CPAs was passed. 3. 2019 remuneration case for the auditing CPAs. 4. The resolution on the Consolidated Financial Statements for the third quarter of 2019 was passed. 5. The resolution on "Audit Plan" for 2020 was passed. 6. The resolution on the proportion of compensation of employees and Directors for 2019 was passed.
Mar. 18, 2020 5th Meeting from the 13th term of the Board of Directors	1. The resolution on the Business Plan and Budget for 2020 was passed. 2. The resolution on the cooperation with the accounting firm's internal rotation mechanism to change the CPA for checking the financial report was passed. 3. The resolution on Financial Report and Consolidated Financial Statements for 2019 was passed. 4. The resolution on 2019 Internal Control System Statement was passed. 5. The resolution on 2019 Profit Distribution was passed. 6. The resolution on preparation and adjustment of the design and implementation instructions for the internal control system in the financial reports by the company was passed. 7. The resolution on distribution of compensation of employees and Directors and Supervisors in 2019 was passed. 8. The resolution on 2019 performance evaluation of directors and managerial officers was passed. 9. The resolution on the date and agenda and other related matters of 2020 shareholders' general meeting of the company was passed. 10. The resolution on dismissing the accounting supervisor's competitive behavior was passed and the review was submitted. 11. The resolution on the establishment of Standard Foods LLC. (USA), a subsidiary of the company was passed. 12. The resolution on the supply of RMB 200 million as loans to the Chinese subsidiary was passed.

Date	Major resolution matters
Mar. 31, 2020 6th Meeting from the 13th term of the Board of Directors	1. The resolution on the addition of the position of the Chief Investment Officer was passed. 2. The resolution on having the position of General Manager served by the Chief Executive Officer was passed.

2. The important resolutions made by the company at the 2019 general shareholders' meeting are as follows:

(1) The resolution on recognizing the 2018 business report and financial statements was passed.

(2) The recognition of the 2018 Profit Distribution: according to the resolution passed by the shareholders' meeting, the company's undistributed profit at the beginning of 2018 was NT$ 1,092,218,067. After tracing the amount impacted with IFRS9, applying investment adjustment by equity method to retain surplus, determining that the benefit plan rebalances are recognized as retained earnings and accumulated profit and loss from disposal of equity instrument investments, the undistributed surplus was NT$ 1,055,092,263. After adding the net profit of NT$ 2,949,089,197 of 2018 and deducting the statutory and special surplus reserve of NT$ 365,427,282, the distributable surplus was NT$ 3,638,754,178; this plan gives priority to the distribution of surplus of 2018. A cash dividend of NT$ 2.5 per share is distributed and NT$ 2,287,723,978 is distributed in total, resulting in an undistributed surplus of NT$ 1,351,030,200 after distribution.

(3) The resolution on revising the "Procedures for Acquisition and Disposal of Assets" was passed, and the declaration of relevant information of shareholders' meeting on Market Observation Post System was completed on Jun. 13, 2019.

(4) The resolution on reelecting the directors (including independent director) of the 13th term was passed and the declaration of relevant information of shareholders' meeting on Market Observation Post System was completed on Jun. 13, 2019.

III.13 Major contents of any dissenting opinions on record or stated in a written statement made by Directors or Supervisors regarding key resolutions of the Board of Directors' meeting during the most recent year up to the publication date of the Annual Report: None.

III.14 A summary of resignations and dismissals of the company's chairman, general manager, accounting manager, financial manager, chief internal auditor, corporate governance officer or research and development officer during the most recent fiscal year up to the date of publication of the Annual Report:

Title	Name	Date of Assumption of Duty	Date of Dismissal	Reasons for Resignation or Dismissal
General Manager	YAO STEVEN YIH CHU	2017.05.01	2020.04.01	Serving as the chief investment officer after the position adjustment

IV. Information Regarding Audit Fee

Range of CPA professional fees

CPA firm	Name of CPAs		Audit period	Remarks
Deloitte & Touche	CPA Tse-Li Kung	CPA Ching-Chen Yang	2019.01-2019.12	

Unit: NT$

	Range of fees \ Category of fees	Audit fee	Non-audit fee	Total
1	Under NT$2,000,000		V	
2	NT$2,000 thousand (inclusive) - NT$4,000 thousand			
3	NT$4,000 thousand (inclusive) - NT$6,000 thousand	V		
4	NT$6,000 thousand (inclusive) - NT$8,000 thousand			V
5	NT$8,000,000 (inclusive) ~ NT$10,000,000			
6	Over NT$10,000,000 (inclusive)			

The company must disclose the following situations should they have taken place:

(I) If any non-audit fee paid to CPAs, CPA accounting firm and its affiliates accounts for over one fourth of audit service fee, the amount of non-audit fee and audit fee and the contents of non-audit service shall be disclosed:

Unit: thousand NT$

CPA firm	Name of CPAs	Audit fee	Non-audit fee				CPA audit period	Remarks
			Business registration	Human Resource	Other	Sub-total		
Deloitte & Touche	Tse-Li Kung	5,410	-	-	1,280	1,280	2019.01 -2019.12	Including non-audit services such as CSR report confirmation and transfer pricing report.

(II) Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made were less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount shall be disclosed: Not applicable.

(III) Where audit fee paid for the year was more than 15% less than that of the previous year, the amount, proportion, and cause of the reduction shall be disclosed: Not applicable.

V. CPA's change information:

V.1 Regarding former CPAs

<table>
<tr><td>Replacement date</td><td colspan="5">June 2018</td></tr>
<tr><td>Cause of replacement</td><td colspan="5">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="3">Party Concerned
Condition</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="3">Voluntary termination of appointment</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="3">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="5">N/A</td></tr>
<tr><td rowspan="7">Opinions different from the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="3">Accounting principles or practice</td></tr>
<tr><td></td><td colspan="3">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="3">Scope or procedure of audit</td></tr>
<tr><td></td><td colspan="3">Others</td></tr>
<tr><td></td><td colspan="3"></td></tr>
<tr><td>None</td><td colspan="4">V</td></tr>
<tr><td colspan="5">Explanation</td></tr>
<tr><td>Other Information to Disclose
(Information to be disclosed in Items 1-4 to 1-7, Paragraph 6, Article 10 of these Regulations)</td><td colspan="5">None</td></tr>
</table>

V.2 Regarding successive CPAs

<table>
<tr><td>Firm</td><td>Deloitte Taiwan</td></tr>
<tr><td rowspan="2">CPA's name</td><td>CPA Tza-Li Kung</td></tr>
<tr><td>CPA Ching-Chen Yang</td></tr>
<tr><td>Appointment date</td><td>June 2018</td></tr>
<tr><td>Consultation of the accounting processing method or accounting principles and potential opinion expressed for financial statements for specific transactions prior to appointment and results.</td><td>N/A</td></tr>
<tr><td>Written opinions different from the opinions expressed by former CPAs</td><td>N/A</td></tr>
</table>

V.3 Reply from former CPAs on items 1 and 2-3, paragraph 6, Article 10 of these Regulations: N/A.

VI. The chairman, president, and 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	2019		As of April 18	
		Shares Increase (Decrease)	Shares Under Pledge Increase (Decrease)	Shares Increase (Decrease)	Shares Under Pledge Increase (Decrease)
Chairman	Mu Te Investment Co., Ltd. Representative: Ter-Fung Tsao	0	0	0	0
Director	Mu Te Investment Co., Ltd. Representative: Jason Hsuan				
Director	Mu Te Investment Co., Ltd. Representative: Wendy Tsao				
Director	Charng Hui Ltd. Representative: Arthur Tsao	0	0	0	0
Independent Director	Ben Chang	0	0	0	0
Independent Director	George Chou	0	0	0	0
Independent Director	Daniel Chiang	0	0	0	0
And also major shareholder holding 10% or more	Ter-Fung Tsao	0	0	0	0
CEO and also President	Arthur Tsao (Date of Taking Office: April 01, 2020)	0	0	0	0
Chief Investment of Officer	Yao Steven Yih Chun (Date of Taking Office: April 01, 2020)	0	0	0	0
Chief Financial of Officer	Chris Hong	0	0	(1,000)	0
Sales Division Director	Hsiang-Jung Huang (Date of retire : Feb. 29, 2020)	0	0	0	0
R&D Division	Hsin-Chuan Wang	0	0	0	0
Marketing Division Director	Lydia Cheng	0	0	0	0
E-Commerce Director	Yi-Ting Huang (Date of departure : Jun. 30, 2019)	0	0	0	0
Major Shareholder Holding 10% or More	Chia Chieh Investment Co., Ltd. Trust Property Account	0	0	0	0

VII.2 Shares transferred: None.

VII.3 Shares mortgaged: N/A.

VIII. Relationships of the top ten shareholders

April 18, 2020 Unit: Share, %

Name (Note 1)	Shares held by shareholder		Shareholding of spouse and minor children		Shares held in other's names		Name and relationship of spouse or relative who is a top-ten shareholder and is within the second degree of lineal consanguinity of another top-ten shareholder (Note 3)		Remarks
	Shares	Shareholding ratio% (note 2)	Shares	Share-Holding Ratio %	Shares	Share-Holding Ratio %	Name	Relationship	
Mu Te Investment Co., Ltd. Trust Property Account	157,008,400	17.16	0	0	0	0	Ter-Fung Tsao	Chairman of Mu Te	
							Chia Yun Investment Co., Ltd. Trust Property Account	The Chairman of Mu Te also holds the position as theDirector of Chia Yun.	
							Chia Chieh Investment Co., Ltd. Trust Property Account	The Chairman of Mu Te also holds the position as theDirector of Chia Chieh.	
							Mu Te Investment Co., Ltd.	Mu Te is the trustee.	
Representative: Ter-Fung Tsao	40,848,203	4.46	0	0	22,651,211	2.48	Chia Yun Investment Co., Ltd. Trust Property Account	Director of Chia Yun	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Director of Chia Chieh	
							Mu Te Investment Co., Ltd.	Chairman of Mu Te	
Chia Yun Investment Co., Ltd. Trust Property Account	133,125,408	14.55	0	0	0	0	Ter-Fung Tsao	Director of Chia Yun	
							Mu Te Investment Co., Ltd. Trust Property Account	The Chairman of Chia Yun also holds the position as the Director of Mu Te.	
							Chia Chieh Investment Co., Ltd. Trust Property Account	The Chairman of Chia Yun also holds the position as the Director of Chia Chieh.	
							Mu Te Investment Co., Ltd.	The Chairman of Chia Yun also holds the position as the Director of Mu Te.	
Representative: Yi-Ling Chen	10,988	0.00	0	0	0	0	Mu Te Investment Co., Ltd. Trust Property Account	Director of Mu Te	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Director of Chia Chieh	
							Mu Te Investment Co., Ltd.	Director of Mu Te	

<table>
<tr><th rowspan="2">Name (Note 1)</th><th colspan="2">Shares held by shareholder</th><th colspan="2">Shareholding of spouse and minor children</th><th colspan="2">Shares held in other's names</th><th colspan="2">Name and relationship of spouse or relative who is a top-ten shareholder and is within the second degree of lineal consanguinity of another top-ten shareholder (Note 3)</th><th rowspan="2">Rem arks</th></tr>
<tr><th>Shares</th><th>Shareholding ratio% (note 2)</th><th>Shares</th><th>Share-Holding Ratio %</th><th>Shares</th><th>Share-Holding Ratio %</th><th>Name</th><th>Relationship</th></tr>
<tr><td rowspan="7">Chia Chieh Investment Co., Ltd. Trust Property Account

Representative: Xiu-Zhen Hsiao</td><td rowspan="4">108,503,160</td><td rowspan="4">11.86</td><td rowspan="4">108,50 3,160</td><td rowspan="4">11.86</td><td rowspan="4">108,503,160</td><td rowspan="4">11.86</td><td>Ter-Fung Tsao</td><td>Director of Chia Chieh</td><td></td></tr>
<tr><td>Mu Te Investment Co., Ltd. Trust Property Account</td><td>The Chairman of Chia Chieh also holds the position as a Director of Mu Te.</td><td></td></tr>
<tr><td>Chia Yun Investment Co., Ltd. Trust Property Account</td><td>The Chairman of Chia Chieh also holds the position as a Director of Chia Yun.</td><td></td></tr>
<tr><td>Mu Te Investment Co., Ltd.</td><td>The Chairman of Chia Chieh also holds the position as a Director of Mu Te.</td><td></td></tr>
<tr><td rowspan="3">5,871</td><td rowspan="3">0.00</td><td rowspan="3">5,871</td><td rowspan="3">0.00</td><td rowspan="3">5,871</td><td rowspan="3">0.00</td><td>Mu Te Investment Co., Ltd. Trust Property Account</td><td>Director of Mu Te</td><td></td></tr>
<tr><td>Chia Yun Investment Co., Ltd. Trust Property Account</td><td>Director of Chia Yun</td><td></td></tr>
<tr><td>Mu Te Investment Co., Ltd.</td><td>Director of Mu Te</td><td></td></tr>
<tr><td rowspan="4">Ter-Fung Tsao</td><td rowspan="4">40,848,203</td><td rowspan="4">4.46</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">22,651,211</td><td rowspan="4">2.48</td><td>Mu Te Investment Co., Ltd. Trust Property Account</td><td>Chairman of Mu Te</td><td></td></tr>
<tr><td>Chia Yun Investment Co., Ltd. Trust Property Account</td><td>Director of Chia Yun</td><td></td></tr>
<tr><td>Chia Chieh Investment Co., Ltd. Trust Property Account</td><td>Director of Chia Chieh</td><td></td></tr>
<tr><td>Mu Te Investment Co., Ltd.</td><td>Chairman of Mu Te</td><td></td></tr>
<tr><td rowspan="2">Bilai Investment Co., Ltd.

Representative: Su-Win Tseng</td><td>33,039,081</td><td>3.61</td><td>0</td><td>0</td><td>0</td><td>0</td><td>-</td><td>-</td><td></td></tr>
<tr><td>163,822</td><td>0.02</td><td>0</td><td>0</td><td>0</td><td>0</td><td>-</td><td>-</td><td></td></tr>
<tr><td rowspan="3">Mu Te Investment Co., Ltd.</td><td rowspan="3">22,650,057</td><td rowspan="3">2.48</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td>Ter-Fung Tsao</td><td>Chairman of Mu Te</td><td></td></tr>
<tr><td>Mu Te Investment Co., Ltd. Trust Property Account</td><td>Mu Te is the trustee.</td><td></td></tr>
<tr><td>Chia Yun Investment Co., Ltd. Trust Property Account</td><td>The Chairman of Mu Te also holds the position as the Chairman of Chia Yun.</td><td></td></tr>
</table>

Name (Note 1)	Shares held by shareholder		Shareholding of spouse and minor children		Shares held in other's names		Name and relationship of spouse or relative who is a top-ten shareholder and is within the second degree of lineal consanguinity of another top-ten shareholder (Note 3)		Remarks
	Shares	Shareholding ratio% (note 2)	Shares	Share-Holding Ratio %	Shares	Share-Holding Ratio %	Name	Relationship	
							Chia Chieh Investment Co., Ltd. Trust Property Account	The Chairman of Mu Te also holds the position as the Chairman of Chia Chieh.	
Representative: Ter-Fung Tsao	40,848,203	4.46	0	0	22,651,211	2.48	Mu Te Investment Co., Ltd. Trust Property Account	Chairman of Mu Te	
							Chia Yun Investment Co., Ltd. Trust Property Account	Director of Chia Yun	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Director of Chia Chieh	
HSBC as Trustee of RBC Emerging Markets Equity Fund	20,981,259	2.29	0	0	0	0	-	-	
Cathay Life insurance co., Ltd.	13,261,354	1.45	0	0	0	0	-	-	
Representative: Diaogui Huang	0	0	0	0	0	0	-	-	
Chun-Yao Lin	12,140,000	1.33	0	0	0	0	-	-	
Nan Shan Life Insurance Co., Ltd.	11,876,000	1.30	0	0	0	0	-	-	
Representative: Ying-Zhog Du	0	0.00	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

April 30, 2020; Unit: Shares

Transfer Invested Business (Note 1)	The Company's Investment		Investment of Director, Supervisor, Management, and a 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.	24,100,000	100.0%	–	–	24,100,000	100.0%
Domex Technology Corporation	10,374,399	52.0%	–	–	10,374,399	52.0%
Le Bonta Wellness International Co.	N/A (Note 2)	100.0%	–	–	N/A (Note 2)	100.0%
Accession Ltd.	123,600,000	100.0%	–	–	123,600,000	100.0%
Dermalab S.A.	–	–	2,600	100.0%	2,600	100.0%
Shanghai Standard Foods Co.	–	–	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Shanghai Le Ben De Health Technology Co., Ltd.	–	–	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Swissderma, SL	–	–	3,000	100.0%	3,000	100.0%
Standard Investment (Cayman) Ltd.	150,124,814	100.0%	–	–	150,124,814	100.0%
Standard Corporation (Hong Kong) Ltd.	–	–	150,050,814	100.0%	150,050,814	100.0%
Standard Investment (China) Ltd.	–	–	N/A (Note 2)	99.0%	N/A (Note 2)	99.0%
Standard Foods (China) Ltd.	–	–	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%
Le Bonta Wellness Co., Ltd.	N/A (Note 2)	51.0%	N/A (Note 2)	49.0%	N/A (Note 2)	100.0%
Standard Foods (Xiamen) Ltd.	–	–	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Shanghai Le Ho Industrial Co., Ltd.	–	–	N/A (Note 2)	100.0%	N/A (Note 2)	100.0%
Shanghai Le Min Industrial 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

1. 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 retained 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 retained 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 retained 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 retained 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 retained 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 retained 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 retained 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 retained 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 retained earnings for NT$ 476,467,380 Capitalization from employee	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
						bonus for NT$ 4,417,100		
1998/03	10	330,000,000	3,300,000,000	209,470,236	2,094,702,360	Capitalization from retained 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 retained 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 retained 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 retained 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 retained 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 retained 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 retained 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 retained 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 retained 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 retained 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 retained earnings for NT$720,633,770	None	2015.07.29 FSC Far.Tzi No. 1040028838 Letter
2016/08	10	880,000,000	8,800,000,000	879,893,837	8,798,938,370	Capitalization from retain earning for NT$ 871,966,860	None	2016.09.01 JinSoSunTzi No. 10501215010
2017/09	10	920,000,000	9,200,000,000	915,089,591	9,150,895,910	Capitalization from retain earning for NT$ 351,957,540	None	2017.09.04 JinSoSunTzi No. 10601126490

2. Type of Share:

Type of Share	Authorized shares			Remarks
	Outstanding shares (Available for trading on the TWSE)	Un-issued shares	Total	
Registered common shares	915,089,591	4,910,409	920,000,000	

3. Relevant information on the declaration system: None.

(II)Shareholder structure April 18, 2020

Shareholder structure QTY / Quantity	Government agencies	Financial institutions	Other institutional investors	Natural persons	Foreign institutions & natural persons	Total
Number of persons	1	14	154	31,029	616	31,814
Share held	2,846	39,362,887	493,853,961	168,634,876	213,235,021	915,089,591
Shareholding ratio %	0.00%	4.30%	53.97%	18.43%	23.30%	100.00%

(III) Dispersal of shareholding NTD 10 Par value April 18, 2020

Classification	Number of Shareholders	Share Held	Shareholding ratio %
1-999	11,737	2,443,515	0.27%
1,000-5,000	15,096	30,900,118	3.38%
5,001-10,000	2,476	17,766,924	1.94%
10,001-15,000	814	10,054,813	1.10%
15,001-20,000	367	6,449,053	0.70%
20,001-30,000	416	10,306,721	1.13%
30,001-40,000	184	6,418,889	0.70%
40,001-50,000	126	5,699,275	0.62%
50,001-100,000	253	17,949,549	1.96%
100,001-200,000	147	20,740,932	2.27%
200,001-400,000	77	22,222,993	2.43%
400,001-600,000	27	13,328,204	1.46%
600,001-800,000	11	7,833,161	0.86%
800,001-1,000,000	12	10,738,214	1.17%
Over 1,000,001 shares	71	732,237,230	80.01%
Total	31,814	915,089,591	100.00%

(IV) Major shareholder

April 18, 2020

Shares / Name of Major Shareholders	Share Held	Shareholding Ratio
Mu Te Investment Co., Ltd. Trust Property Account	157,008,400	17.16
Chia Yun Investment Co., Ltd. Trust Property Account	133,125,408	14.55
Chia Chieh Investment Co., Ltd. Trust Property Account	108,503,160	11.86
Ter-Fung Tsao	40,848,203	4.46
Bilai Investment Co., Ltd.	33,039,081	3.61
Mu Te Investment Co., Ltd.	22,650,057	2.48
HSBC as Trustee of RBC Emerging Markets Equity Fund Investment Account	20,981,259	2.29
Cathay Life insurance co., Ltd.	13,261,354	1.45
Chun-Yao Lin	12,140,000	1.33
Nan Shan Life Insurance Co., Ltd.	11,876,000	1.30

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

Item			2018	2019	As of March 31, 2020 (Note 5)
Market Price per Share	Highest		75.30	73.00	73.70
	Lowest		42.90	48.05	51.20
	Average		59.34	58.52	64.21
Net Worth per Share	Before Appropriation		17.40	18.36	0.67
	After Appropriation		17.40	(Note 1)	(Note 1)
Earnings per Share	Weighted Average Shares		908,420,120	908,420,120	908,420,120
	Earnings per Share Before Adjustment		3.25	3.76	0.67
	Earnings per Share After Adjustment		3.25	(Note 1)	(Note 1)
Dividends per Share	Cash Dividends		2.50	(Note 1)	-
	Stock Dividends	Earnings Distribution	-	(Note 1)	-
		Capital Reserve Distribution	-	-	-
	Accumulated Unpaid Dividends		-	-	-
Analysis of Return on Investment	Price/Earnings Ratio (Note 2)		18.26	15.56	-
	Price/Dividend Ratio (Note 3)		23.74	(Note 1)	-
	Cash Dividends Yield Rate (Note 4)		4.21	(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:

Based on the amended Company Act announced in May 2015, the distribution of stock dividends and bonus is only limited to the shareholders, employees are not included. Accordingly, we have resolved to change the profit distribution policy under the Company Chapter in the General Shareholders' Meeting held on June 15, 2016.

Based on the revised policy, if there is a profit after the annual closing of books, this Company shall pay the profit-seeking enterprise annual income tax, cover losses of previous years, make 10% legal reserve, and appropriate or reverse special reserve by law. Then, this Company shall appropriate 30-100% of the remaining amount with the accumulated unappropriated earnings as dividends for shareholders. 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. The distribution to the shareholders shall be proposed by the Board of Director and resolved by the shareholders' meeting.

2. Proposed Distribution of Dividends:

The Company's Board of Directors resolved on March 18, 2020 to have stock dividends distributed at $2.65/share; also, the proposal is to be reviewed and discussed at the Annual Meeting of Shareholders on June 16, 2020.

(VII) Impact on operating performances and EPS that resulted from the stock dividend distribution of this year: None.

(VIII) Compensations for employees and remunerations to directors and supervisors

1. Information of compensations for employee and remunerations to directors and supervisors:

When there is pretax income before deducting employee profit distribution and remuneration to the board members, the company shall set aside no less than 0.5% of the figure to its employees as profit sharing. The distribution, whether in cash or stock, shall be resolved by the board. The eligible employees are subject to certain criteria. No more than 0.75% of the same base above shall be set aside as remuneration to directors. The above appropriations shall be reported in the shareholder's meeting. No such allocation shall be made before accumulated losses from previous years are made up.

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 distribution and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Company's compensations payable to employees and remuneration payable to Directors and Supervisors for 2019 are estimated at NT$52,013,000 and NT$25,073,599 respectively. Said employee compensation and remuneration to the Directors in 2019 are calculated as an amount equivalent to 1.22% and 0.59%, respectively, of the pretax income before the distribution deduction.

If the distribution amount is changed after the date the Company's individual financial statements approved for publication, it is processed as change in accounting estimate and adjusted to the bookkeeping in the following year.

If the distribution of stock dividend to employees is resolved by the Board of Directors, the number of stock dividend share is determined by having the bonus amount divided by the closing price on the day before the board meeting.

3. Distribution policy proposed by the Board of Directors:
   (1) The distribution of stocks as compensations for employees and remunerations to directors:
      1.1 Compensations for Employees: NT$52,013,000.
      1.2 Stock Compensation for Employees: NT$ 0
      1.3 Remuneration to Directors and Supervisors: NT$25,073,599.
      The aforementioned pro forma employee bonus and remuneration to Directors proposed by the Board was in line with the estimated amount in the 2019 Financial Statements.
   (2)The stock compensations to employees and the ratio of the stock compensations to the total amount of net income and total remuneration to employees: N/A.

4. Actual distribution of dividends to employees and remuneration to directors and in the prior year:

   In 2018, the Company distributed cash bonuses to employees at NT$31,722,923 and remuneration to Directors at NT$20,959,787. These amounts were consistent with the amount adopted in the 2018 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 share
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, 2020			6,908.4 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)	2019	Highest	12.00
		Lowest	7.85
		Average	9.42
	As of March 31, 2020	Highest	12.02
		Lowest	8.65
		Average	11.01

V. Employee stock option certificates: None.
VI. Restricted employee rights and new shares 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 Operations

I. Principal activities

(I) Business Scope:

1. Standard Foods is mainly engaged in production and sales of nutritious foods, edible oils, dairy products and drinks, etc.

2. Main product items and operating ratio

	2019
Product type	Business ratio
Nutritious Foods	38%
Cooking products Food	50%
Others	12%
Total	100%

(II) Industry overview:

1. Current State and Development of the Industry
   As people attach importance to food safety issues, the relevant domestic laws about food safety are also becoming stricter. The inspection capabilities of food manufacturers need to keep pace with the times so as to ensure the food safety of consumers. In addition, with the progress of medical treatment and improvement of life expectancy, consumers are worried about the quality of life after they get old. Daily healthcare at a young age has become a part of their daily life. Besides sports, the public is also interested in functional healthcare and nutrition foods, which have been the fields that major food factories want to develop.

2. Correlation with up-, mid-, and downstream sections of the industry
   (1) Upstream: agriculture, animal husbandry, food packaging materials industry, raw materials for Biotechnology,etc.
   (2) Midstream: R&D, food manufacturing, drink manufacturing, inspection, etc.
   (3) Downstream: transportation, storage, sales channels and platforms, etc.

3. Trends in the development of various products
   (1) To develop more convenient and diversified products with integration of the concept of "youth" into products and to establish links with young consumers by lively marketing strategies and through various communication channels and platforms.
   (2) By having development based on the concept of health, in addition to obtaining health certification, the company applies advanced and innovative technology with natural low burden, low sugar or sugarless content, and no added artificial chemicals as well as takes into account both delicious taste and nutrition.
   (3) Quality management will be upgraded again. In addition to continuous supply chain quality management, the company will also strengthen self-inspection capability to provide consumers with reassurance.

4. Competitive situation
   (1) With the emphasis on prevention of disease and healthcare, the market for nutrition and healthcare products is booming and attracts many biotech healthcare and food companies at home and abroad to invest for development. With low entry threshold, there is a fierce competition in the market.
   (2) With the expansion of channels, it has developed self-brand products by relying on the advantages of its own sales channels, which put pressure on the survival and profitability of other manufacturers.
   (3) The food market tends to be saturated, which demands the development of products that are more in line with consumers' expectations. And competition among peers is more intense with raised product threshold.

(III) Technology and R&D Overview

1. R&D expenses incurred in the most recent year and as of the date of publication of the annual report

Unit: NT$ thousand

	2019	As of April 30, 2020
Amount	148,384	49,135

2. Technologies and products that have been successfully developed with R&D expenses incurred in the most recent year and as of the date of publication of the annual report:

   (1) Launch of New Complete Nutrition Products —
   Complete Nutrition Food — special care balanced nutrition formula with low-sugar taste has been launched.
   Complete Nutrition Food — fiber valley with low-sugar taste has been launched.
   Complete Nutrition Food — sugar-free special formula for protecting diabetes has been launched.
   Complete Nutrition Food — 100 chromium sugar-free formula applicable for diabetes has been launched.
   Complete Nutrition Food — vegetable protein formula has been launched.

   (2) Launch of New Milk Powder Products —
   High Calcium Glucosamine Milk Powder (the version with health certification) has been launched.
   High Calcium Family Milk Powder, ProBaby and Children's Milk with Probiotics have been initially launched.
   Mom's Milk with Probiotics, Children's Milk with Probiotics, Student's Milk with Probiotics, and Immu Advanced Children Formula have been upgraded and launched.

   (3) Launch of New Cereal Products —
   New products including 3 pieces of Quaker SoRight, 5 pieces of Quaker Mixed Grains & Nuts Drink, 4 pieces of Quaker SAKU SAKU, and seafood congee have been upgraded and launched.
   Quaker Coix Seed Milk has been launched.

(4) Launch of New Tonic Products —

Formula of Quaker Ginseng Drink (honey), Quaker Korean Ginseng Tonic, and Quaker Ginseng Drink (warm grass) have been upgraded.

New products of Quaker 5X Ginseng, Quaker 5X Ginseng Drink (honey), and Quaker 5X Ginseng Drink (warm grass) have been launched.

(5) Completion of Research on Process Package Material —

Research on PP package material for resisting photoresist oxygen has completed — a package material meeting requirements has been developed.

The refined research on process of sterilization kettle for Completion products has been completed — it has been used in the formal process.

Research on new process (fixing particles) of cereal has been completed — it has been used in new products.

3. R&D plans in the most recent year:
   (1) Research on application of crystal ball coating.
   (2) Development of formula of sleeping drink.
   (3) Establishment of Aventhramides analysis method for oat milk.
   (4) The effect of UHTs on the quality of Completion products.
   (5) Research on drum drying and spraying equipment.
   (6) Research on instant oats with different tastes.
   (7) R&D of functional candy series.
   (8) Development of PE cover feeder.
   (9) Development of a method for fixing solid particles to dry flakes.

(IV) Long-term and Short-term Business Development Plans

1. Short-term Business Development Plans

(1) Brand rejuvenation: In addition to consolidating the main customer base existed, it should also pay attention to the needs of young people, grasping changes in consumption trends, and developing products suitable for them.

(2) Increase the intensity of online marketing: To push and broadcast preferential consumption information and activities from time to time through official account on communication software and official website Standard Health GO to provide consumers a more friendly consumption experience and ensure customer adhesion.

(3) To continuously improve product quality, refine production technology, and pursue production efficiency.

2. Long-term Business Development Plans

(1) In addition to continuing to dig deep into Chinese and Taiwanese markets, we will push our products to the international market so that international friends can know our products as well as see our efforts and pride.

(2) To continue to invest in brand management to deepen consumers' trust and affection for brands.
(3) We will continue to develop new products, reduce barriers for consumers to choose similar products and provide consumers with more high-quality products by applying for health certification of those products.

II. Overview of Marketing and Production & Sales

(I) Market Analysis

Sales areas of major commodities: mainly in China and Taiwan.

Future supply and demand of major products:

Nutritional foods:

1. Oats

(1) Market share

The company's grain products, including brewing oat products, three-in-one cereal, canned cereal powder, bagged cereal powder, and frozen oat cereal drinks, are widely welcomed by consumers. Quaker Brand continues to control quality for Taiwan consumers, and it took the lead in Taiwan grain market in 2019 with large market share.

(2) Future market demand & supply status and growth

On the basis of food safety and quality, the company tracks market trends and develops innovative technologies to introduce better products to meet the needs of Taiwan consumers. Taiwan's grain market continues to develop steadily. In order to expand brand management, we will continue to invest in higher quality commodities with more innovation to provide people with healthier and more reassuring food to eat more happily.

(3) Favorable factors and unfavorable factors of competitive niches and development prospect as well as countermeasures

In cereal products, the company actively studies the needs of consumers, taking into account the balanced development of health, delicacy, safety, and diversity. By deep cultivation of cereal products in 2019, it introduced farina of Mixed Grains & Nuts Drink, Good Day drink, and Chia Seed Cereal through innovative technology to satisfy customers' demands for freshness and natural nutrition supplement. Given that, more consumers will know about Quaker.

In view of the existing cereal products, we will continue to promote the health advantages of high-quality cereals, so that young people can more accept the health of cereal products and expand the popularity rate of cereal products. In 2020, we will combine the strength of the overall Quaker brand to promote the diversified nutrition and quality assurance of cereals to consumers, and at the same time continue to develop more delicious food to win the favor of more consumers.

Looking ahead, the company will plough deep into grain products and develop grain products with better quality, so as to make Quaker grain a favorite brand for consumers and satisfy healthy choices of different demographic groups. Also, focusing on consumer demand, it will continue to introduce new products and diversified advertising communication to strengthen brand value and achieve performance growth.

2. Healthy drinks

(1) Market share

According to Nielsen market survey, the company's market share in Taiwan's healthcare tonic market exceeded 40% in 2019, maintaining the first place and the growth trend in sales. As a leading brand in the healthcare tonic market, the company is deeply loved by consumers and continues to expand the market penetration rate.

(2) Future market demand & supply status and growth

The health awareness is on the rise in Taiwan where it is entering an aging society. The demand for healthcare continues to grow steadily. The prospect of various functional commodities targeted at the specific needs of consumers is promising.

In addition, health awareness has taken root in Taiwan. Taiwan's younger generations have grown up in an environment where health awareness is on the rise since their childhood. Therefore, the importance of healthcare is relatively high. In combination with the needs of environmental protection and convenience, healthcare products continue to be promoted among the younger generations.

According to Nielsen retail data, the overall market size of health drinks is growing at an annual rate of 4%, while Kantar Worldpanel market research data show that 26% of households have used health nutrition products, which is in a continuous growth trend in the past five years, indicating that the overall consumer market has a stable growth demand for health products.

(3) Favorable factors and unfavorable factors of competitive niches and development prospect as well as countermeasures

The company has always been a leader in the health tonic drink market and a pioneer in the development of new products. The four drinks, Quaker Ginseng Drink, Advanced Glucosamine Drink, Lingzhi Tonic Drink, and Rose Drink, are currently the leading brands in this field. With years of investment and operation, the company has established an image of health nutritionists in the minds of consumers, and has kept improving. The company continues to introduce new products according to the needs of consumers, leading the market, and bringing about sustained growth with great development potential.

The company is committed to providing consumers with higher-quality, effective and innovative products. In 2020, the company will launch a new type of

Quaker 5X Ginseng Concentrated Essence Drink in convenient ready-to-drink packaging to innovate and expand the overall health drink market. Advanced Glucosamine Drink has become a market leader brand recognized by mature and aged groups, and will continue to be promoted to young and middle-aged groups according to the needs of Taiwanese people for mobility. In addition, in response to the trend of 3C usage in Taiwan, the Lutein Drink introduced in 2017 was well received by the market and confirmed by human body experiments. By matching lutein with healthy supplements of medlar and blueberry, it provides consumers with a brighter and more comprehensive choice for healthcare.

In view of the large scale of lozenge type products in the overall healthcare product market, the company will enter the healthcare product market in 2020 to provide more convenient and complete nutrition choices for the efficiency-oriented millennial generation. The company is continuously committed to the development and promotion of innovative healthcare products to meet the health enhancement needs of different consumer groups, and continuously invests in advertising communication to diversify marketing and channel activities and stays in touch with consumers in various ways to ensure them know about and use the products. It will also maintain market share and increase penetration rate in order to create better sales performance of healthcare drinks, contribute to the health of modern people and become the first choice for healthy life in Taiwan.

3. Baby Food

(1) Market share

Quaker knows that mothers want to give their babies the best. Quaker Infant Nutrition Research Center, based on health science, provides products that conform to nutrition and the highest quality for babies in Taiwan. The formula of probiotics for Grow Up Milk, Organic Rice Essence, and Organic Wheat Essence series are Quaker's most popular products for infants and young children. We also aim to make every bite of the baby feel at ease and comfortable to meet the professional nutrition required at all stages from pregnancy to the growth of the baby. Besides, we have introduced Mom's milk powder, non-staple food, baby milk, grow up milk powder, and children's milk as best choices for connecting mother milk and each stage of growth, which takes care of Taiwan babies attentively.

(2) Future market demand & supply status and growth

The number of babies in 2019 is nearly 180,000 (3% less than that of last year). As breastfeeding rate increased due to continuous promotion by the government and rising awareness of mothers, the overall market size on infants is declining. At present, there are only 1 to 2 babies per family in Taiwan. The new generation of parents gradually attach importance to formula nutrition and product safety in concept. Quaker continuously invests in formula and innovative and safe products that conform to the nutrition trend of Taiwanese babies, thus becoming the most reassuring choice for parents to exchange milk.

(3) Favorable factors and unfavorable factors of competitive niches and development prospect as well as countermeasures

Although the scale of Taiwan's baby market is weak, the Quaker brand continues to cultivate in the spirit of striving for good nutrition, and continues to research and develop in the spirit of honesty and integrity. In addition to the only efficacy certification, it has developed probiotics for the healthy growth of the baby's intestinal tract. The product is imported from Denmark and has become the first choice for baby to change milk. There is also the organic rice essence verified and produced with Taiwan organic rice, giving babies the first bite of pure non-staple food. With Quaker's Loving series products covering three stages of infant milk, grow up milk, and children's milk, babies smoothly connect breast milk with balanced nutrition, realizing Quaker's promise of best formula for the baby.

In recent years, Quaker has actively launched a new series of Nutritional Milk with Highest DHA and Immu Advanced Children Formula to meet the needs of a new generation of mothers and the nutrition of their babies. It has continuously invested in creative TV and network image advertisements as well as entity and digital marketing activities. At the same time, it has accumulated Quaker Mother's classroom of Loving Music, cooperated with professional lecturers and teams, provided health and education services, and operated diligently to make Quaker one of the brands trusted by Taiwan consumers and continue to be the most popular brand for infants and children in Taiwan.

Dairy and drink:

4. Milk powder (adult milk powder and nutrition)

(1) Market share

The company is a market leader of low-fat/fat free milk powder with its adult milk powder in Taiwan. According to the Kantar Worldpanel market survey report, functional products have entered the low-fat milk powder market in response to the health needs of the Taiwanese people. With market share staying ahead of other competitive brands, it is still the No. 1 brand of low-fat milk powder up to now, reaching more than 50% on Taiwan's market in 2019.

(2) Future market demand & supply status and growth

Taiwan's adult milk powder market has grown steadily. Quaker is highly praised by consumers for its health and nutrition specialty, continuous high-quality and multi-functional products to meet consumers' health needs, and continuous innovative marketing strategies and multi-faceted communication.

Looking ahead to market opportunities, the adult milk powder market still has sales potential as Taiwan is turning into an aging population structure and focusing on healthcare. In view of the need for the mature people to live longer and healthier, the adult milk powder market will require great investment in their own health.

Therefore, it will be the direction of Quaker's continuous investment to upgrade the product formula again and strengthen the requirements of health, function, and nutrition.

The R&D team of the company has formulated a series of health milk powder exclusively for individuals according to the nutritional needs of the Taiwanese people. In 2019, the formula of Quaker's Glucosamine Milk Powder has been upgraded, and the original three-effect mobility formula contains 12 times glucosamine, 2 times calcium, and high-quality milk protein, which has won the national food health certification. Animal experiments have proved that it may help delay bone loss, providing calcium supplement and all-round mobility maintenance for adults over 40 years old.

The main product, Quaker High Calcium Milk Powder, has also established a more stable leading position in adult nutrition and won consumers' trust and praise. Quaker milk powder will work harder to meet the needs of more consumers and continue to strengthen the company's leading position in the low-fat milk powder market.

(3) Favorable factors and unfavorable factors of competitive niches and development prospect as well as countermeasures

In order to take full care of the nutrition and health of the Taiwanese people, the company strives for perfection and makes unremitting efforts. Since the introduction of the nutritionally complete and easy-to-drink "Quaker Completion Nutrition Food" in 2007, the company has also introduced diabetes formula, dialysis formula and tumor formula in response to market demand. Through all-round marketing activities and celebrity endorsements, the company has made continuous growth in its performance. Subsequently, it has introduced a series of sugar-free or low-sugar products in response to the consideration of sugar intake of some Taiwanese people, hoping to give consumers more choices. We can "drink all the nutrition in one jar in a balanced way." At the same time, it strengthens the market position of Quaker's medical nutrition. According to the Nielsen market survey report of 2019, Quaker's Completion Nutrition Food for Diabetes have become the first brand in the market.

The company's mission is to pursue good nutrition. It promises to provide consumers with the best quality products and many products have won national health food certification. The high-quality brand has won the recognition and trust of consumers. In the future, it will use the brand strength and sales experience of Quaker adult milk powder to attack the field of adult functional nutrition with a strong R&D team and flexible marketing strategy to create better sales performance of the company's nutrition products.

5. Agency products (milk powder and cheese)

(1) Adult milk powder: stable market and steady operation

The milk powder market is stable. Fernleaf Full Cream series performed well and achieved good results repeatedly. However, the low-fat market shrank. Anlene upgraded its products and packaging in Oct. 2019, cooperating with media communication and channel activities to consolidate the market share. Anchor launched products in bags in Dec. 2019 to actively grasp the relative economic price. Due to the lower birth rate and the sluggish market scale, the brand of Fernleaf continues to invest and grow steadily.

(2) Sliced Cheese: for the market growth, Chesdale is better

With overall market grew by 5%, Chesdale, the No. 1 brand, continued to invest and consolidate its leading position. In 2019, it launched new image advertising and online communication activities to actively expand penetration rate and market share by combination with various promotional activities through channels.

In a new year, the company has worked closely with Fonterra Brands (Far East) Limited, Taiwan Branch to continuously promote competitive consumer activities, actively increase market share in line with sound channel operations, and continue to achieve good results.

Edible oils:

6. Edible oil

(1) Market share

"Great Day" has been operated diligently for more than 30 years, insisting on providing high-quality edible oil for Taiwanese families. Its Sunflower Oil, Olive Oil, 5 Treasures Oil, and Canola Oil, etc. are all deeply loved and supported by consumers with their healthy and high-quality images. It is the first leading brand in the Taiwanese market, leading other competitive brands in the categories it manages and has stable sales.

The subsidiary of the company sells sunflower oil under the brand of "Mighty" in China, which insists on providing healthy and high-quality edible oil. It has won the first place in the market share of sunflower oil products for many years in a row and continues to increase the market share.

(2) Future market supply & demand status and growth

The public pays more attention to quality and safety on consumption. The proportion to purchase pure oil and imported oil increases. It is estimated that sunflower oil, olive oil and canola oil products will continue to grow steadily. As the leading brand of edible oil in Taiwan, Great Day will continue to promote 100% pure sunflower oil as the main product in keeping with the health trend of consumers. Adhering to consistent quality, Great Day is the first choice for housewives in Taiwan. In the market full of different brands of imported oil, pure olive oil imported from Italy will continue to invest in TV and online advertising, matching with sales activities to strengthen sales. In addition, the 5 Treasures Oil of Great Day is a popular product and has won the national health food certification. It ranks first in the blend oil market.

In the Chinese market, the overall development of edible oil has slowed down, but there is still a trend of consumption upgrading. The main declining oils are soybean oil and low-price blended oil. Mighty has grasped the consumers' demand for good health and quality to expose the product in popular variety shows and soap operas with high quality passing double certification of IFS and SQF as well as successful advertising investment. In addition, it has actively operated social media platforms such as Weibo and WeChat, deepening consumers' recognition of Mighty healthy oil, and the brand awareness has been significantly improved in 2019.

(3) Favorable factors and unfavorable factors of competitive niches and development prospect as well as countermeasures

With the increasing emphasis on the safety of oil products and the gradual change of family structure and cooking methods, consumers have switched to a refined diet to choose healthy oil. 100% pure sunflower oil and 100% pure olive oil have become mainstream oil products in the market and are a niche for stable growth of Great Day with the market ranking first.

In order to provide more reassurance to consumers, Great Day obtained the highest-level certification from SQF International Food Safety in 2017 and continuously updated the certification, which means that the quality control of raw materials, manufacturing processes and finished products of Great Day conforms to the highest standards of international standards. In a new year, it is expected that the market for healthy edible oil will continue to grow steadily. Great Day will continue to bring more healthy oil choices to Taiwan consumers and meet the health needs of all families with professional technology and experience.

The company will continue to enhance its brand value and healthy image, and make good use of oil in the spirit of continuous brand innovation. In addition to enhancing product value and the highest quality requirements, the company will also meet the diverse needs of Taiwan consumers of different ages for healthy oil products. In the Chinese market, we will also continue to focus on the intensive cultivation of outlets, that is, the continuous operation and optimization of the sales network, in coordination with national promotional activities and TV media investment, and continue to deepen the healthy image of the market for "Mighty" edible oil. In terms of product development, we created capsule-type table oil to the market in 2019 to attract more young potential consumers to become brand users with the combination unique shape and dietary needs for young people. In the future, more R&D resources will be invested to meet the demand for various refined edible oil products.

Others:

7. Agency products (candy)

(1) Market trend

According to Nielsen market data, the candy market grew slightly by 3% in 2019. There are many brands in the market. With the demand changing greatly, consumers prefer fresh products. Therefore, Mentos brand agented by Standard Foods has been introduced. Bar-packed Mentos with seasonal tastes, combined with the convenience of theme shelves in supermarkets and promotional activities, accumulated consumers' continuous purchasing habits. While Chupa Chups has expanded its operations by means of topic-oriented online communication activities, such as surprise eggs, and marketing with events such as movies and baseball teams, which has become the main momentum of growth in 2019.

(2) Favorable factors and unfavorable factors of competitive niches and development prospect as well as countermeasures

The candy market grew slightly in 2019. More Japanese and Korean candies were introduced into the market. The Mentos, agented by Standard Foods, in addition to continuously communicating the global brand spirit "Who says no to Mentos," has penetrated young people with emphasis on digital and event marketing. At the same time, it has brought more interesting and novel products as well as various consumer and channel activities for Chupa Chups, No. 1 brand of lollipop, in order to make the brand closer to Taiwan consumers and continue to grow.

8. EMS service (Subsidiary- Domex Corp.):

(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; Domex Corp 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 the scale of Domex Corp 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 Domex Corp. However, the EMS market is an industry where the bigger the stronger, Domex Corp 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.
Other food types	For leisure foods.
EMS service (Subsidiary –Domex Corp.)	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 Corp.):
Components → SMT → DIP → Assembly → Testing → Packaging

(III) Supply of major ingredients

Major ingredients	Sources
Oats	Imported from Australia
Sunflower Oil Crude Oil	Imported from Ukraine
Oleic Canola oil Crude Oil	Imported from Australia
Flour	Domestic suppliers
Cane sugar	Taiwan Sugar Corporation
Raw milk	Domestic milk farmers
Milk powder	Suppliers in New Zealand, Australia, Europe, and Taiwan
Electronic Parts Subsidiary –Domex Corp.	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

	2018				2019				As of March 31, 2020 (Note 2)			
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	A1 Company (Note 1)	4,533,832	16.6		A1 Company (Note 1)	4,858,711	15.5		A1 Company (Note 1)	1,298,464	19.5	
	Others	22,806,755	83.4		Others	26,407,521	84.5		Others	5,372,969	80.5	
	Net sale amount	27,340,587	100.0		Net sale amount	31,266,232	100.0		Net sale amount	6,671,433	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: As of the date before the printing of this report. Listed companies or companies traded in brokerage shall disclose if there is any financial data for the most recent period audited and attested or reviewed by a CPA.

Note 3:No substantial change occurred in the last two years.

2. Major Suppliers in the past two fiscal years

Unit: NT$ Thousand

	2018				2019				As of March 31, 2020 (Note 2)			
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	Net purchase amount up to the last quarter (%)	Relationship with the issuer
1	A2 Company (Note 1)	2,284,259	13.5		A2 Company (Note 1)	2,549,510	13.1					
	Others	14,695,165	86.5		Others	16,853,752	86.9		Others	4,769,416	100.0	
	Net Purchase Amount	16,979,424	100.0		Net Purchase Amount	19,403,262	100.0		Net Purchase Amount	4,769,416	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: Note 2: As of the date before the printing of this report. Listed companies or companies traded in brokerage shall disclose if there is any financial data for the most recent period audited and attested or reviewed by a CPA.

Note 3:Our company has no suppliers 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	2018			2019		
Major Products	Capacity	Production Quantity	Production Value	Capacity	Production Quantity	Production Value
Nutritious Foods	131,854	104,271.18	11,187,876	131,854	114,182.51	12,496,443
Cooking products Food product type	669,676	284,810.21	14,599,397	669,676	342,060.92	15,824,251
Others	(Note 1)	13,131.26	446,730	(Note 1)	10,996.08	438,072
		1,162,748.00 (Note 2)	1,641,365	(Note 2)	1,310,671.00 (Note2)	2,293,222
Total	801,530	402,212.65	27,875,368	801,530	467,239.51	31,051,988
		1,162,748.00 (Note 2)			1,310,671.00 (Note 3)	

Note 1: Nutritious Foods production line was used for production.
Note 2: 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	2018				2019			
Major Products	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Nutritious Foods	101,183.40	10,855,924	683.50	73,983	108,778.30	11,900,230	723.30	83,921
Cooking products Food product type	23,344.40	1,937,524	246,208.10	11,879,761	23,435.90	1,916,463	312,727.70	13,634,969
Others	12,730.50	1,788,938	0.00	804,457	10,831.60	2,515,680	0.00	1,214,969
	0.00 (Note 1)		520,632.00 (Note 1)		0.00 (Note 1)		486,785.00 (Note 1)	
	578,756.00 (Note 2)		384,267.00 (Note 2)		763,877.00 (Note 2)		327,207.00 (Note 2)	
Total	137,258.30	14,582,386	246,891.60	12,758,201	143,045.80	16,332,373	313,451.00	14,933,859
	0.00 (Note 1)		520,632.00 (Note 1)		0.00 (Note 1)		486,785.00 (Note 1)	
	578,756.00 (Note 2)		384,267.00 (Note 2)		763,877.00 (Note 2)		327,207.00 (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

Fiscal year		2018	2019	As of April 30, 2020
Number of Employees	Management & Staff	2,657	2,717	2,731
	Technicians & Laborers	948	945	928
	Total	3,605	3,662	3,659
Average Age		35.18	36.66	36.76
Average Years of Service		5.65	5.77	6.42
Education distribution	Ph. D.	12	18	18
	Masters	206	232	238
	College/ University	1,866	1,869	1,886
	Senior High School	1,126	1,321	1,303
	Junior	395	222	214

Note: Contracted personnel and foreign laborers are included.

IV. Information on Environmental Protection Expenditure

The company cooperates the government to implement environmental protection policies and spare no effort in environmental protection maintenance. In addition to environmental management inspection and environmental protection equipment, it has also set up specialized units to carry out the operation, maintenance and improvement of various pollution prevention and control equipment.

The company has passed ISO14001 environmental management system certification since 2015, and has passed ISO14001 audit certification every year since the revision certification in 2018. In terms of environmental protection, it has made continuous improvement through systematic management.

(I) In 2019 and up to the date of publication of the annual report, Standard Foods had no unusual environmental penalty cases.

(II) Expenditure on environmental protection equipment

1. In Jun. 2019, the components of the dryer washing tower of the air pollution emission equipment were updated and their functions were upgraded, totaling 3 units at a cost of NT$1.14 million.
2. In Jul. 2019, the sewage collection project of the waste disposal site of the renewal enterprise was completed at a cost of NT$960,000.

(III) Estimated capital expenditure on environmental protection in the next three years.

Year	2020	2021	2022
• Proposed acquisition of pollution prevention equipment or purchase items	Expenses on environmental protection equipment and expenses on garbage disposal	Expenses on environmental protection equipment and expenses on garbage disposal	Expenses on environmental protection equipment and expenses on garbage disposal
• Expected improvements	Maintenance normal operation of environmental protection equipment and garbage clearance	Maintenance normal operation of environmental protection equipment and garbage clearance	Maintenance normal operation of environmental protection equipment and garbage clearance
• Amount	16,000 thousand	17,370 thousand	17,370 thousand

(IV). Influence after improvement

Year	2020	2021	2022
Impact on net profit	Little	Little	Little
Impact on competitive position	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 1986.11.03 Taoyuan County Government Ruling Fu-Lao-She-Chi No.148470 and Department of Labor, Taipei City Government 1992.07.14 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 2005.07.01, 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 defined benefit liability.

3. **Education and training**

Talents are important assets of the Company. We believe that the growth of the Company will only follow 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.

Standard Foods used its best efforts to train professional talents and, therefore, was awarded the silver medal for “Taiwan Train Quality System (TTQS)” by the Workforce Development Agency, Ministry of Labor, Executive Yuan. It participated in the evaluation again and won the higher honor after it won the bronze medal in 2014. TTQS refers to the national talent evaluation system and is an indicator key to labor quality. The award presented to the Company represents that the Company's performance in upgrading the quality of human resources is remarkable.

The education and training expenses of the Company in 2018 amounted to NT$8,416 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 rules**

Employee's rules 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 rules for employees are detailed as follows:

(1) Employees are obligated to perform tasks responsibly and diligently, follow the reasonable instructions and supervision of the management in all levels and may not take their job responsibilities lightly or dodge and disobey work assignments. 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 to the outsiders.

(3) Employees are to report for work to their direct supervisors according to the chain of command, except in an emergency.

(4) Employees without the consent of the Company may not bring in any friend or family to work for the Company.

(5) Employees may not take advantage of the position held within the Company to benefit themselves or any third party.

(6) With the written consent from the Company, employees may not work for another company that operates similar business, which would cause a breach of the employment contract.

(7) Employees may not demand entertainment or accept gifts, kickback or any illegal gains by performing or not performing job duties.

(8) Employees may not bring ammunition, knives or guns, dangerous objects (anything that are irrelevant to their job performance, which may cause physical harm to anyone and lead to work accident, or any chemicals and flammables that are not for work purpose), illegal items by law, or any non-work associated items to the work venue.

(9) Employees may not, at will, take the property of the Company off the premises or the factory, lease the property of the Company to any outside party without authorization.

(10) The employment contract is negotiated and stipulated by both the employer and the employee by free will. The following guidelines shall be followed when the employer deem there's necessity to make adjustment:

i. For the needs of the Company's operation and not for undue motive or purpose, unless stipulated in law otherwise.
ii. No adverse changes to the employee's salary or working condition.
iii. Employee is still eligible to perform the new assignment, in both physical and skill-set terms.
iv. Employer shall give necessary assistance when the employee is relocated in a remote location.
v. Taking the welfare of employee and his/her family life for consideration.

6. **Employer-employee relations**

We regularly holds consultation meetings with the labor union, and the labor and capital parties closely communicate with each other on various labor conditions, employee welfare, etc. to promote the harmony of labor and capital. Meanwhile, the company also organizes and regularly holds labor and capital meetings in accordance with the implementation methods of labor and capital meetings. The company's management system, operation and other relevant information are also announced on the internal website and bulletin board, and opinion mailbox is set up. Many measures are to establish a smooth labor communication channel and create a happy workplace to create a win-win situation for labor and capital.

(II) Losses resulting from labor disputes in the most recent years and up to the printing of the annual report: None.

VI. Important commitments

April 30, 2019

Nature of agreement	Client	Agreement period	Content	Restrictive clauses
Technological Cooperation	Quaker Co.	July,1994 – July11, 2034 (Note 1)	Quaker Oatmeal and Baby Oatmeal Powder in Taiwan	(Note 2)
Exclusive Distributor	Fonterra Brands (Far East) Limited	April 28,2008- April 27, 2021 (Note 3)	Exclusive Sales Agent in Taiwan for Fonterra Brand Products	(Note 3)
Supply and Sales Agreement	MND PX Ministry	October 23, 2019- October 22, 2020 (Note 4)	Welfare for Military Personnel and Their Spouses	None
Long-term Loan	Shin Kong Commercial Bank	December 15, 2017- December 15, 2021	The guarantee limit amounted to NT$50 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: The renewal shall be decided within three months prior to expiration of the Agreement. Unless otherwise agreed by both parties, the Agreement shall be renewed for another three years based on the original terms and conditions upon expiration of the Agreement, and so on.

Note 4: Renewed per year.

Six. Financial Information

I. Condensed Balance Sheet, Income Statements, CPAs and Their Opinions over the Last Five Years

(I) Condensed Balance Sheet and Comprehensive Income Statement- International Financial Reporting Standards

Condensed Balance Sheet – IFRS -Consolidated

Unit: NT$ Thousands

Item \ Fiscal year		Financial Information over the last five years(Note 1)					As of March 31, 2020 Financial Information (Note 1)
		2015	2016	2017	2018	2019	
Current Assets		15,391,892	15,127,876	15,496,940	17,107,047	18,513,185	18,802,457
Property, Plant and Equipment		3,783,949	4,684,441	5,676,084	5,478,238	5,125,312	5,038,850
Intangible Assets		166,422	144,702	78,066	73,050	68,087	68,346
Other Assets		1,187,011	1,862,067	1,458,398	1,339,321	1,781,681	1,691,687
Total Assets		20,529,274	21,819,086	22,709,488	23,997,656	25,488,265	25,601,340
Current Liabilities	Before appropriation	6,441,771	6,865,895	7,137,271	7,510,934	7,682,083	7,427,218
	After appropriation	7,710,086	8,273,725	8,967,450	9,798,658	(Note 2)	(Note 2)
Noncurrent Liabilities		584,030	535,430	548,609	446,397	855,491	746,397
Total Liabilities	Before appropriation	7,025,801	7,401,325	7,685,880	7,957,331	8,537,574	8,173,615
	After appropriation	8,294,116	8,809,155	9,516,059	10,245,055	(Note 2)	(Note 2)
Equity attributable to owners of the parent		13,306,157	14,217,975	14,785,740	15,806,926	16,678,127	17,169,030
Capital Stock		7,926,972	8,798,939	9,150,897	9,150,897	9,150,897	9,150,897
Capital Surplus		63,153	72,397	83,124	93,045	109,718	109,718
Retained Earnings	Before appropriation	5,022,383	5,449,618	5,833,327	6,915,111	8,016,188	8,625,674
	After appropriation	2,882,101	3,689,830	4,003,148	4,627,387	(Note 2)	(Note 2)
Other equity		314,831	(81,797)	(260,426)	(330,945)	(577,494)	(696,077)
Treasury Stock		(21,182)	(21,182)	(21,182)	(21,182)	(21,182)	(21,182)
Non-controlling interest		197,316	199,786	237,868	233,399	272,564	258,695
Total equity	Before appropriation	13,503,473	14,417,761	15,023,608	16,040,325	16,950,691	17,427,725
	After appropriation	12,235,158	13,009,931	13,193,429	13,752,601	(Note 2)	(Note 2)

Note 1: Reviewed by CPA.

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

Condensed Comprehensive Income Statement - IFRS - Consolidated

Unit: NT$ Thousands, except EPS is in NT$

Item \ Fiscal year	Financial information over the last five years					As of March 31, 2020 Financial Information (Note. 1)
	2015	2016	2017	2018	2019	
Sales revenue	25,514,586	27,073,564	26,477,924	27,340,587	31,266,232	6,671,433
Gross Profit	8,040,850	8,005,049	7,399,955	8,254,345	9,631,013	1,895,498
Operating Income	3,287,048	3,011,552	2,794,878	3,149,836	4,423,873	739,080
Non-operating Income/expense	111,503	268,253	(49,475)	526,396	124,661	28,228
Earnings before tax	3,398,551	3,279,805	2,745,403	3,676,232	4,548,534	767,308
Net income from continuing operations	2,752,467	2,637,756	2,209,909	2,968,307	3,454,836	607,487
Loss from discontinued operations	-	-	-	-	-	-
Net income (loss)	2,752,467	2,637,756	2,209,909	2,968,307	3,454,836	607,487
Other comprehensive income (net after tax)	(191,612)	(438,072)	(214,628)	(138,749)	(256,189)	(130,453)
Current comprehensive income/loss	2,560,855	2,199,684	1,995,281	2,829,558	3,198,647	477,034
Net earnings attributable to owners of the parent	2,730,613	2,606,544	2,173,044	2,949,089	3,416,097	609,486
Net earnings attributable to non-controlling interest	21,854	31,212	36,865	19,218	38,739	(1,999)
Comprehensive income/loss attributable to owners of the parent	2,538,837	2,170,889	1,964,868	2,813,107	3,142,252	490,903
Comprehensive income/loss attributable to non-controlling interest	22,018	28,795	30,413	16,451	56,395	(13,869)
Earnings per share (Note 2)	3.01	2.87	2.39	3.25	3.76	0.67

Note 1: Reviewed by CPA.

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

Condensed Balance Sheet – IFRS -Individual

Unit: NT$ Thousand

Item \ Fiscal year		Financial information over the last five years				
		2015	2016	2017	2018	2019
Current Assets		6,343,538	5,048,559	5,266,070	6,625,406	7,306,207
Property, Plant and Equipment		1,324,881	1,363,441	1,409,677	1,420,548	1,372,629
Intangible Assets		6,438	3,558	3,375	1,672	2,943
Other Assets		8,596,705	10,097,381	10,295,641	10,308,831	10,914,409
Total Assets		16,271,562	16,512,939	16,974,763	18,356,457	19,596,188
Current Liabilities	Before appropriation	2,599,476	1,914,283	1,790,235	2,220,075	2,384,532
	After appropriation	3,867,791	3,322,113	3,620,414	4,507,799	(Note 1)
Noncurrent Liabilities		365,929	380,681	398,788	329,456	533,529
Total Liabilities	Before appropriation	2,965,405	2,294,964	2,189,023	2,549,531	2,918,061
	After appropriation	4,233,720	3,702,794	4,019,202	4,837,255	(Note 1)
Capital Stock		7,926,972	8,798,939	9,150,897	9,150,897	9,150,897
Capital Surplus		63,153	72,397	83,124	93,045	109,718
Retained Earnings	Before appropriation	5,022,383	5,449,618	5,833,327	6,915,111	8,016,188
	After appropriation	2,882,101	3,689,830	4,003,148	4,627,387	(Note 1)
Other equity		314,831	(81,797)	(260,426)	(330,945)	(577,494)
Treasury Stock		(21,182)	(21,182)	(21,182)	(21,182)	(21,182)
Total equity	Before appropriation	13,306,157	14,217,975	14,785,740	15,806,926	16,678,127
	After appropriation	12,037,842	12,810,145	12,955,561	13,519,202	(Note 1)

Note 1: Subject to the approval of annual shareholders' meeting.

Condensed Comprehensive Income Statement - IFRS - Individual

Unit: NT$ Thousands, except EPS is in NT$

Item \ Fiscal year	Financial information over the last five years				
	2015	2016	2017	2018	2019
Sales revenue	11,746,796	11,655,791	11,259,683	12,187,907	13,139,944
Gross Profit	3,895,187	3,835,072	3,689,421	4,082,297	4,670,008
Operating Income	2,283,059	2,191,994	2,136,045	2,370,064	2,955,225
Non-operating Income/expense	934,105	883,742	427,729	1,117,097	1,228,861
Earnings before tax	3,217,164	3,075,736	2,563,774	3,487,161	4,184,086
Net income from continuing operations	2,730,613	2,606,544	2,173,044	2,949,089	3,416,097
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	2,730,613	2,606,544	2,173,044	2,949,089	3,416,097
Other comprehensive income (net after tax)	(191,776)	(435,655)	(208,176)	(135,982)	(273,845)
Total current comprehensive income/loss	2,538,837	2,170,889	1,964,868	2,813,107	3,142,252
Earnings per share (Note 1)	3.01	2.87	2.39	3.25	3.76

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

(II) CPAs and their auditing opinions in the past five years

Fiscal year	CPA Firm	CPA's name	Auditing opinion
2019	Deloitte Touche Tohmatsu CPA Firm	Tza-Li Kung, Ching-Chen Yang	Unqualified
2018	Deloitte Touche Tohmatsu CPA Firm	Tza-Li Kung, Ching-Chen Yang	Unqualified
2017	Deloitte Touche Tohmatsu CPA Firm	Ting-Chen Hsu, Tza-Li Kung	Unqualified
2016	Deloitte Touche Tohmatsu CPA Firm	Ting-Chen Hsu, Tza-Li Kung i	Unqualified
2015	Deloitte Touche Tohmatsu CPA Firm	Ting-Chen Hsu, Hung-Hsiang Tsai	Unqualified

II. Financial analysis in the past five years

(1) Financial Analysis - IFRS (consolidated)

Item (Note 1)	Fiscal year	Financial analysis over the last five years					As of March 31, 2020 (Note)
		2015	2016	2017	2018	2019	
Financial structure (%)	Ratio of liabilities to assets (%)	34.22	33.92	33.84	33.16	33.50	31.93
	Long-term capital to property, plant, and facility (%)	372.30	319.21	274.35	300.95	347.42	360.68
Solvency (%)	Current ratio (%)	238.94	220.33	217.13	227.76	240.99	253.16
	Quick ratio (%)	144.83	127.07	129.47	150.05	175.10	178.00
	(Times) interest earned ratio	147.77	62.24	37.26	46.53	98.03	52.82
Operating ability	Accounts receivable turnover (times)	5.83	5.57	5.11	4.86	4.96	4.83
	Days sales in accounts receivable	62.60	65.52	71.42	75.10	73.58	75.56
	Inventory turnover (times)	4.67	4.80	4.31	4.36	5.51	4.98
	Accounts payable turnover (times)	9.38	9.40	9.96	9.76	9.28	9.14
	Average days in sales	78.15	76.04	84.68	83.71	66.24	73.29
	Property, plant and facility turnover (times)	6.83	6.39	5.11	4.90	5.90	5.25
	Total assets turnover (times)	1.32	1.28	1.19	1.17	1.26	1.04
Profitability	Ratio of return on total assets (%)	14.33	12.67	10.21	12.99	14.11	9.70
	Ratio of return on total equities (%)	21.50	18.89	15.01	19.11	20.94	14.14
	Ratio of net income before tax to paid-in capital (%) (Note 7)	42.87	37.28	30.00	40.17	49.71	33.54
	Profit ratio (%)	10.79	9.74	8.35	10.86	11.05	9.11
	Earnings per share ($)	3.01	2.87	2.39	3.25	3.76	0.67
Cash flow	Cash flow ratio (%)	41.49	32.99	35.62	35.14	65.43	3.25
	Cash flow adequacy ratio (%)	110.34	91.42	88.34	101.02	118.09	108.88
	Cash reinvestment ratio (%)	8.89	5.41	5.88	3.93	13.12	1.13
Balance	Degree of operating leverage	1.37	1.45	1.49	1.47	1.46	1.65
	Degree of financial leverage	1.01	1.02	1.03	1.03	1.01	1.02

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

1. The increase in interest coverage ratio in 2019 was due to the increase in operating profit, which resulted in an increase in net profit before pre-tax interest.
2. The increase in inventory turnover rate in 2019 was due to the increase in revenue, resulting in an increase in cost of sales and a decrease in average inventory.
3. The decline in the average days for sale in 2019 was due to an increase in revenue and cost of goods sold, resulting in an increase in inventory turnover.
4. The increase in turnover of property, plant and equipment in 2019 was mainly due to the increase in net sales.
5. The increase in the ratio of net profit before tax to paid-up capital in 2019 was due to the increase in net profit before tax for the increase in revenue.
   The increase in cash flow ratio in 2019 was due to increase in net cash flow from operating activities for the increase of operating revenue, receivables, and turnover rate of inventory.
6. The increase in cash reinvestment ratio in 2019 was mainly due to the increase in net cash flow from operating activities.

Note: Reviewed by CPAs.

Financial Analysis - IFRS (Individual)

Item (Note 1)	Fiscal year	Financial analysis over the last five years				
		2015	2016	2017	2018	2019
Financial structure (%)	Ratio of liabilities to assets(%)	18.22	13.90	12.90	13.89	14.89
	Long-term capital to property, plant, and facility%	1,031.95	1,070.72	1,077.16	1,135.93	1,253.92
Solvency (%)	Current ratio(%)	244.03	263.73	294.16	298.43	306.40
	Quick ratio(%)	151.70	146.95	170.75	202.26	214.80
	(Times) interest earned ratio	12,005.34	1,382.73	-	5,091.75	3,125.78
Operating ability	Accounts receivable turnover (times)	6.29	5.99	5.74	5.97	5.91
	Days sales in accounts receivable	58.02	60.93	63.58	61.13	61.75
	Inventory turnover (times)	3.87	4.02	4.05	4.36	4.51
	Accounts payable turnover (times)	8.61	9.01	9.39	9.90	9.35
	Average days in sales	94.31	90.79	90.12	83.71	80.93
	Property, plant and facility turnover (times)	8.98	8.67	8.12	8.61	9.41
	Total assets turnover (times)	0.77	0.71	0.67	0.69	0.69
Profitability	Ratio of return on total assets (%)	17.86	15.91	12.98	16.70	18.01
	Ratio of return on total equities (%)	21.62	18.94	14.98	19.28	21.03
	Ratio of net income before tax to paid-in capital (%) (Note 5)	40.59	34.96	28.02	38.11	45.72
	Profit ratio (%)	23.25	22.36	19.30	24.20	26.00
	Earnings per share ($)	3.01	2.87	2.39	3.25	3.76
Cash flow	Cash flow ratio (%)	81.02	106.59	107.93	79.67	105.51
	Cash flow adequacy ratio (%)	145.70	137.07	129.44	119.95	114.28
	Cash reinvestment ratio (%)	6.18	4.74	3.09	(0.34)	1.18
Balance	Degree of operating leverage	1.36	1.40	1.40	1.35	1.29
	Degree of financial leverage	1.00	1.00	1.00	1.00	1.00

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

1. The decrease in interest coverage ratio in 2019 was mainly due to the increase in interest expenses on lease liabilities.
2. The increase in cash flow ratio in 2019 was due to the increase in net cash flow from operating activities for the increase in operating profits.
3. The cash reinvestment ratio increased in 2019, resulting in an increase in net cash flow from operating activities due to an increase in operating profit. Increase in working capital (financial assets measured at amortized cost in current assets - current increase and net receivable increase) and increase in profits and losses of subsidiaries invested by equity method.

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.

III. Audit committee's report in the most recent year

Standard Foods Corporation
Audit Committee's Audit Report

The Board has submitted the Company's 2019 business report, consolidated and individual financial statements and earnings distribution proposal, where consolidated and individual financial statements have been audited by CPA Tza-Li Kung and CPA Ching-Chen Yang of Deloitte Touch Tohmatsu through the appointment by the Board and an audit report has been issued accordingly.

The aforementioned business report, consolidated and individual 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 Audit Committee's Audit Report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Law and Article 219 of the Company Law.

Please kindly review and approve

To:

Standard Foods Corporation 2020 General Shareholders Meeting

Standard Foods Corporation

Audit Committee Convener: Ben Chang

March 20, 2020

IV. Financial Report and consolidated financial statements
IV.1. Financial Report of Standard Fodds Corporation and Subsidiaries

Standard Foods Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 and

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, 2019 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

STANDARD FOODS CORPORATION

By

TER-FUNG TSAO
Chairman

March 18, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Standard Foods Corporation

Opinion

We have audited the accompanying consolidated financial statements of Standard Foods Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2019 is stated as follows:

Evaluation of Inventory

The products of the Group mainly include nutritional food, edible oils, dairy products, and beverages. Management estimated the allowance for impairment loss of inventory of various products based on the current market condition and historical sales experience. Refer to Notes 4, 5, and 12 to the consolidated financial statements for detailed information related to assessment of inventory. Because the assessment of impairment loss of inventory involves management's critical accounting estimates and judgments, we considered the assessment of the allowance for impairment loss of inventory to be a key audit matter.

The audit procedures that we performed in response to the abovementioned key audit matter included obtaining information pertaining to the lower of cost or net realizable value (LCNRV), sampling the projected pricing information to the most recent sales record to assess the reasonableness of the judgment on LCNRV, and collecting the related documentations on obsolete inventory to assess the appropriateness of methodology adopted in the calculation of the impairment loss of inventory.

Other Matter

We have also audited the parent company only financial statements of Standard Foods Corporation as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tza-Li Gung and Ching-Cheng Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2020

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 3,705,903	15	$ 2,589,952	11
Financial assets at fair value through profit or loss - current (Note 7)	667,673	3	617,790	2
Financial assets at fair value through other comprehensive income - current (Note 8)	186,711	1	154,439	1
Financial assets at amortized cost - current (Note 9)	2,206,805	9	1,505,913	6
Notes receivable (Notes 10 and 26)	2,977	-	2,887	-
Trade receivables (Notes 10 and 26)	6,439,550	25	6,161,079	26
Lease receivables - current (Note 11)	-	-	2,640	-
Finance lease receivables - current (Note 11)	2,775	-	-	-
Other receivables (Note 10)	193,083	1	222,129	1
Current tax assets (Note 28)	46,114	-	13,349	-
Inventories (Note 12)	3,646,984	14	4,199,286	17
Prepayments (Note 13)	1,385,226	5	1,615,672	7
Other current assets (Notes 20 and 36)	29,384	-	21,911	-
Total current assets	18,513,185	73	17,107,047	71
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	7,575	-	7,315	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	189,695	1	167,260	1
Property, plant and equipment (Notes 15 and 36)	5,125,312	20	5,478,238	23
Right-of-use assets (Note 16)	699,679	3	-	-
Investment properties (Notes 17 and 36)	122,492	-	110,776	-
Goodwill	818	-	818	-
Other intangible assets (Note 18)	67,269	-	72,232	-
Deferred tax assets (Note 28)	473,398	2	400,746	2
Lease receivables - non-current (Note 11)	-	-	29,724	-
Finance lease receivables - non-current (Note 11)	26,948	-	-	-
Net defined benefit assets	919	-	2,564	-
Long-term prepayments for leases (Note 19)	-	-	381,081	2
Other non-current assets (Notes 20 and 36)	260,975	1	239,855	1
Total non-current assets	6,975,080	27	6,890,609	29
TOTAL	$ 25,488,265	100	$ 23,997,656	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21 and 36)	$ 1,382,955	6	$ 1,731,478	7
Short-term bills payable (Note 21)	99,968	1	119,904	-
Contract liabilities - current (Note 26)	326,644	1	360,115	2
Notes payable (Note 22)	316,444	1	131,916	1
Trade payables (Note 22)	2,014,619	8	2,162,745	9
Trade payables to related parties (Note 35)	26,141	-	8,602	-
Other payables (Note 23)	2,850,674	11	2,609,886	11
Current tax liabilities (Note 28)	547,018	2	337,835	1
Lease liabilities - current (Note 16)	83,119	-	-	-
Current portion of long-term borrowings (Notes 21 and 36)	6,000	-	12,000	-
Finance lease payables - current	-	-	2,137	-
Other current liabilities (Note 23)	28,501	-	34,316	-
Total current liabilities	7,682,083	30	7,510,934	31
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 21 and 36)	-	-	15,000	-
Deferred tax liabilities (Note 28)	268,813	1	136,123	1
Lease liabilities - non-current (Note 16)	264,496	1	-	-
Finance lease payables - non-current	-	-	4,809	-
Net defined benefit liabilities	299,204	2	265,770	1
Other non-current liabilities (Note 23)	22,978	-	24,695	-
Total non-current liabilities	855,491	4	446,397	2
Total liabilities	8,537,574	34	7,957,331	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)				
Ordinary shares	9,150,897	36	9,150,897	38
Capital surplus	109,718	-	93,045	-
Retained earnings				
Legal reserve	2,945,412	11	2,650,503	11
Special reserve	330,945	1	260,426	1
Unappropriated earnings	4,739,831	19	4,004,182	17
Total retained earnings	8,016,188	31	6,915,111	29
Other equity	(577,494)	(2)	(330,945)	(1)
Treasury shares	(21,182)	-	(21,182)	-
Total equity attributable to owners of the Company	16,678,127	65	15,806,926	66
NON-CONTROLLING INTERESTS (Note 25)	272,564	1	233,399	1
Total equity	16,950,691	66	16,040,325	67
TOTAL	$ 25,488,265	100	$ 23,997,656	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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Note 26)	$ 31,266,232	100	$ 27,340,587	100
OPERATING COSTS				
Cost of goods sold (Notes 12, 27 and 35)	21,635,219	69	19,086,242	70
GROSS PROFIT	9,631,013	31	8,254,345	30
OPERATING EXPENSES (Note 27)				
Selling and marketing expenses	3,967,158	13	4,010,005	15
General and administrative expenses	1,078,836	4	921,459	3
Research and development expenses	148,384	-	167,794	-
Expected credit loss	12,762	-	5,251	-
Total operating expenses	5,207,140	17	5,104,509	18
OPERATING INCOME	4,423,873	14	3,149,836	12
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 27)	110,737	1	71,957	-
Other gains (Notes 19 and 27)	60,803	-	535,184	2
Finance costs (Note 27)	(46,879)	-	(80,745)	-
Total non-operating income and expenses	124,661	1	526,396	2
PROFIT BEFORE INCOME TAX	4,548,534	15	3,676,232	14
INCOME TAX EXPENSE (Note 28)	1,093,698	4	707,925	3
NET PROFIT FOR THE YEAR	3,454,836	11	2,968,307	11
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(36,667)	-	(6,336)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	54,764	-	(36,460)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 28)	7,671	-	11,060	-
Total items that will not be reclassified subsequently to profit or loss	25,768	-	(31,736)	-

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (351,999)	(1)	$ (147,177)	(1)
Income tax relating to the items that may be reclassified subsequently to profit or loss (Note 28)	70,042	-	40,164	-
Total items that may be reclassified subsequently to profit or loss	(281,957)	(1)	(107,013)	(1)
Other comprehensive loss for the year, net of income tax	(256,189)	(1)	(138,749)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,198,647	10	$ 2,829,558	10
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 3,416,097	11	$ 2,949,089	11
Non-controlling interests	38,739	-	19,218	-
	$ 3,454,836	11	$ 2,968,307	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 3,142,252	10	$ 2,813,107	10
Non-controlling interests	56,395	-	16,451	-
	$ 3,198,647	10	$ 2,829,558	10
EARNINGS PER SHARE (Note 29)				
Basic	$ 3.76		$ 3.25	
Diluted	$ 3.76		$ 3.24	

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company														
			Retained Earnings				Other Equity								
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Other	Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2018	$ 9,150,897	$ 83,124	$ 2,433,199	$ 81,797	$ 3,318,331	$ 5,833,327	$ (307,846)	$ 94,390	$ -	$ (46,970)	$ (260,426)	$ (21,182)	$ 14,785,740	$ 237,868	$ 15,023,608
Effect of retrospective application and retrospective restatement	-	-	-	-	2,014	2,014	-	(94,390)	116,974	-	22,584	-	24,598	19,289	43,887
BALANCE AT JANUARY 1, 2018 AS RESTATED	9,150,897	83,124	2,433,199	81,797	3,320,345	5,835,341	(307,846)	-	116,974	(46,970)	(237,842)	(21,182)	14,810,338	257,157	15,067,495
Appropriation of 2017 earnings															
Legal reserve	-	-	217,304	-	(217,304)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	178,629	(178,629)	-	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,830,179)	(1,830,179)	-	-	-	-	-	-	(1,830,179)	-	(1,830,179)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	13,339	-	-	-	-	-	-	-	-	-	-	13,339	-	13,339
Actual acquisitions of interests in subsidiaries	-	(3,418)	-	-	(44,494)	(44,494)	1,263	-	-	46,970	48,233	-	321	(11,491)	(11,170)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(28,718)	(28,718)
Net profit for the year ended December 31, 2018	-	-	-	-	2,949,089	2,949,089	-	-	-	-	-	-	2,949,089	19,218	2,968,307
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	5,040	5,040	(106,286)	-	(34,736)	-	(141,022)	-	(135,982)	(2,767)	(138,749)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	2,954,129	2,954,129	(106,286)	-	(34,736)	-	(141,022)	-	2,813,107	16,451	2,829,558
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	314	314	-	-	(314)	-	(314)	-	-	-	-
BALANCE AT DECEMBER 31, 2018	9,150,897	93,045	2,650,503	260,426	4,004,182	6,915,111	(412,869)	-	81,924	-	(330,945)	(21,182)	15,806,926	233,399	16,040,325
Appropriation of 2018 earnings															
Legal reserve	-	-	294,909	-	(294,909)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	70,519	(70,519)	-	-	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(2,287,724)	(2,287,724)	-	-	-	-	-	-	(2,287,724)	-	(2,287,724)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	16,673	-	-	-	-	-	-	-	-	-	-	16,673	-	16,673
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(17,230)	(17,230)
Net profit for the year ended December 31, 2019	-	-	-	-	3,416,097	3,416,097	-	-	-	-	-	-	3,416,097	38,739	3,454,836
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(27,296)	(27,296)	(280,169)	-	33,620	-	(246,549)	-	(273,845)	17,656	(256,189)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	3,388,801	3,388,801	(280,169)	-	33,620	-	(246,549)	-	3,142,252	56,395	3,198,647
BALANCE AT DECEMBER 31, 2019	$ 9,150,897	$ 109,718	$ 2,945,412	$ 330,945	$ 4,739,831	$ 8,016,188	$ (693,038)	$ -	$ 115,544	$ -	$ (577,494)	$ (21,182)	$ 16,678,127	$ 272,564	$ 16,950,691

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 4,548,534	$ 3,676,232
Adjustments for:		
Depreciation expenses	574,798	473,373
Amortization expenses	54,237	53,528
Expected credit loss recognized on trade receivables	12,762	5,251
Net gain loss on fair value changes of financial assets and financial liabilities at fair value through profit or loss	(7,812)	(22,339)
Finance costs	46,879	80,745
Interest income	(74,819)	(39,917)
Dividend income	(11,231)	(10,584)
Loss on disposal of property, plant and equipment	37,346	8,243
Loss (gain) on disposal of investment properties	4,268	(369,427)
Impairment losses recognized on property, plant and equipment	-	18,035
Others	(19)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as fair value through profit or loss	(42,330)	(561,425)
Notes receivable	(204)	1,920
Trade receivables	(418,070)	(1,134,594)
Other receivables	30,739	(62,972)
Inventories	490,995	326,026
Prepayments	185,019	38,204
Other current assets	(7,472)	454
Accrued pension assets	1,645	(1,134)
Contract liabilities	(21,368)	154,687
Notes payable	196,093	34,401
Trade payables	(121,831)	666,896
Trade payables - related parties	17,540	5,332
Other payables	298,026	234,594
Other current liabilities	(5,242)	(146,238)
Net defined benefit liabilities	(3,124)	(113,121)
Cash generated from operations	5,785,359	3,316,170
Interest received	72,781	36,998
Interest paid	(50,799)	(78,814)
Income tax paid	(780,867)	(635,107)
Net cash generated from operating activities	5,026,474	2,639,247
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	2,621
Purchase of financial assets at amortized cost	(3,588,919)	(1,512,643)
Refund of financial assets at amortized cost	2,879,221	820,126
Payments for property, plant and equipment	(405,804)	(386,244)

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Proceeds from disposal of property, plant and equipment	$ 20,095	$ 13,913
Proceeds from disposal of investment properties	-	495,580
Payments for intangible assets	(7,564)	(5,572)
Increase in finance lease receivables	-	(36,290)
Decrease in finance lease receivables	2,640	38,701
Increase in other financial assets	(13,000)	-
Decrease in other financial assets	-	21,101
Increase in other non-current assets	-	(22,340)
Decrease in other non-current assets	2,296	-
Other dividends received	11,006	10,584
Net cash used in investing activities	(1,100,029)	(560,463)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(301,316)	(555,347)
Increase in short-term bills payable	-	19,951
Decrease in short-term bills payable	(19,936)	-
Payments for long-term borrowings	(21,000)	(12,000)
Increase in finance lease payables	-	4,067
Repayment of the principal portion of lease liabilities	(73,714)	-
Increase in other financial liabilities	705	-
Decrease in other financial liabilities	-	(28,458)
Decrease in other non-current liabilities	(1,757)	(687)
Dividends paid to owners of the Company	(2,288,281)	(1,845,558)
Acquisition of subsidiaries	-	(59,682)
Net cash used in financing activities	(2,705,299)	(2,477,714)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(105,195)	(163,800)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,115,951	(562,730)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,589,952	3,152,682
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,705,903	$ 2,589,952

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 18, 2020.

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

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies:

1) IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

<u>Definition of a lease</u>

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not be reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within financing activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at either amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

For as an operating lease under IAS 17, a lease liability measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Part of right-of-use assets are presented as prepaid lease or lease payments. The Company applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

c) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

d) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.07%-12.04%. The difference between the lease liabilities recognized and operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 155,631
Less: Recognition exemption for short-term leases	(21,890)
Undiscounted amounts on January 1, 2019	$ 133,741
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 132,164
Add: Finance lease liabilities on December 31, 2018	6,946
Lease liabilities recognized on January 1, 2019	$ 139,110

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Finance lease receivables - current	$ -	$ 2,640	$ 2,640
Lease receivables - non-current	29,724	(29,724)	-
Finance lease receivables - non-current	-	29,724	29,724
Lease receivables - current	2,640	(2,640)	-
Property, plant and equipment	5,889	(5,889)	-
Prepayments for leases - non-current	381,081	(381,081)	-
Right-of-use assets	-	519,134	519,134
Total effect on assets	$ 419,334	$ 132,164	$ 551,498
Lease liabilities	$ -	$ 139,110	$ 139,110
Finance lease payables - current	2,137	(2,137)	-
Finance lease payables - non-current	4,809	(4,809)	-
Total effect on liabilities	$ 6,946	$ 132,164	$ 139,110

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group applied the above amendments prospectively.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 2)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) Amendments to IFRS 3 “Definition of a Business”

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

2) Amendments to IAS 1 and IAS 8 “Definition of material”

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. The concept of “obscuring” material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from “could influence” to “could reasonably be expected to influence”.

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.

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

New IFRSs	**Effective Date Announced by IASB (Note)**
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 IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

d. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Investment properties

Investment properties are properties held to earn 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. Goodwill

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

k. Impairment of 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.

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 34.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

m. Revenue recognition

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

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

- Revenue from the sale of goods

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

n. Leases

2019

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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

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

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

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

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

2018

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

1) The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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 expenses 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.

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

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

p. Government grants

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

r. Taxation

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

1) Current tax

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

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

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

3) Current tax and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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 of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	**2018**
Cash on hand	$ 2,940	$ 2,757
Checking accounts and demand deposits	3,198,093	2,096,223
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	184,478	490,972
Repurchase agreements collateralized by bonds	320,392	-
	$ 3,705,903	$ 2,589,952

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

	December 31	
	2019	**2018**
Bank deposits	0.001%-3.220%	0.001%-3.600%
Repurchase agreements collateralized by bonds	0.550%-0.560%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	**2018**
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 667,673	$ 617,790
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	$ 7,575	$ 7,315

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2019	2018
Current		
Investments in equity instruments at FVTOCI	$ 186,711	$ 154,439
Non-current		
Investments in equity instruments at FVTOCI	$ 189,695	$ 167,260

a. Investments in equity instruments at FVTOCI

	December 31	
	2019	2018
Current		
Listed shares and emerging market shares		
Ordinary shares - Far Eastern International Bank	$ 16,479	$ 13,434
Ordinary shares - Chunghwa Telecom Co., Ltd	5,346	5,492
Ordinary shares - Formosa Plastics Corporation	9,126	9,236
Ordinary shares - China Steel Corporation	19,198	19,479
Ordinary shares - Polytronics Technology Corp.	106,772	86,503
Ordinary shares - Taiwan Semiconductor Manufacturing Co., Ltd.	29,790	20,295
	$ 186,711	$ 154,439
Non-current		
Listed shares and emerging market shares		
Ordinary shares - GeneFerm Biotechnology Co., Ltd.	$ 65,640	$ 90,095
Unlisted shares		
Ordinary shares - Dah Chung Bills Finance Corp.	15,702	12,805
Ordinary shares - InnoComm Mobile Technology Corp.	107,424	63,360
Ordinary shares - AsiaVest Liquidation Co.	929	1,000
	$ 189,695	$ 167,260

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

In January 2018, the Group sold its shares in Company F in order to manage credit concentration risk. The shares sold had a fair value of $798 thousand and its related unrealized valuation gain of $578 thousand was transferred from other equity to retained earnings.

Dividends of $11,231 thousand and $10,584 thousand were recognized during 2019 and 2018, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST - 2019 AND 2018

	December 31	
	2019	2018
Current		
Time deposits with original maturities of more than 3 months	$ 2,206,805	$ 1,505,913

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.65%-2.85% and 0.79%-3.20% per annum as of December 31, 2019 and 2018, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	2018
Notes receivable		
Operating	$ 2,977	$ 2,887
Trade receivables		
At amortized cost		
Gross carrying amount	$ 6,460,483	$ 6,169,871
Less: Allowance for impairment loss	(20,933)	(8,792)
	$ 6,439,550	$ 6,161,079
Other receivables		
Accrued interest	$ 8,912	$ 6,767
Payments on behalf of others	595	491
Others	183,576	214,871
	$ 193,083	$ 222,129

The average credit period of receivables from sales of goods was 30-90 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

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

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

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

December 31, 2019

	Not Past Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.01%	1.68%	3.36%	38.44%	61.05%	
Gross carrying amount	$ 6,340,444	$ 54,029	$ 36,932	$ 6,717	$ 25,338	$ 6,463,460
Loss allowance (Lifetime ECL)	(733)	(906)	(1,242)	(2,582)	(15,470)	(20,933)
Amortized cost	$ 6,339,712	$ 53,124	$ 35,689	$ 4,135	$ 9,867	$ 6,442,527

December 31, 2018

	Not Past Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.00%	0.10%	0.14%	2.37%	100.00%	
Gross carrying amount	$ 5,637,795	$ 319,103	$ 192,296	$ 15,789	$ 7,775	$ 6,172,758
Loss allowance (Lifetime ECLs)	(45)	(325)	(273)	(374)	(7,775)	(8,792)
Amortized cost	$ 5,637,750	$ 318,778	$ 192,023	$ 15,415	$ -	$ 6,163,966

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 8,792	$ 5,392
Add: Net remeasurement of loss allowance	12,762	5,251
Less: Amounts written off	-	(1,733)
Foreign exchange translation gains and losses	(621)	(118)
Balance at December 31	$ 20,933	$ 8,792

11. FINANCE LEASE RECEIVABLES

2019

	December 31, 2019
Undiscounted lease payments	
Year 1	$ 4,200
Year 2	4,200
Year 3	4,700
Year 4	4,800
Year 5	4,800
Year 6 onwards	13,400
Less: Unearned finance income	(6,377)
Net investment in leases presented as finance lease receivables	$ 29,723

2018

	December 31, 2018
Gross investments in leases	
Not later than 1 year	$ 4,200
Later than 1 year and not later than 5 years	17,900
Later than 5 years	18,200
	40,300
Less: Unearned finance income	(7,936)
Present value of minimum lease payments	$ 32,364
Lease receivables	
Not later than 1 year	$ 2,640
Later than 1 year and not later than 5 years	13,133
Later than 5 years	16,591
Lease receivables	$ 32,364

The Group entered into finance lease arrangements for biological assets with annual fixed lease payments of $350 thousand. All leases were denominated in New Taiwan dollars. The term of finance leases entered into was 10 years.

The interest rates inherent in leases are fixed at the contract dates for the entire term of the lease. The average effective interest rates contracted were approximately 5.01% as of December 31, 2019 and 2018.

As of December 31, 2019, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

12. INVENTORIES

	December 31	
	2019	2018
Merchandise	$ 578,324	$ 589,695
Finished goods	1,544,663	1,679,573
Work in progress	344,702	402,693
Raw materials	1,111,234	1,442,850
Packing materials	68,061	84,475
	$ 3,646,984	$ 4,199,286

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 included loss on write-down of inventories of $2,307 thousand and loss on abandoned inventories of $46,508 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2018 included reversals of inventory write-downs of $4,047 thousand and loss on abandoned inventories of $59,736 thousand.

13. PREPAYMENTS

	December 31	
	2019	2018
Prepayments for purchases	$ 884,193	$ 966,879
Prepayments for rent	6,215	8,673
Prepayments for insurance	1,139	14,632
Excess business tax paid	255,952	252,592
Prepayments for advertisements	13,578	241,060
Others	224,149	131,836
	$ 1,385,226	$ 1,615,672

14. SUBSIDIARIES

Subsidiaries included in consolidated financial statements.

			Proportion of Ownership December 31		
Investor	Investee	Main Business	2019	2018	Remark
The Company	Standard Dairy Products Taiwan Limited (“Standard Dairy Products”)	Manufacture and sale of dairy products and beverages	100.0	100.0	-
The Company	Charng Hui Ltd. (“Charng Hui”)	Investing	100.0	100.0	-
The Company	Domex Technology Corporation (“Domex Technology”)	Manufacture and sale of computer peripherals and computer appliances	52.0	52.0	-
The Company	Standard Beverage Company Limited (“Standard Beverage”)	Manufacture and sale of beverages	100.0	100.0	-
The Company	Accession Limited	Investing	100.0	100.0	-
The Company	Standard Investment (“Cayman”) Limited (“Cayman Standard”)	Investing	100.0	100.0	In September 2018, the Company invested RMB437 thousand in Cayman Standard.
The Company	Le Bonta Wellness International Corporation (“Le Bonta Wellness”)	Sale of health food	100.0	100.0	-
Accession Limited	Shanghai Standard Foods Co., Ltd. (“Shanghai Standard”)	Manufacture and sale of edible oils and nutritious foods	100.0	100.0	-
Accession Limited	Shanghai Le Ben De Health Technology Co., Ltd. (“Shanghai Le Ben De”)	Technical consultant on health technology, technical transfer and technical service	100.0	100.0	-
Accession Limited	Dermalab S.A. (“Dermalab”)	Development and sale of cosmetics	100.0	100.0	In May 2018, Accession Limited bought 20% equity from non-controlling interests, and the Company’s percentage of shareholding increased from 80% to 100%, refer to Note 31.
Dermalab	Swissdema SL (“Swissdema”)	Sale of cosmetics	100.0	100.0	-
Cayman Standard	Standard Corporation (Hong Kong) Limited (“Hong Kong Standard”)	Investing	100.0	100.0	In September 2018, Cayman Standard invested RMB259 thousand in Hong Kong Standard.
Hong Kong Standard	Standard Investment (China) Co., Ltd. (“China Standard Investment”)	Investing and sale of edible oils and nutritious foods	99.0	99.0	-
Hong Kong Standard	Shanghai Le Ming Industrial Co., Ltd. (“Shanghai Le Ming”)	Management of properties	100.0	100.0	-
Hong Kong Standard	Shanghai Le Ho Industrial Co., Ltd. (“Shanghai Le Ho”)	Management of properties	100.0	100.0	-
China Standard Investment	Standard Foods (China) Co., Ltd. (“China Standard Foods”)	Manufacture and sale of edible oils and nutritious foods	100.0	100.0	-
China Standard Investment	Shanghai Dermalab Corporation (“Shanghai Dermalab”)	Sale of nutritional foods, cosmetic and engage in import and export business	100.0	100.0	-
The Company and China Standard Investment	Shanghai Le Ben Tuo Health Technology Co., Ltd. (“Shanghai Le Ben Tuo”)	Sale of nutritional foods and engage in import and export business	100.0	100.0	-
China Standard Investment	Standard Foods (Xiamen) Co., Ltd. (“Xiamen Standard")	Manufacture and sale of edible oils and nutritious foods	100.0	100.0	-

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Other Equipment	Property in Construction	Total
Cost						
Balance at January 1, 2018	$ 702,405	$ 3,378,166	$ 4,017,731	$ 555,165	$ 1,112,048	$ 9,765,515
Additions	-	-	1,657	1,738	382,849	386,244
Disposals	-	(40,088)	(99,012)	15,617	-	(123,483)
Reclassified	-	149,726	320,982	38,504	(523,543)	(14,331)
Effects of foreign currency exchange differences	-	(40,616)	(88,150)	(366)	48,360	(80,772)
Balance at December 31, 2018	$ 702,405	$ 3,447,188	$ 4,153,208	$ 610,658	$ 1,019,714	$ 9,933,173
Accumulated depreciation and impairment						
Balance at January 1, 2018	$ -	$ 1,126,492	$ 2,562,300	$ 400,639	$ -	$ 4,089,431
Disposals	-	(39,513)	(80,695)	18,882	-	(101,326)
Depreciation expenses	-	148,160	267,506	55,387	-	471,053
Impairment losses recognized	-	7,288	10,747	-	-	18,035
Effects of foreign currency exchange differences	-	(8,185)	(11,178)	(2,895)	-	(22,258)
Balance at December 31, 2018	$ -	$ 1,234,242	$ 2,748,680	$ 472,013	$ -	$ 4,454,935
Carrying amount at December 31, 2018	$ 702,405	$ 2,212,946	$ 1,404,528	$ 138,645	$ 1,019,714	$ 5,478,238
Cost						
Balance at January 1, 2019	$ 702,405	$ 3,447,188	$ 4,153,208	$ 610,658	$ 1,019,714	$ 9,933,173
Adjustments on initial application of IFRS 16	-	-	-	(9,752)	-	(9,752)
Balance at January 1, 2019 (restated)	702,405	3,447,188	4,153,208	600,906	1,019,714	9,923,421
Additions	-	-	846	2,429	402,529	405,804
Disposals	-	(49,378)	(315,990)	(53,531)	(166)	(419,065)
Reclassified	-	871,706	279,875	124,342	(1,275,904)	19
Transfers to investment properties	-	(129,033)	-	-		(129,033)
Effects of foreign currency exchange differences	-	(62,333)	(48,741)	(112,208)	(7,285)	(230,567)
Balance at December 31, 2019	$ 702,405	$ 4,078,150	$ 4,069,198	$ 561,938	$ 138,888	$ 9,550,579
Accumulated depreciation and impairment						
Balance at January 1, 2019	$ -	$ 1,234,242	$ 2,748,680	$ 472,013	$ -	$ 4,454,935
Adjustments on initial application of IFRS 16	-	-	-	(3,863)	-	(3,863)
Balance at January 1, 2019 (restated)	-	1,234,242	2,748,680	468,150	-	4,451,072
Disposals	-	(35,189)	(277,760)	(48,675)	-	(361,624)
Depreciation expenses	-	169,112	279,868	46,359	-	495,339
Transfers to investment properties	-	(115,644)	-	-	-	(115,644)
Effects of foreign currency exchange differences	-	17,158	(20,571)	(40,463)	-	(43,876)
Balance at December 31, 2019	$ -	$ 1,269,679	$ 2,730,217	$ 425,371	$ -	$ 4,425,267
Carrying amount at December 31, 2019	$ 702,405	$ 2,808,471	$ 1,338,981	$ 136,567	$ 138,888	$ 5,125,312

No impairment assessment was performed for the year ended December 31, 2019 as there was no indication of impairment.

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

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

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 404,964
Buildings	286,147
Office equipment	390
Transportation equipment	8,178
	$ 699,679

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 176,972
Depreciation charge for right-of-use assets	
Land	$ 12,381
Buildings	61,539
Office equipment	29
Transportation equipment	2,975
	$ 76,924

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 83,119
Non-current	$ 264,496

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	1.07%-1.49%
Buildings	1.07%-4.35%
Office equipment	1.07%
Transportation equipment	1.07%-12.04%

c. Material lease-in activities and terms

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

d. Other lease information

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

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 96,334
Expenses relating to low-value asset leases	$ 881
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ -
Total cash outflow for leases	$ (178,717)

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

2018

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

	December 31, 2018
Not later than 1 year	$ 55,887
Later than 1 year and not later than 5 years	99,744
	$ 155,631

The lease payments and sublease payments recognized in profit or loss were as follows:

	For the Year Ended December 31, 2018
Minimum lease payments	$ 131,944

17. INVESTMENT PROPERTIES

	Completed Investment Properties	Right-of-use Assets	Total
Cost			
Balance at January 1, 2018	$ 298,579	$ -	$ 298,579
Disposals	(141,270)	-	(141,270)
Balance at December 31, 2018	$ 157,309	$ -	$ 157,309
Accumulated depreciation and impairment			
Balance at January 1, 2018	$ 59,330	$ -	$ 59,330
Depreciation expenses	2,320	-	2,320
Disposals	(15,117)	-	(15,117)
Balance at December 31, 2018	$ 46,533	$ -	$ 46,533
Carrying amount at December 31, 2018	$ 110,776	$ -	$ 110,776
Cost			
Balance at January 1, 2019	$ 157,309	$ -	$ 157,309
Transfers from right-of-use assets	-	5,898	5,898
Transfers from property, plant and equipment	129,033	-	129,033
Disposals	(41,592)	-	(41,592)
Effects of foreign currency exchange differences	(3,039)	(350)	(3,389)
Balance at December 31, 2019	$ 241,711	$ 5,548	$ 247,259
Accumulated depreciation and impairment			
Balance at January 1, 2019	$ 46,533	$ -	$ 46,533
Depreciation expenses	2,310	225	2,535
Disposals	(37,324)	-	(37,324)
Transfers from right-of-use assets	-	123	123
Transfers from property, plant and equipment	115,644	-	115,644
Effects of foreign currency exchange differences	(2,729)	(15)	(2,744)
Balance at December 31, 2019	$ 124,434	$ 333	$ 124,767
Carrying amount at December 31, 2019	$ 117,277	$ 5,215	$ 122,492

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

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

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2019 was as follows:

	December 31, 2019
Year 1	$ 29,280
Year 2	15,769
	$ 45,049

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2018 are as follows:

	December 31, 2018
Not later than 1 year	$ 18,986
Later than 1 year and not later than 5 years	18,943
	$ 37,929

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

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

The fair values of the investment properties were $212,653 thousand and $214,323 thousand as of December 31, 2019 and 2018, respectively. The management of the Group determined the fair value with reference to market transaction prices of similar properties.

On May 8, 2018, the Company entered into a property sale agreement with Pei Chen Co., Ltd. for a property located in Wugu District, New Taipei City. The selling price was $508,620 thousand (which included business tax), and the gain on disposal of property was $369,427 thousand (which was included in the statements of comprehensive income under other gains and losses). The transaction was accomplished at the third quarter of September 2018.

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.

18. OTHER INTANGIBLE ASSETS

	Trademark	Computer Software	Total
Cost			
Balance at January 1, 2018	$ 91,195	$ 228,195	$ 319,390
Additions	-	5,572	5,572
Effects of foreign currency exchange differences	115,844	(498)	115,346
Balance at December 31, 2018	$ 207,039	$ 233,269	$ 440,308
Accumulated amortization and impairment			
Balance at January 1, 2018	$ 17,531	$ 224,610	$ 242,141
Amortization expenses	5,048	6,684	11,732
Effects of foreign currency exchange differences	114,690	(487)	114,203
Balance at December 31, 2018	$ 137,269	$ 230,807	$ 368,076
Carrying amount at December 31, 2018	$ 69,770	$ 2,462	$ 72,232
Cost			
Balance at January 1, 2019	$ 207,039	$ 233,269	$ 440,308
Additions	-	7,564	7,564
Transfers from prepayments	34	-	34
Effects of foreign currency exchange differences	20,187	(1,120)	19,067
Balance at December 31, 2019	$ 227,260	$ 239,713	$ 466,973
Accumulated amortization and impairment			
Balance at January 1, 2019	$ 137,269	$ 230,807	$ 368,076
Amortization expenses	5,081	6,551	11,632
Effects of foreign currency exchange differences	21,092	(1,096)	19,996
Balance at December 31, 2019	$ 163,442	$ 236,262	$ 399,704
Carrying amount at December 31, 2019	$ 63,818	$ 3,451	$ 67,269

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

Trademark	10-20 years
Computer software	2-3 years

19. LONG-TERM PREPAYMENTS FOR LEASES

The long-term prepayments for leases are land use rights located in mainland China. As of December 31, 2018, long-term prepayments for leases amounted to $381,081 thousand.

20. OTHER ASSETS

	December 31 2019	December 31 2018
Current		
Pledge time deposits (Note 36)	$ 4,013	$ 1,010
Advances to officers	15,570	20,901
Temporary payments	9,683	-
Others	118	-
	$ 29,384	$ 21,911
Non-current		
Prepayments for equipment	$ 6,984	$ 31,565
Refundable deposits	53,615	41,720
Pledge time deposits (Note 36)	85,950	89,506
Others	114,426	77,064
	$ 260,975	$ 239,855

21. BORROWINGS

a. Short-term borrowings

	December 31 2019	December 31 2018
Secured borrowings (Note 36)		
Bank loans	$ 150,000	$ 90,000
Unsecured borrowings		
Bank loans	1,232,955	1,641,478
	$ 1,382,955	$ 1,731,478

The range of interest rates on bank loans was 1.05%-4.35% and 1.05%-4.35% per annum as of December 31, 2019 and 2018, respectively.

b. Short-term bills payable

	December 31 2019	December 31 2018
Commercial paper	$ 100,000	$ 120,000
Less: Unamortized discount on bills payable	(32)	(96)
	$ 99,968	$ 119,904

Outstanding short-term bills payable were as follows:

December 31, 2019

Financial Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
Commercial paper						
Mega Bills Finance Co., Ltd.	$ 50,000	$ (3)	$ 49,997	1.36%	-	$ -
International Bills Finance Corp.	50,000	(29)	49,971	1.34%	-	-
	$ 100,000	$ (32)	$ 99,968			$ -

December 31, 2018

Financial Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
Commercial paper						
Mega Bills Finance Co., Ltd.	$ 50,000	$ (13)	$ 49,987	1.34%	-	$ -
International Bills Finance Corp.	50,000	(63)	49,937	1.34%	-	-
Taiwan Bills Finance Corp.	20,000	(20)	19,980	1.34%	-	-
	$ 120,000	$ (96)	$ 119,904			$ -

c. Long-term borrowings

	December 31	
	2019	2018
Secured borrowings (Note 36)		
Bank loans*	$ 6,000	$ 27,000
Less: Current portions	(6,000)	(12,000)
Long-term borrowings	$ -	$ 15,000

* As of December 31, 2019, the interest rate of the bank borrowings secured by the Group's equipment (see Note 36) was 1.91% per annum. The bank borrowings will be repayable quarterly from March 2018 to March 2021.

22. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2019	2018
Notes payable		
Operating	$ 316,444	$ 131,916
Trade payables		
Operating	$ 2,014,619	$ 2,162,745

The average credit period of payables for purchases of goods was 30-90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

23. OTHER LIABILITIES

	December 31	
	2019	2018
Current		
Other payables		
Payable for salaries or bonuses	$ 306,728	$ 282,514
Payable for compensation of employees	52,013	31,723
Payable for remuneration to directors	25,073	20,960
Payable for commission and rebates	963,712	840,152
Advertisement payable	199,232	285,122
Payable for royalties	25,668	23,806
Payable for freight	100,658	101,140
Payable for equipment	113,698	158,266
Others	1,063,892	866,203
	$ 2,850,674	$ 2,609,886
Other liabilities		
Advance receipts from customers	$ 1,337	$ 1,147
Refund liability	13,055	15,231
Others	14,109	17,938
	$ 28,501	$ 34,316
Non-current		
Other liabilities		
Guarantee deposits	$ 20,044	$ 19,961
Others	2,934	4,734
	$ 22,978	$ 24,695

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

b. Defined benefit plans

The defined benefit plan of the Company and domestic subsidiaries of the Group are operated by the government of the Republic of China ("ROC") in accordance with the Labor Standards 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	
	2019	**2018**
Present value of funded defined benefit obligation	$ 719,306	$ 700,665
Fair value of plan assets	(421,021)	(437,458)
Net defined benefit liabilities	$ 298,285	$ 263,207

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

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2018	$ 705,155	$ (334,366)	$ 370,789
Service cost			
Current service cost	10,904	-	10,904
Past service cost and loss on settlements	1,305	-	1,305
Net interest expense (income)	7,901	(3,789)	4,112
Recognized in profit or loss	20,110	(3,789)	16,321
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,758)	(6,758)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Actuarial loss - changes in demographic assumptions	$ 4,531	$ -	$ 4,531
Actuarial gain - changes in financial assumptions	(1,022)	-	(1,022)
Actuarial loss - experience adjustments	9,586	-	9,586
Recognized in other comprehensive income	13,095	(6,758)	6,337
Contributions from the employer	-	(130,576)	(130,576)
Contributions from plan participants	2,475	(2,475)	-
Benefits paid	(41,468)	41,468	-
Exchange differences	1,298	(962)	336
Balance at December 31, 2018	700,665	(437,458)	263,207
Service cost			
Current service cost	9,845	-	9,845
Net interest expense (income)	7,701	(4,918)	2,783
Recognized in profit or loss	17,546	(4,918)	12,628
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(14,227)	(14,227)
Actuarial loss - changes in demographic assumptions	4,877	-	4,877
Actuarial gain - changes in financial assumptions	30,164	-	30,164
Actuarial loss - experience adjustments	15,853	-	15,853
Recognized in other comprehensive income	50,894	(14,227)	36,667
Contributions from the employer	-	(14,102)	(14,102)
Contributions from plan participants	2,279	(2,279)	-
Benefits paid	(41,409)	41,409	-
Exchange differences	(479)	364	(115)
Others	(10,190)	10,190	-
Balance at December 31, 2019	$ 719,306	$ (421,021)	$ 298,285

(Concluded)

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	
	2019	**2018**
Discount rates	0.300%-0.800%	0.875%-1.250%
Expected rates of salary increase	0.500%-3.000%	0.500%-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	
	2019	**2018**
Discount rates		
0.250% increase	$ (21,945)	$ (21,406)
0.250% decrease	$ 22,800	$ 22,249
Expected rates of salary increase		
0.250% increase	$ 20,102	$ 19,815
0.250% decrease	$ (19,758)	$ (19,341)

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	
	2019	**2018**
The expected contributions to the plan for the next year	$ 22,248	$ 33,078
The average duration of the defined benefit obligation	19-16.5 years	2.8-15.1 years

25. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2019	**2018**
Number of shares authorized (in thousands)	920,000	920,000
Shares authorized	$ 9,200,000	$ 9,200,000
Number of shares issued and fully paid (in thousands)	915,089	915,089
Shares issued	$ 9,150,897	$ 9,150,897

2) Global depositary receipts

As of December 31, 2019, a total of 6,908.4 units of Global Depositary Receipts (GDRs) (representing 34,542 shares of the Company's ordinary shares), where each GDR representing five shares of the Company's ordinary shares, were traded on the Euro MTF Market of the Luxembourg Stock Exchange. Holders of the GDRs may request at any time that the shares represented by the GDRs be transferred to them.

b. Capital surplus

	December 31	
	2019	**2018**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Recognized from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ 1	$ 1
May be used to offset a deficit		
Changes in percentage of ownership interests in subsidiaries (2)	466	466
Recognized from treasury share transactions	109,251	92,578
	$ 109,718	$ 93,045

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries that result from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be appropriated from (less any paying taxes and deficit):

1) 10% thereof as legal reserve;

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

3) 30% to 100% of this the sum of the remainder and prior years' unappropriated earnings as dividends.

The Company's Articles of Incorporation also prescribe that 30% to 100%of dividends shall be paid in cash; however, if the Company has major investment plans for which external funds are not available, the percentage may be lowered to 5% to 20%. The distribution plan shall be proposed by the Company's board of directors and resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of the compensation of employees and remuneration of directors after amendment, refer to Note 27(h) "employees' compensation and remuneration of directors".

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

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 2018 and 2017 approved in the shareholders' meetings on June 13, 2019 and June 15, 2018, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2018	**2017**
Legal reserve	$ 294,909	$ 217,304
Special reserve	70,519	178,629
Cash dividends	2,287,724	1,830,179
Cash dividends per share (NT$)	2.5	2.0

The appropriations of earnings for 2019 had been proposed by the Company's board of directors on March 18, 2020. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 341,610	
Special reserve	246,549	
Cash dividends	2,424,987	$ 2.65

The appropriations of earnings for 2019 are subject to the resolution of the shareholders in their meeting to be held on June 16, 2020.

d. Special reserve

	For the Year Ended December 31	
	2019	**2018**
Beginning at January 1	$ 260,426	$ 81,797
Appropriation in respect of:		
Debit to other equity items	70,519	178,629
Balance at December 31	$ 330,945	$ 260,426

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

e. Other equity items

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (412,869)	$ (307,846)
Effect of change in tax rate	-	11,127
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(280,169)	(117,413)
Other comprehensive income recognized for the year	(280,169)	(106,286)
Acquisition of further interests in subsidiaries	-	1,263
Balance at December 31	$ (693,038)	$ (412,869)

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 81,924	$ 116,974
Recognized for the year		
Unrealized gain (loss) - equity instruments	33,620	(34,736)
Other comprehensive income recognized for the year	33,620	(34,736)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	-	(314)
Balance at December 31	$ 115,544	$ 81,924

3) Other equity items - other (recognized from put option of equity instruments from disposal of subsidiaries)

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ -	$ (46,970)
Exercised the put option of equity instruments from disposal of subsidiaries	-	46,970
Balance at December 31	$ -	$ -

f. Non-controlling interests

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 233,399	$ 257,157
Share in profit for the year	38,739	19,218
Other comprehensive income (loss) during the year		
Effect of change in tax rate	-	89
Exchange difference on translating the financial statements of foreign operations	(1,788)	(728)
Unrealized gain (loss) on financial assets at FVTOCI	21,147	(1,641)

(Continued)

	For the Year Ended December 31	
	2019	2018
Remeasurement on defined benefit plans	$ (2,129)	$ (609)
Related income tax	426	122
Acquisition of non-controlling interests in subsidiaries	-	(11,491)
Cash dividends distributed by subsidiaries to non-controlling interests	(17,230)	(28,718)
Balance at December 31	$ 272,564	$ 233,399

(Concluded)

g. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2019	6,669
Number of shares at December 31, 2019	6,669
Number of shares at January 1, 2018	6,669
Number of shares at December 31, 2018	6,669

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, 2019			
Chang Hui	6,669	$ 21,182	$ 464,195
December 31, 2018			
Chang Hui	6,669	$ 21,182	$ 331,473

The Company's shares held by subsidiaries were treated as treasury shares, aside from the rights to participate in any share issuance for cash and to vote, the rest were similar to general shareholder's rights.

26. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from sale of goods	$ 31,266,232	$ 27,340,587

a. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes receivable (Note 10)	$ 2,977	$ 2,887	$ 4,846
Trade receivables (Note 10)	$ 6,439,550	$ 6,161,079	$ 5,079,140
Contract liabilities - current			
Sale of goods	$ 326,644	$ 360,115	$ 210,540

b. Disaggregation of revenue

	Reportable Segments			
	Nutritious Foods	Cooking Products	Others	Total
For the year ended December 31, 2019				
Types of goods or services				
Sale of goods	$ 11,984,151	$ 15,551,432	$ 3,730,649	$ 31,266,232
For the year ended December 31, 2018				
Types of goods or services				
Sale of goods	$ 10,929,907	$ 13,817,285	$ 2,593,395	$ 27,340,587

27. NET PROFIT

Net profit includes:

a. Other income

	For the Year Ended December 31	
	2019	2018
Rental income		
Operating lease rental income		
Investment properties	$ 23,824	$ 20,878
Others	863	578
	24,687	21,456
Interest income		
Bank deposits	51,405	29,541
Financial assets at amortized cost	21,459	8,701
Repurchase agreements collateralized by bonds	569	150
Others	1,386	1,525
	74,819	39,917
Dividends		
Investments in equity instruments at FVTOCI	11,231	10,584
	$ 110,737	$ 71,957

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Fair value changes of financial assets and financial liabilities		
Financial assets held for trading	$ 7,812	$ 13,031
Financial liabilities held for trading	-	9,308
Net foreign exchange gains (losses)	(26,043)	10,478
Net loss on disposal of property, plant and equipment	(41,828)	(8,243)
Net gain on disposal of investment properties	-	369,427
Impairment losses recognized on property, plant and equipment	-	(18,035)
Government grants	65,423	107,359
Others	55,439	51,859
	$ 60,803	$ 535,184

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 37,982	$ 79,564
Interest on short-term bills payable	1,060	96
Interest on obligations under finance leases	-	718
Interest on lease liabilities	7,788	-
Other interest expense	49	367
	$ 46,879	$ 80,745

d. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2019	2018
Trade receivables	$ 12,762	$ 5,251
Inventories (included in operating costs)	$ 2,307	$ (4,047)
Property, plant and equipment	$ -	$ 18,035

e. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	$ 399,640	$ 381,355
Operating expenses	172,623	89,698
Non-operating revenue and expenses	2,535	2,320
	$ 574,798	$ 473,373
An analysis of amortization by function		
Operating costs	$ 20,977	$ 23,794
Operating expenses	33,260	29,734
	$ 54,237	$ 53,528

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2019	2018
Direct operating expenses of investment properties that generated rental income	$ 702	$ 751
Direct operating expenses of investment properties that did not generated rental income	572	581
	$ 1,274	$ 1,332

g. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Post-employment benefits		
Defined contribution plans	$ 127,502	$ 124,208
Defined benefit plans (see Note 24)	12,628	16,321
	140,130	140,529
Other employee benefits	2,338,177	2,126,065
Total employee benefits expense	$ 2,478,307	$ 2,266,594
An analysis of employee benefits expense by function		
Operating costs	$ 846,191	$ 828,990
Operating expenses	1,632,116	1,437,604
	$ 2,478,307	$ 2,266,594

h. Employees' compensation and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates of no less than 0.5% and no higher than 0.75%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2019 and 2018, which were approved by the Company's board of directors on March 18, 2020 and March 22, 2019, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	2018
Compensation of employees	1.22%	0.90%
Remuneration of directors	0.59%	0.59%

Amount

	For the Year Ended December 31	
	2019	2018
	Cash	Cash
Compensation of employees	$ 52,013	$ 31,723
Remuneration of directors	25,073	20,960

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2018 and 2017.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2019	**2018**
Foreign exchange gains	$ 75,308	$ 76,847
Foreign exchange losses	(101,351)	(66,369)
Net gains (losses)	$ (26,043)	$ 10,478

28. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2019	**2018**
Current tax		
In respect of the current year	$ 1,057,020	$ 639,471
Land value increment tax	-	27,947
Income tax on unappropriated earnings	12,941	-
Adjustments for prior years	(37,010)	(14,407)
	1,032,951	653,011
Deferred tax		
In respect of the current year	60,747	77,051
Effect of tax rate changes	-	(22,137)
	60,747	54,914
Income tax expense recognized in profit or loss	$ 1,093,698	$ 707,925

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

	For the Year Ended December 31	
	2019	**2018**
Profit before tax	$ 4,548,534	$ 3,676,232
Income tax expense calculated at the statutory rate	$ 1,193,055	$ 887,299
Nondeductible expenses in determining taxable income	24,491	23,150
Tax-exempt income	(118,486)	(174,944)
Unrecognized deductible temporary differences and loss carryforwards	52,053	2,459

(Continued)

	For the Year Ended December 31	
	2019	2018
Investment credits	$ (33,346)	$ (21,442)
Income tax on unappropriated earnings	12,941	-
Land value increment tax	-	27,947
Effect of tax rate changes	-	(22,137)
Adjustments for prior years' tax	(37,010)	(14,407)
Income tax expense recognized in profit or loss	$ 1,093,698	$ 707,925

(Concluded)

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
Effect of tax rate changes	$ -	$ (21,055)
In respect of the current year		
Exchange differences on translating the financial statements of foreign operations	(70,042)	(29,037)
Fair value changes of financial assets at FVTOCI	(3)	(83)
Remeasurement of defined benefit plans	(7,668)	(1,049)
Total income tax recognized in other comprehensive income	$ (77,713)	$ (51,224)

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	$ 46,114	$ 13,349
Current tax liabilities		
Income tax payable	$ 547,018	$ 337,835

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, 2019

	Opening Balance	Effect of Tax Rate Changes	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets						
Temporary differences						
Investments accounted for using the equity method	$ 91,100	$ -	$ (9,014)	$ -	$ -	$ 82,086
Exchange differences on translating the financial statements of foreign operations	103,216	-	-	70,042	-	173,258
Defined benefit plans	76,490	-	237	7,410	(19)	84,118
Advertisement payable	54,776	-	-	-	(2,176)	52,600
Deferred sales returns and allowances	6,767	-	2,007	-	-	8,774
Allowance for inventory loss	10,071	-	(11)	-	-	10,060
Financial assets measured at cost	43,886	-	-	3	-	43,889
Others	14,345	-	4,279	-	(11)	18,613
	400,651	-	(2,502)	77,455	(2,206)	473,398
Loss carryforwards	95	-	(95)	-	-	-
	$ 400,746	$ -	$ (2,597)	$ 77,455	$ (2,206)	$ 473,398
Deferred tax liabilities						
Temporary differences						
Investments accounted for using the equity method	$ 100,460	$ -	$ 131,725	$ -	$ -	$ 232,185
Reserve for land value increment tax	33,685	-	-	-	-	33,685
Defined benefit plans	740	-	1,781	(258)	-	2,263
Others	1,238	-	(560)	-	2	680
	$ 136,123	$ -	$ 132,946	$ (258)	$ 2	$ 268,813

For the year ended December 31, 2018

	Opening Balance	Effect of Tax Rate Changes	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets						
Temporary differences						
Investments accounted for using the equity method	$ 92,479	$ 16,330	$ (17,709)	$ -	$ -	$ 91,100
Exchange differences on translating the financial statements of foreign operations	63,052	11,127	-	29,037	-	103,216
Defined benefit plans	63,789	10,855	551	1,229	66	76,490
Advertisement payable	55,745	-	-	-	(969)	54,776
Deferred sales returns and allowances	19,129	3,376	(15,738)	-	-	6,767
Allowance for inventory loss	7,326	1,332	1,413	-	-	10,071
Financial assets measured at cost	41,930	7,400	(5,527)	83	-	43,886
Others	18,652	3,010	(7,342)	-	25	14,345
	362,102	53,430	(44,352)	30,349	(878)	400,651
Loss carryforwards	81	14	-	-	-	95
	$ 362,183	$ 53,444	$ (44,352)	$ 30,349	$ (878)	$ 400,746
Deferred tax liabilities						
Temporary differences						
Investments accounted for using the equity method	$ 53,736	$ 9,483	$ 37,241	$ -	$ -	$ 100,460
Reserve for land value increment tax	33,685	-	-	-	-	33,685
Defined benefit plans	332	228	-	180	-	740
Others	5,226	541	(4,542)	-	13	1,238
	$ 92,979	$ 10,252	$ 32,699	$ 180	$ 13	$ 136,123

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

	December 31	
	2019	2018
Loss carryforwards		
Expiry in 2019	$ -	$ 580
Expiry in 2020	10,400	11,268
Expiry in 2021	24,285	25,402
Expiry in 2022	41,636	41,636
Expiry in 2023	68,909	69,645
Expiry in 2024	227,559	-
	$ 372,789	$ 148,531
Deductible temporary differences	$ 23,720	$ 50,272

f. Income tax assessments

The income tax returns of Domex Technology for the year ended December 31, 2016 had been assessed by the tax authorities.

The income tax returns of the Company, Standard Dairy Products, Charng Hui, Standard Beverage and Le Bonta Wellness for the year ended December 31, 2017 had been assessed by the tax authorities.

29. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2019	2018
Basic earnings per share	$ 3.76	$ 3.25
Diluted earnings per share	$ 3.76	$ 3.24

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

Net Profit for the Year

	For the Year Ended December 31	
	2019	2018
Earnings used in the computation of basic earnings per share	$ 3,416,097	$ 2,949,089

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

	For the Year Ended December 31	
	2019	2018
Weighted average number of ordinary shares used in computation of basic earnings per share	908,420	908,420
Effect of potentially dilutive ordinary shares:		
Compensation of employees	709	742
Weighted average number of ordinary shares used in the computation of diluted earnings per share	909,129	909,162

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

30. GOVERNMENT GRANTS

The Group received government grants, and recognized $65,423 thousand and $107,359 thousand as other gains during 2019 and 2018, respectively.

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On May 18, 2018, the Group subscribed for shares of non-controlling interests at a percentage of 20%, which increased its continuing interest from 80% to 100%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	Dermalab
Cash consideration received	$ (59,682)
The transfer of capital premium’s stock warrants	48,512
The equity instrument’s put option of the financial liability of the subsidiary transferred to non-controlling interests	3,418
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	11,491
Reattribution of other equity from non-controlling interests	
Exchange differences on translating the financial statements of foreign operation (Note 25)	(1,263)
Others	(46,970)
Differences recognized from equity transactions	$ (44,494)
Line items adjusted for equity transactions	
Capital surplus - changes in percentage of ownership interests in subsidiaries	$ (44,494)

32. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes Exchanging Rate Adjustments	Closing Balance
Short-term borrowings	$ 1,731,478	$ (301,316)	$ (47,207)	$ 1,382,955
Short-term bills payable	119,904	(19,936)	-	99,968
Long-term borrowings	27,000	(21,000)	-	6,000
Lease liabilities	139,110	(73,714)	282,219	347,615
Guarantee deposits received	19,961	705	(622)	20,044
Other non-current liabilities	4,734	(1,757)	(43)	2,934
	$ 2,042,187	$ (417,018)	$ 234,347	$ 1,859,516

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Non-cash Changes Exchanging Rate Adjustments	Closing Balance
Short-term borrowings	$ 2,312,473	$ (555,347)	$ (25,648)	$ 1,731,478
Short-term bills payable	99,953	19,951	-	119,904
Long-term borrowings	39,000	(12,000)	-	27,000
Finance lease payables	2,833	4,067	46	6,946
Guarantee deposits received	48,769	(28,458)	(350)	19,961
Other non-current liabilities	5,305	(687)	116	4,734
	$ 2,508,333	$ (572,474)	$ (25,836)	$ 1,910,023

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 on a recurring basis

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	$ -	$ -	$ 7,575	$ 7,575
Mutual fund beneficiary certification	667,673	-	-	667,673
	$ 667,673	$ -	$ 7,575	$ 675,248
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares and emerging market shares	$ 252,351	$ -	$ -	$ 252,351
Unlisted shares	-	-	124,055	124,055
	$ 252,351	$ -	$ 124,055	$ 376,406

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	$ -	$ -	$ 7,315	$ 7,315
Mutual fund beneficiary certification	617,790	-	-	617,790
	$ 617,790	$ -	$ 7,315	$ 625,105
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares and emerging market shares	$ 244,534	$ -	$ -	$ 244,534
Unlisted shares	-	-	77,165	77,165
	$ 244,534	$ -	$ 77,165	$ 321,699

There were no transfers between Levels 1 and 2 for the years ended December 31, 2019 and 2018.

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

For the year ended December 31, 2019

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
Balance at January 1, 2019	$ 7,315	$ 77,165	$ 84,480
Recognized in profit or loss (included in other gains and losses)	260	-	260
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	46,928	46,928
Impact of exchange rates	-	(38)	(38)
Balance at December 31, 2019	$ 7,575	$ 124,055	$ 131,630
Recognized in other gains and losses - unrealized	$ 260		$ 260

For the year ended December 31, 2018

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
Balance at January 1, 2018	$ 6,368	$ 83,754	$ 90,122
Recognized in profit or loss (included in other gains and losses)	3,125	-	3,125
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	(4,749)	(4,749)
Sales/settlements	(1,978)	(1,823)	(3,801)
Transfers out of Level 3	(200)	-	(200)
Impact of exchange rates	-	(17)	(17)
Balance at December 31, 2018	$ 7,315	$ 77,165	$ 84,480
Recognized in other gains and losses - unrealized	$ 1,147		$ 1,147

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

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

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

b. Categories of financial instruments

	December 31	
	2019	**2018**
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 675,248	$ 625,105
Financial assets at amortized cost (1)	12,691,896	10,614,196
Financial assets at FVTOCI		
Equity instruments	376,406	321,699
Financial liabilities		
Financial liabilities at amortized cost (2)	3,983,402	4,367,443

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, and notes receivable and trade receivables. Those reclassified to held-for-sale disposal groups are also included.

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

c. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 38.

Sensitivity analysis

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

The following table details the Group's sensitivity to a 3% increase or decrease in the functional currency against the relevant foreign currencies. A change of 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis used the outstanding foreign currency denominated monetary items at the end of the reporting period and assumed the exchange rates at the end of the reporting period changed by 3% increase 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 Year Ended December 31		For the Year Ended December 31	
	2019	2018	2019	2018
Profit or loss	$ 1,310 (i)	$ 834 (i)	$ 28,367 (ii)	$ 18,939 (ii)

	EUR Impact		AUD Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2019	2018	2019	2018
Profit or loss	$ 2,349 (iii)	$ 1,378 (iii)	$ 817 (iv)	$ 2,707 (iv)

	CHF Impact		SGD Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2019	2018	2019	2018
Profit or loss	$ 1,792 (v)	$ 2,735 (v)	$ (348) (vi)	$ (338) (vi)

i. This was mainly attributable to the exposure of outstanding RMB bank deposits which were not hedged at the end of the reporting period.

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

iii. This was mainly attributable to the exposure on bank deposits and payables in EUR which were not hedged at the end of the reporting period.

iv. This was mainly attributable to the exposure of bank deposits and payables in AUD which were not hedged at the end of the reporting period.

v. This was mainly attributable to the exposure of bank deposits and payables in CHF which were not hedged at the end of the reporting period.

vi. This was mainly attributable to the exposure of bank deposits and payables in SGD which were not hedged at the end of the reporting period.

b) Interest rate risk

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

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

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 1,658,861	$ 955,885
Financial liabilities	1,791,538	1,806,328
Cash flow interest rate risk		
Financial assets	1,172,500	1,163,880
Financial liabilities	45,000	79,000

Sensitivity analysis

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

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2019 and 2018 would increase (decrease) by $11,275 thousand and $10,849 thousand, respectively.

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

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the year ended December 31, 2019 would have increased/decreased by $6,752 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2019 would have increased/decreased by $3,764 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 1% higher/lower, pre-tax profit for the year ended December 31, 2018 would have increased/decreased by $6,251 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2018 would have increased/decreased by $3,217 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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 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 sheets:

December 31, 2019

		Maximum Exposure to Credit Risk Mitigated by		
	Carrying Amount	**Collateral**	**Other Credit Enhancements**	**Total**
Receivables	$ 6,442,527	$ 76,270	$ 391	$ 76,661

December 31, 2018

		Maximum Exposure to Credit Risk Mitigated by		
	Carrying Amount	**Collateral**	**Other Credit Enhancements**	**Total**
Receivables	$ 6,163,966	$ 94,755	$ 11,189	$ 105,944

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Group had available unutilized bank loan facilities in the amounts of $5,186,434 thousand and $8,454,225 thousand, respectively.

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

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

December 31, 2019

	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	$ 793,371	$ 1,592,308	$ 86,769	$ 20,044
Lease liabilities	25,466	14,902	52,197	283,028
Variable interest rate liabilities	-	-	45,003	-
Fixed interest rate liabilities	612,591	788,292	48,461	-
Contract liabilities	108,881	217,763	-	-
	$ 1,540,309	$ 2,613,265	$ 232,430	$ 303,072

December 31, 2018

	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	$ 260,158	$ 603,234	$ 1,599,695	$ 19,961
Finance lease liabilities	222	445	2,002	5,164
Variable interest rate liabilities	30,067	3,086	31,304	15,215
Fixed interest rate liabilities	644,922	627,795	509,072	37,371
Contract liabilities	120,038	240,077	-	-
	$ 1,055,407	$ 1,474,637	$ 2,142,073	$ 77,711

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.

a. Related parties and relationships

Name of Related Party	Relationship with the Group
GeneFerm Biotechnology Co., Ltd. ("GeneFerm")	The Company is one of the directors

b. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
The Company is one of the directors		
GeneFerm	$ 48,186	$ 25,529

Purchases from related parties were conducted on normal commercial terms.

c. Payables to related parties

Line Items	Related Party Category/Name	December 31 2019	2018
Trade payables	The Company is one of the directors		
	GeneFerm	$ 26,141	$ 8,602

The outstanding payables from related parties were unsecured.

d. Compensation of key management personnel

	For the Year Ended December 31 2019	2018
Short-term employee benefits	$ 45,293	$ 40,280
Post-employment benefits	522	533
	$ 45,815	$ 40,813

The remuneration of directors and key executives was determined by the remuneration committee based on 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, issuance of bank acceptances, performance guaranty, and bond for customs clearance:

	December 31	
	2019	2018
Pledge time deposits (included in other current assets)	$ 4,013	$ 1,010
Pledge time deposits (included in other non-current assets)	85,950	89,506
Property, plant and equipment, net	137,554	153,868
Investment properties, net	56,909	58,697
	$ 284,426	$ 303,081

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2019 were as follows:

a. The Company has entered into a license agreement with The Quaker Oats Company (Quaker) for a period ending July 11, 2029. 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$2,075 thousand.

c. Unrecognized commitments for acquisition of property, plant and equipment of approximately $122,010 thousand.

d. Unrecognized commitments for acquiring approximately 46,391 tons of colostrum from dairymen.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 26,052	29.98 (USD:NTD)	$ 781,058
USD	6,480	6.98 (USD:RMB)	194,612
EUR	2,331	33.59 (EUR:NTD)	78,298
RMB	10,142	4.31(RMB:NTD)	43,658
AUD	2,058	21.01 (AUD:NTD)	43,228

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
CHF	$ 1,341	30.93 (CHF:NTD)	$ 41,470
CHF	591	7.18 (CHF:RMB)	18,272
			$ 1,200,596
Financial liabilities			
Monetary items			
USD	1,003	29.98 (USD:NTD)	$ 30,087
AUD	762	20.01 (AUD:NTD)	16,006
SGD	520	22.28 (SGD:NTD)	11,586
			$ 57,679

(Concluded)

December 31, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 12,753	30.72 (USD:NTD)	$ 391,681
USD	14,631	6.86 (USD:RMB)	449,371
EUR	1,661	35.20 (EUR:NTD)	58,453
RMB	6,219	4.47 (RMB:NTD)	27,810
AUD	4,717	21.67 (AUD:NTD)	102,184
CHF	2,923	6.97 (CHF:RMB)	91,155
			$ 1,120,654
Non-monetary items			
USD	33	6.86 (USD:RMB)	$ 1,000
CHF	1,379	6.97 (CHF:RMB)	43,007
			$ 44,007
Financial liabilities			
Monetary items			
USD	771	30.72 (USD:NTD)	$ 23,666
USD	6,045	6.86 (USD:RMB)	185,681
EUR	356	35.20 (EUR:NTD)	12,535
AUD	551	21.67 (AUD:NTD)	11,944
SGD	501	22.48 (SGD:NTD)	11,262
			$ 245,088

The Group is mainly exposed to RMB and USD. 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			
	2019		2018	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	$ (27,536)	1 (NTD:NTD)	$ 5,483
RMB	4.45 (RMB:NTD)	1,483	4.55 (RMB:NTD)	5,136
CHF	30.93 (CHF:NTD)	10	31.19 (CHF:NTD)	(141)
		$ (26,043)		$ 10,478

39. SEPARATELY DISCLOSED ITEMS

a. Financings provided: See Table 1 attached.

b. Endorsement/guarantee provided: See Table 2 attached.

c. Marketable securities held (excluding investments in subsidiaries): 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: None.

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

f. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

g. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 4 attached.

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 5 attached.

i. Trading in derivative instruments: None.

j. Others: Intercompany relationships and significant intercompany transactions: See Table 6 attached.

k. Information on investees (excluding investees of mainland China): See Table 7 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: See Table 8 attached.

   2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss: None.

40. SEGMENT INFORMATION

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

- Standard Foods segment - the Company
- Standard Dairy Products segment - Standard Dairy Products
- China Standard segment - Shanghai Standard, China Standard Investment, China Standard Foods and Xiamen Standard
- Other segments - other than the above corporation

a. Operating segment information

	Standard Foods Segment	Standard Dairy Products Segment	China Standard Segment	Other Segments	Adjustments and Eliminations	Consolidated
For the year ended December 31, 2019						
Sales from external customers	$ 11,668,690	$ 2,657,213	$ 14,334,709	$ 2,605,620	$ -	$ 31,266,232
Sales among intersegments	1,471,254	917,346	412	14,273	(2,403,285)	-
Total sales	$ 13,139,944	$ 3,574,559	$ 14,335,121	$ 2,619,893	$ (2,403,285)	$ 31,266,232
Interest income	$ 22,823	$ 4,946	$ 42,255	$ 9,667	$ (4,872)	$ 74,819
Financial cost	$ 1,339	$ 12	$ 37,186	$ 13,214	$ (4,872)	$ 46,879
Depreciation expense	$ 222,087	$ 44,583	$ 234,190	$ 78,508	$ (4,570)	$ 574,798
Amortization expense	$ 11,998	$ 2,428	$ 29,117	$ 10,694	$ -	$ 54,237
Operating segment income (loss)	$ 2,992,111	$ 564,292	$ 999,415	$ 35,557	$ (42,841)	$ 4,548,534
Unallocated amount						-
Income before income tax						$ 4,548,534
For the year ended December 31, 2018						
Sales from external customers	$ 10,675,041	$ 2,615,642	$ 12,171,356	$ 1,878,548	$ -	$ 27,340,587
Sales among intersegments	1,512,866	739,330	2,378	10,813	(2,265,387)	-
Total sales	$ 12,187,907	$ 3,354,972	$ 12,173,734	$ 1,889,361	$ (2,265,387)	$ 27,340,587
Interest income	$ 15,502	$ 4,109	$ 18,074	$ 7,541	$ (5,308)	$ 39,917
Financial cost	$ 686	$ -	$ 76,371	$ 8,997	$ (5,308)	$ 80,745
Depreciation expense	$ 187,440	$ 34,733	$ 213,340	$ 37,859	$ -	$ 473,373
Amortization expense	$ 10,324	$ 2,029	$ 34,612	$ 6,563	$ -	$ 53,528
Other important non-cash items						
Impairment loss on assets	$ 18,035	$ -	$ -	$ -	$ -	$ 18,035
Operating segment income (loss)	$ 2,778,553	$ 540,305	$ 348,732	$ 10,204	$ (1,563)	$ 3,676,232
Unallocated amount						-
Income before income tax						$ 3,676,232

b. Geographical information:

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

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

	Revenue from External Customers	
	For the Year Ended December 31	
	2019	2018
Taiwan	$ 16,675,005	$ 14,977,018
Mainland China	14,470,605	12,247,648
Others	120,622	115,921
	$ 31,266,232	$ 27,340,587

	Non-current Assets	
	December 31	
	2019	2018
Taiwan	$ 2,269,496	$ 2,198,922
Mainland China	3,711,638	3,812,887
Others	32,538	28,373
	$ 6,013,672	$ 6,040,182

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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			
0	Standard Foods Corporation	Dermalab S.A.	Financing receivables - related parties	Y	$ 47,783	$ 46,387	$ -	-	b	$ -	Need for operation	$ -	-	$ -	$ 6,350,870 (Note 3)	$ 6,350,870 (Note 3)	Note 11
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Y	92,048	85,950	79,891	2.50%	b.	-	Need for operation	-	-	-	1,664,013 (Note 4)	1,664,013 (Note 4)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	736,384	687,600	238,507	2.50%	b.	-	Need for operation	-	-	-	1,664,013 (Note 4)	1,664,013 (Note 4)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	460,240	429,750	348,188	2.50%	b.	-	Need for operation	-	-	-	1,664,013 (Note 4)	1,664,013 (Note 4)	Note 11
		Shanghai Le Ben Tuo Health Technology Co., Ltd.	Financing receivables - related parties	Y	92,048	85,950	85,950	2.50%	b.	-	Need for operation	-	-	-	1,664,013 (Note 4)	1,664,013 (Note 4)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	483,252	-	-	2.50%	b.	-	Need for operation	-	-	-	1,227,427 (Note 5)	1,227,427 (Note 5)	Note 11
		Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	667,348	623,138	116,299	2.50%	b.	-	Need for operation	-	-	-	1,227,427 (Note 5)	1,227,427 (Note 5)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	474,390	451,238	451,238	2.50%	b.	-	Need for operation	-	-	-	1,227,427 (Note 5)	1,227,427 (Note 5)	Note 11
3	Accession Limited	Shanghai Standard Foods Co., Ltd.	Financing receivables - related parties	Y	185,730	-	-	0.00%	b.	-	Need for operation	-	-	-	3,492,091 (Note 6)	3,492,091 (Note 6)	Note 11
		Dermalab S.A.	Financing receivables - related parties	Y	70,081	-	-	1.90%	b.	-	Need for operation	-	-	-	3,492,091 (Note 6)	3,492,091 (Note 6)	Note 11
4	Shanghai Le Ben Tuo Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	23,012	21,488	-	2.50%	b.	-	Need for operation	-	-	-	88,844 (Note 7)	88,844 (Note 7)	Note 11
5	Shanghai Le Ben De Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	9,205	8,595	-	2.50%	b.	-	Need for operation	-	-	-	11,640 (Note 8)	11,640 (Note 8)	Note 11
6	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	184,096	171,900	658	2.50%	b.	-	Need for operation	-	-	-	210,049 (Note 9)	210,049 (Note 9)	Note 11
7	Shanghai Le Min Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	92,048	85,950	597	2.50%	b.	-	Need for operation	-	-	-	131,101 (Note 10)	131,101 (Note 10)	Note 11

(Continued)

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

Note 2: Reasons for financing are as follows:

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

Note 3: The total amount shall not exceed 40% of net value of Standard Foods Corporation, which was calculated to be $6,350,870 thousand (the net value per financial statements of $15,877,175 thousand x 40% as of September 30, 2019).

Note 4: The total amount shall not exceed 40% of net value of Standard Investment (China) Co., Ltd., which was calculated to be $1,664,013 thousand (the net value per financial statements of $4,160,032 thousand x 40% as of September 30, 2019).

Note 5: The total amount shall not exceed 40% of net value of Shanghai Standard Foods Co., Ltd., which was calculated to be $1,227,427 thousand (the net value per financial statements of $3,068,568 thousand x 40% as of September 30, 2019).

Note 6: The total amount shall not exceed 100% of net value of Accession Limited, which was calculated to be $3,492,091 thousand (the net value per financial statements of $3,492,091 thousand x 100% as of September 30, 2019).

Note 7: The total amount shall not exceed 40% of net value of Shanghai Le Ben Tuo Health Technology Co., Ltd., which was calculated to be $88,844 thousand (the net value per financial statements of $222,111 thousand x 40% as of September 30, 2019).

Note 8: The total amount shall not exceed 40% of net value of Shanghai Le Ben De Health Technology Co., Ltd., which was calculated to be $11,640 thousand (the net value per financial statements of $29,101 thousand x 40% as of September 30, 2019).

Note 9: The total amount shall not exceed 40% of net value of Shanghai Le Ho Industrial Co., Ltd., which was calculated to be $210,049 thousand (the net value per financial statements of $525,122 thousand x 40% as of September 30, 2019).

Note 10: The total amount shall not exceed 40% of net value of Shanghai Le Min Industrial Co., Ltd., which was calculated to be $131,101 thousand (the net value per financial statements of $327,753 thousand x 40% as of September 30, 2019).

Note 11: The amount was eliminated upon consolidation.

(Concluded)

TABLE 2

STANDARD FOODS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(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	Accession Limited	b.	$ 12,701,740 (Note 3)	$ 184,620	29,980	$ -	$ -	0.19%	$ 15,877,175 (Note 4)	Y	-	-	
		Standard Beverage Company Limited	b.	12,701,740 (Note 3)	158,000	149,900	20,000	-	0.94%	15,877,175 (Note 4)	Y	-	-	

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

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

a. Trading partner.
b. Majority owned subsidiary.
c. The Company and subsidiary owns over 50% ownership of the investee company.
d. A subsidiary jointly owned by the Company and company's directly-owned subsidiary.
e. Guaranteed by the Company according to construction contract.
f. Investee company. The guarantees were provided based on the Company's proportionate share in an investee company.

Note 3: The total amount shall not exceed 80% of the net value in the financial statements of Standard Foods Corporation; the amount was calculated at $12,701,740 thousand (the net value per financial statements of $15,877,175 thousand x 80% as of September 30, 2019).

Note 4: The total amount shall not exceed 100% of the net value in the financial statements of Standard Foods Corporation; the amount was calculated at $15,877,175 thousand (the net value per financial statements of $15,877,175 thousand x 100% as of September 30, 2019).

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

TABLE 3

STANDARD FOODS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(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, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value (Note 2)	
Standard Foods Corporation	Shares							
	Far Eastern International Commercial Bank Co., Ltd.		Financial assets at fair value through other comprehensive income - current	1,379,027	$ 16,479	-	$ 16,479	
	Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - current	48,600	5,346	-	5,346	
	GeneFerm Biotechnology Co., Ltd.	The Company is one of the directors	Financial assets at fair value through other comprehensive income - non-current	2,145,110	65,640	7.8	65,640	
	Dah Chung Bills Finance Corp.		Financial assets at fair value through other comprehensive income - non-current	1,243,213	15,702	0.3	15,702	
	Mutual funds							
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	2,430,814	33,021	-	33,021	
	Jih Sun Money Market Fund		Financial assets at fair value through profit or loss - current	14,196,913	211,216	-	211,216	
	Mega Diamond Money Market		Financial assets at fair value through profit or loss - current	21,453,425	270,122	-	270,122	
	FSITC Taiwan Money Market Fund		Financial assets at fair value through profit or loss - current	2,736,051	42,034	-	42,034	
	Walden VC 2, L.P.		Financial assets at fair value through profit or loss - non-current	Note 1	-	1.9	-	
	Shares							
	Techgains Pan-Pacific Corporation		Financial assets at fair value through profit or loss - non-current	500,000	-	0.9	-	
	Authenex, Inc.		Financial assets at fair value through profit or loss - non-current	2,424,242	-	5.5	-	
	Global Strategic Investment Co., Ltd.		Financial assets at fair value through profit or loss - non-current	850,500	4,619	1.9	4,619	
	Paradigm Venture Capital Corporation		Financial assets at fair value through profit or loss - non-current	180,376	2,956	7.0	2,956	
	U-Teck Environment Corporation, Ltd.		Financial assets at fair value through profit or loss - non-current	11,200	-	0.2	-	
	Octamer, Inc. - Series E Preferred Stock		Financial assets at fair value through profit or loss - non-current	800,000	-	7.8	-	
	Octamer, Inc. - Series F Preferred Stock		Financial assets at fair value through profit or loss - non-current	107,815	-	1.0	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value (Note 2)	
	Fortemedia, Inc. - Series D Preferred Stock		Financial assets at fair value through profit or loss - non-current	3,455	$ -	1.2	$ -	
	Fortemedia, Inc. - Series E Preferred Stock		Financial assets at fair value through profit or loss - non-current	71,397	-	1.2	-	
	Fortemedia, Inc. - Series F Preferred Stock		Financial assets at fair value through profit or loss - non-current	29,173	-	1.2	-	
	Fortemedia, Inc. - Series G Preferred Stock		Financial assets at fair value through profit or loss - non-current	31,135	-	1.3	-	
	Fortemedia, Inc. - Series I Preferred Stock		Financial assets at fair value through profit or loss - non-current	29,102	-	1.3	-	
	Fortemedia, Inc. - Series - Common Stock		Financial assets at fair value through profit or loss - non-current	12,938	-	1.2	-	
Standard Dairy Products Taiwan Limited	Mutual funds							
	Jih Sun Money Market Fund		Financial assets at fair value through profit or loss - current	3,034,955	45,153	-	45,153	
	FSITC Taiwan Money Market Fund		Financial assets at fair value through profit or loss - current	1,953,197	30,007	-	30,007	
Charng Hui Ltd.	Shares							
	Standard Foods Corporation	Parent of Charng Hui Ltd.	Financial assets at fair value through other comprehensive income - current	6,669,471	464,195	0.7	464,195	Note 2
	Formosa Plastics Corporation		Financial assets at fair value through other comprehensive income - current	91,440	9,126	-	9,126	
	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	803,258	19,198	-	19,198	
	Polytronics Technology Corp.	Charng Hui Ltd. is one of the directors	Financial assets at fair value through other comprehensive income - current	1,596,000	106,772	2.0	106,772	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through other comprehensive income - current	90,000	29,790	-	29,790	
	Mutual funds							
	Fuh Hwa Global Strategic Allocation FoF		Financial assets at fair value through profit or loss - current	1,000,000	11,270	-	11,270	
	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds-Accu.		Financial assets at fair value through profit or loss - current	1,453,360	18,958	-	18,958	
	Shares							
	Hong Da Leasing & Finance Co., Ltd.		Financial assets at fair value through profit or loss - non-current	8,297,000	-	23.7	-	
	CNEX Co., Ltd.	Charng Hui Ltd. is one of the directors	Financial assets at fair value through profit or loss - non-current	1,000,000	-	6.0	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value (Note 2)	
Standard Beverage Company Limited	Mutual funds							
	Fuh Hwa Greater China Mid & Small Cap		Financial assets at fair value through profit or loss - current	225,000	$ 2,201	-	$ 2,201	
	Franklin Templeton SinoAm Global Bd Acc		Financial assets at fair value through profit or loss - current	282,988	3,691	-	3,691	
Domex Technology Corporation	Shares							
	InnoComm Mobile Technology Corp.		Financial assets at fair value through other comprehensive income - non-current	3,600,000	107,424	13.4	107,424	
Accession Limited	Shares							
	AsiaVest Liquidation Co.		Financial assets at fair value through other comprehensive income - non-current	200	929	0.7	929	

Note 1: No number of units of the Fund.

Note 2: The amount was eliminated upon consolidation.

(Concluded)

TABLE 4

STANDARD FOODS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable (Receivable)		Note
			Purchases (Sales)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Sales	$ (1,470,332)	11.19	55 days after month end closing (net of receivables and payables)	-	-	$ 141,484	6.17	Note
			Purchases	917,346	12.24	55 days after month end closing (net of receivables and payables)	-	-	-	-	Note
Standard Dairy Products Taiwan Limited	Standard Foods Corporation	Parent company of Standard Dairy Products Taiwan Limited	Purchases	1,470,332	59.38	55 days after month end closing (net of receivables and payables)	-	-	(141,484)	40.45	Note
			Sales	(917,346)	25.66	55 days after month end closing (net of receivables and payables)	-	-	-	-	Note
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Sales	(1,735,989)	78.07	60 days after month-end closing	-	-	491,530	96.61	Note
			Purchases	397,459	21.46	60 days after month-end closing	-	-	(161,842)	64.38	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	1,735,989	16.51	60 days after month-end closing	-	-	(491,530)	15.00	Note
			Sales	(397,459)	2.95	60 days after month-end closing			161,842	4.94	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(5,160,756)	98.62	55 days after month-end closing	-	-	1,665,818	99.65	Note
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	5,160,756	49.16	60 days after month-end closing	-	-	(1,665,818)	50.82	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Purchases	411,285	8.78	60 days after month-end closing	-	-	(222,633)	38.08	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	(411,285)	8.64	60 days after month-end closing	-	-	222,633	16.84	Note
	Standard Investment (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Sales	(3,589,545)	75.44	60 days after month-end closing	-	-	1,099,150	83.15	Note
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	3,589,545	34.20	60 days after month-end closing	-	-	(1,099,150)	33.54	Note

Note: The amounts presented above were eliminated upon consolidation.

TABLE 5

STANDARD FOODS CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(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	$ 141,484	9.31	$ -		$ 141,484 (Note 1)	$ -	Note 2
			Other receivables	3,127		-		3,127 (Note 1)	-	Note 2
				$ 144,611		$ -		$ 144,611 (Note 1)	$ -	
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	$ 491,530	3.39	$ -		$ 202,729 (Note 1)	$ -	Note 2
			Financing receivables	116,299		-		- (Note 1)	-	Note 2
			Other receivables	59,364		-		- (Note 1)	-	Note 2
				$ 667,193		$ -		$ 202,729 (Note 1)	$ -	
	Standard Foods (Xiamen) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	$ 6,647	3.51	$ -		$ 6,647 (Note 1)	$ -	Note 2
			Financing receivables	451,238		-		- (Note 1)	-	Note 2
			Other receivables	6,549		-		- (Note 1)	-	Note 2
				$ 464,434		$ -		$ 6,647 (Note 1)	$ -	
	Standard Foods (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	$ 8,456	3.69	$ -		$ 8,456 (Note 1)	$ -	Note 2
			Other receivables	618		-		- (Note 1)	-	Note 2
				$ 9,074		$ -		$ 8,456 (Note 1)	$ -	
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Trade receivables	$ 1,665,818	3.06	$ -		$ 816,964 (Note 1)	$ -	Note 2
			Other receivables	34,798		-		34,798 (Note 1)	-	Note 2
				$ 1,700,616		$ -		$ 851,762 (Note 1)	$ -	
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Trade receivables	$ 93	4.07	$ -		$ 93 (Note 1)	$ -	Note 2
			Financing receivables	348,188		-		- (Note 1)	-	Note 2
			Other receivables	14,179		-		- (Note 1)	-	Note 2
				$ 362,460		$ -		$ 93 (Note 1)	$ -	
	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Trade receivables	$ 28	22.72	$ -		$ 28 (Note 1)	$ -	Note 2
			Financing receivables	238,507		-		- (Note 1)	-	Note 2
			Other receivables	12,284		-		- (Note 1)	-	Note 2
				$ 250,819		$ -		$ 28 (Note 1)	$ -	
Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	$ 1,099,150	5.81	$ -		$ 952,155 (Note 1)	$ -	Note 2
			Other receivables	13,165		-		10,869 (Note 1)	-	Note 2
				$ 1,112,315		$ -		$ 963,024 (Note 1)	$ -	
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Trade receivables	$ 161,842	4.91	$ -		$ 101,261 (Note 1)	$ -	Note 2
			Other receivables	40,698		-		- (Note 1)	-	Note 2
				$ 202,540		$ -		$ 101,261 (Note 1)	$ -	
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	$ 222,633	1.80	$ -		$ 222,633 (Note 1)	$ -	Note 2

Note 1: Amounts received before March 18, 2020.

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

TABLE 6

STANDARD FOODS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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	$ 141,484	According to the general conditions	0.6
		Standard Dairy Products Taiwan Limited	a.	Other receivables - related parties	3,127	According to the general conditions	-
		Standard Dairy Products Taiwan Limited	a.	Sales	1,470,332	According to the general conditions	4.7
		Standard Dairy Products Taiwan Limited	a.	Purchases	917,346	According to the general conditions	2.9
		Standard Dairy Products Taiwan Limited	a.	Royalty revenue	9,146	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.	Purchases	1,756	According to the general conditions	-
		Standard Beverage Company Limited	a.	Service revenue	1,320	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	a.	Sales	922	According to the general conditions	-
1	Accession Limited	Dermalab	a.	Interest income	627	Interest rate 1.900%	-
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	c.	Trade payables - related parties	161,842	According to the general conditions	0.6
		Standard Investment (China) Co., Ltd.	c.	Other payables - related parties	40,698	According to the general conditions	0.2
		Standard Investment (China) Co., Ltd.	c.	Sales	1,735,989	According to the general conditions	5.6
		Standard Investment (China) Co., Ltd.	c.	Trade receivables - related parties	491,530	According to the general conditions	1.9
		Standard Investment (China) Co., Ltd.	c.	Other receivables - related parties	59,364	According to the general conditions	0.2
		Standard Investment (China) Co., Ltd.	c.	Financing receivables - related parties	116,299	Interest rate 2.500%	0.5
		Standard Investment (China) Co., Ltd.	c.	Other expenses	610	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c.	Interest income	42,165	Interest rate 2.500%	0.1
		Standard Investment (China) Co., Ltd.	c.	Purchases	397,459	According to the general conditions	1.3
		Standard Investment (China) Co., Ltd.	c.	Research and development expenses	8,425	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c.	Trade payables - related parties	5,126	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c.	Sales	23,967	According to the general conditions	0.1
		Standard Investment (China) Co., Ltd.	c.	Purchases	16,465	According to the general conditions	0.1
		Standard Investment (China) Co., Ltd.	c.	Trade receivables - related parties	8,456	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c.	Other payables - related parties	618	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c.	Interest income	5,029	Interest rate 2.500%	-
		Standard Foods (Xiamen) Co., Ltd.	c.	Sales	18,297	According to the general conditions	0.1
		Standard Foods (Xiamen) Co., Ltd.	c.	Purchases	825	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c.	Trade receivables - related parties	6,647	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c.	Other payables - related parties	6,549	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c.	Financing receivables - related parties	451,238	Interest rate 2.500%	1.8
		Standard Foods (Xiamen) Co., Ltd.	c.	Interest income	6,785	Interest rate 2.500%	-
3	Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	a.	Trade receivables - related parties	93	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a.	Other receivables - related parties	14,179	According to the general conditions	0.1
		Standard Foods (China) Co., Ltd.	a.	Trade payables - related parties	1,665,818	According to the general conditions	6.5
		Standard Foods (China) Co., Ltd.	a.	Other payables - related parties	34,798	According to the general conditions	0.1

(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)
		Standard Foods (China) Co., Ltd.	a.	Sales	$ 537	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a.	Purchases	5,160,756	According to the general conditions	16.5
		Standard Foods (China) Co., Ltd.	a.	Rental expenses	97	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a.	Financing receivables - related parties	348,188	Interest rate 2.500%	1.4
		Standard Foods (China) Co., Ltd.	a.	Other revenue	13,835	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a.	Interest income	2,660	Interest rate 2.500%	-
		Shanghai Dermalab Corporation	a.	Other receivables - related parties	3,617	According to the general conditions	-
		Shanghai Dermalab Corporation	a.	Expense	618	According to the general conditions	-
		Shanghai Dermalab Corporation	a.	Advance payable	3,438	According to the general conditions	-
		Shanghai Dermalab Corporation	a.	Financing receivables - related parties	79,891	Interest rate 2.500%	0.3
		Shanghai Dermalab Corporation	a.	Interest income	2,584	Interest rate 2.500%	-
		Standard Foods (Xiamen) Co., Ltd.	a.	Trade receivables - related parties	28	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a.	Other receivables - related parties	12,284	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a.	Trade payables - related parties	1,099,150	According to the general conditions	4.3
		Standard Foods (Xiamen) Co., Ltd.	a.	Other payables - related parties	13,165	According to the general conditions	0.1
		Standard Foods (Xiamen) Co., Ltd.	a.	Sales	659	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a.	Purchases	3,589,545	According to the general conditions	11.5
		Standard Foods (Xiamen) Co., Ltd.	a.	Financing receivables - related parties	238,507	Interest rate 2.500%	0.9
		Standard Foods (Xiamen) Co., Ltd.	a.	Other revenue	11,986	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a.	Interest income	15,653	Interest rate 2.500%	0.1
		Shanghai Le Ben Tuo Co., Ltd.	a.	Other receivables - related parties	1,355	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a.	Trade payables - related parties	542	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a.	Sales	20	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a.	Purchases	8,318	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a.	Financing receivables - related parties	85,950	Interest rate 2.500%	0.3
		Shanghai Le Ben Tuo Co., Ltd.	a.	Advance payable	2,248	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a.	Interest income	2,238	Interest rate 2.500%	-
		Shanghai Le Ho Industrial Co., Ltd.	c.	Other payables - related parties	66	According to the general conditions	-
		Shanghai Le Ho Industrial Co., Ltd.	c.	Financing payables - related parties	658	Interest rate 2.500%	-
		Shanghai Le Ho Industrial Co., Ltd.	c.	Interest expenses	19	Interest rate 2.500%	-
		Shanghai Le Ho Industrial Co., Ltd.	c.	Other payables - related parties	93	According to the general conditions	-
		Shanghai Le Ho Industrial Co., Ltd.	c.	Financing payables - related parties	597	Interest rate 2.500%	-
		Shanghai Le Ho Industrial Co., Ltd.	c.	Interest expenses	32	Interest rate 2.500%	-
		Shanghai Le Ben De Co., Ltd.	c.	Trade payables - related parties	1,027	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c.	Purchases	3,560	According to the general conditions	-
4	Shanghai Dermalab Corporation	Dermalab	c.	Purchases	56,720	According to the general conditions	0.2
		Dermalab	c.	Trade payables - related parties	7,808	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c.	Purchases	7,216	According to the general conditions	-
5	Standard Foods (China) Co., Ltd.	Shanghai Le Ben Tuo Co., Ltd.	c.	Sales	392	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c.	Other expense	4,211	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c.	Rental revenue	4,571	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c.	Other receivables - related parties	793	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c.	Purchases	21	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c.	Trade payables - related parties	222,633	According to the general conditions	0.9
		Standard Foods (Xiamen) Co., Ltd.	c.	Sales	3,449	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c.	Purchases	411,285	According to the general conditions	1.3

(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)
6	Shanghai Le Ben Tuo Co., Ltd.	Shanghai Le Ben De Co., Ltd.	c.	Sales	$ 3,521	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c.	Trade receivables - related parties	1,018	According to the general conditions	-

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

a. Parent company is 0.
b. Subsidiaries, sequentially numbered by Arabic numerals from 1.

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

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

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

Note 4: The amount was eliminated upon consolidation.

(Concluded)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	$ 3,936,267	$ 3,936,267	123,600,000	100	$ 3,381,908	$ 74,585	$ 67,374 (Note 1)	Subsidiary (Note 5)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	4,710,865	4,710,865	150,124,815	100	5,220,048	658,622	658,622	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	1,000,126	447,084	449,425 (Note 2)	Subsidiary (Note 5)
	Charng Hui Ltd.	Taipei, Taiwan	Investment business	230,000	230,000	24,100,000	100	290,480	22,157	5,483	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	247,879	66,347	34,507	Subsidiary (Note 5)
	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	82,342	2,350	1,847 (Note 3)	Subsidiary (Note 5)
	Le Bonta Wellness International Corporation	Yilan, Taiwan	Sale of health foods	14,350	14,350	Note 4	100	8,781	(2,979)	(2,979)	Subsidiary (Note 5)
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	266,587	266,587	2,600	100	174,559	7,694		Indirect subsidiary (Note 5)
Dermalab S.A.	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100	-	-		Indirect subsidiary (Note 5)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investment business	4,708,566	4,708,566	150,050,815	100	5,219,208	658,817		Indirect subsidiary (Note 5)

Note 1: This amount was the share of profit of the investee of $74,585 thousand minus the unrealized gain on sidestream transactions of $7,211 thousand.

Note 2: This amount was the share of profit of the investee of $447,084 thousand minus the unrealized gain on sidestream transactions of $2,341 thousand.

Note 3: This amount was the share of profit of the investee of $2,350 thousand plus the realized gain on upstream transactions of $503 thousand.

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

Note 5: The amount was eliminated upon consolidation.

STANDARD FOODS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Shanghai Standard Foods Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	$ 3,949,575	b. (Note 3)	$ 3,949,575 (Note 4)	$ -	$ -	$ 3,949,575 (Note 4)	$ 69,321	100.0	$ 65,798 (Note 9)	$ 2,992,501	$ -	Note 11
Standard Investment (China) Co., Ltd.	Investment and sales of edible oil products and nutritional foods	3,755,530	b. (Note 5)	3,718,677 (Note 5)	-	-	3,718,677 (Note 5)	689,913	99.0	683,014 (Note 9)	4,391,390	-	Note 11
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,631,668	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	162,562	99.0	149,001 (Note 9)	1,834,068	-	Note 11
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetics and international trading	57,205	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	(8,057)	99.0	(7,976) (Note 9)	(10,779)	-	Note 11
Shanghai Le Ben Tuo Health Technology Co., Ltd.	Sale of nutritional foods and international trading	380,418	1 and c. (Note 7)	181,048 (Note 7)	-	-	181,048 (Note 7)	(43,680)	99.5	(43,466) (Note 9)	211,188	-	Note 11
Shanghai Le Ben De Health Technology Co., Ltd.	Sale of nutritional foods and international trading	31,220	c. (Note 4 and 8)	31,220 (Note 4)	-	-	31,220 (Note 4)	706	100.0	706 (Note 9)	28,649	-	Note 11
Standard Foods (Xiamen) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,307,582	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	175,986	99.0	165,369 (Note 9)	1,328,982	-	Note 11
Shanghai Le Ho Industrial Co., Ltd.	Property management	607,717	b. (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	(14,666)	100.0	(14,666) (Note 9)	509,309	-	Note 11
Shanghai Le Min Industrial Co., Ltd.	Property management	378,009	b. (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	(9,392)	100.0	(9,392) (Note 9)	317,638	-	Note 11

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$8,919,525	$8,919,525	Unlimited amount of investment (Note 10)

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

a. Direct investment in mainland China.
b. Indirect investment in mainland China through companies registered in a third region.
c. Other methods.

(Continued)

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

a. There was no investment income (loss) recognized due to the investment still being in the development stage.

b. The investment income (loss) was determined based on the following basis:

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

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

Note 4: There was no difference between the beginning balance and the ending balance of the accumulated amount invested from Taiwan for the year ended December 31, 2018; the investment remained at $4,034,074 thousand. Of the $4,034,074 thousand, $53,279 thousand has been retained in Accession Limited. The remaining balance of thereof, amounting to $3,980,795 thousand, was originally the outward remittance of the investment of Shanghai Standard Foods Co., Ltd. in 2015. However, as of July 2015, of the $3,980,795 thousand, $31,220 thousand was invested in Shanghai Le Ben De Health Technology Co., Ltd. by Shanghai Standard Foods Co., Ltd. In aggregate, the outward remittance of the investments of Shanghai Standard Foods Co., Ltd. and Shanghai Le Ben De Health Technology Co., Ltd. was $3,949,575 thousand and $31,220 thousand, respectively.

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

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

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

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

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

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

Note 11: The amount was eliminated upon consolidation.

(Concluded)

V. Financial Report of Standard Foods Corporation

Standard Foods Corporation

Financial Statements for the
Years Ended December 31, 2019 and 2018 and

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Standard Foods Corporation

Opinion

We have audited the accompanying financial statements of Standard Foods Corporation (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2019 is stated as follows:

<u>Evaluation of Inventory</u>

The products of the Company mainly include nutritional foods, edible oils, dairy products, and beverages. Management estimated the allowance for impairment loss of inventory of various products based on the current market condition and historical sales experience. Refer to Notes 4, 5 and 11 to the financial statements for detailed information related to assessment of inventory. Because the assessment of impairment loss of inventory involves management's critical accounting estimates and judgments, we considered the assessment of the allowance for impairment loss of inventory to be a key audit matter.

The audit procedures that we performed in response to the abovementioned key audit matter included obtaining information pertaining to the lower of cost or net realizable value (LCNRV), sampling the projected pricing information to the most recent sales record to assess the reasonableness of the judgment on LCNRV, and collecting the related documentations on obsolete inventory to assess the appropriateness of methodology adopted in the calculation of the impairment loss of inventory.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tza-Li Gung and Ching-Cheng Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2020

<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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 624,431	3	$ 798,695	4
Financial assets at fair value through profit or loss - current (Note 7)	556,393	3	457,500	3
Financial assets at fair value through other comprehensive income - current (Note 8)	21,825	-	18,926	-
Financial assets at amortized cost - current (Note 9)	1,610,195	8	982,763	5
Notes receivable (Notes 10 and 23)	-	-	567	-
Trade receivables from unrelated parties (Notes 10 and 23)	2,148,846	11	1,984,166	11
Trade receivables from related parties (Note 29)	141,484	1	174,492	1
Other receivables (Note 10)	15,523	-	69,246	-
Other receivables from related parties (Note 29)	3,242	-	3,958	-
Inventories (Note 11)	1,926,771	10	1,833,004	10
Prepayments (Note 12)	242,149	1	281,679	2
Other current assets (Note 18)	15,348	-	20,410	-
Total current assets	7,306,207	37	6,625,406	36
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	7,575	-	7,315	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	81,342	-	102,900	-
Investments accounted for using the equity method (Note 13)	10,339,942	53	9,865,439	54
Property, plant and equipment (Note 14)	1,372,629	7	1,420,548	8
Right-of-use assets (Note 15)	84,295	1	-	-
Other intangible assets (Note 17)	2,943	-	1,672	-
Deferred tax assets (Note 25)	378,132	2	315,024	2
Other non-current assets (Note 18)	23,123	-	18,153	-
Total non-current assets	12,289,981	63	11,731,051	64
TOTAL	$ 19,596,188	100	$ 18,356,457	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 23)	$ 15,035	-	$ 7,995	-
Notes payable (Note 19)	577	-	9,348	-
Trade payables (Note 19)	876,262	5	885,178	5
Trade payables to related parties (Note 29)	26,141	-	13,656	-
Other payables (Note 20)	1,041,136	5	1,004,863	5
Current tax liabilities (Note 25)	391,748	2	289,077	2
Lease liabilities - current (Note 15)	25,349	-	-	-
Finance lease payables - current	-	-	1,499	-
Other current liabilities (Note 20)	8,284	-	8,459	-
Total current liabilities	2,384,532	12	2,220,075	12
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 25)	265,870	2	134,429	1
Lease liabilities - non-current (Note 15)	56,304	-	-	-
Finance lease payables - non-current	-	-	3,631	-
Net defined benefit liabilities (Note 21)	211,205	1	191,196	1
Other non-current liabilities (Note 20)	150	-	200	-
Total non-current liabilities	533,529	3	329,456	2
Total liabilities	2,918,061	15	2,549,531	14
EQUITY (Note 22)				
Ordinary shares	9,150,897	47	9,150,897	50
Capital surplus	109,718	-	93,045	-
Retained earnings				
Legal reserve	2,945,412	15	2,650,503	15
Special reserve	330,945	2	260,426	1
Unappropriated earnings	4,739,831	24	4,004,182	22
Total retained earnings	8,016,188	41	6,915,111	38
Other equity	(577,494)	(3)	(330,945)	(2)
Treasury shares	(21,182)	-	(21,182)	-
Total equity	16,678,127	85	15,806,926	86
TOTAL	$ 19,596,188	100	$ 18,356,457	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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Notes 23 and 29)	$ 13,139,944	100	$ 12,187,907	100
OPERATING COSTS				
Cost of goods sold (Notes 11, 24 and 29)	8,469,936	64	8,105,610	66
GROSS PROFIT	4,670,008	36	4,082,297	34
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	1,223,016	9	1,279,292	10
General and administrative expenses	397,433	3	329,152	3
Research and development expenses	94,429	1	104,193	1
Expected credit gain	(95)	-	(404)	-
Total operating expenses	1,714,783	13	1,712,233	14
OPERATING INCOME	2,955,225	23	2,370,064	20
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 24 and 30)	34,756	-	30,011	-
Other gains (Notes 16 and 24)	3,468	-	379,164	3
Finance costs (Note 24)	(1,339)	-	(685)	-
Share of the profit of subsidiaries	1,191,976	9	708,607	6
Total non-operating income and expenses	1,228,861	9	1,117,097	9
PROFIT BEFORE INCOME TAX	4,184,086	32	3,487,161	29
INCOME TAX EXPENSE (Note 25)	767,989	6	538,072	5
NET PROFIT FOR THE YEAR	3,416,097	26	2,949,089	24
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	(20,000)	-	1,343	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(18,658)	-	(28,444)	-

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	$ 40,644	-	$ (10,429)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	4,338	-	7,834	-
Total items that will not be reclassified subsequently to profit or loss	6,324	-	(29,696)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(350,212)	(3)	(146,450)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	70,043	1	40,164	-
Total items that may be reclassified subsequently to profit or loss	(280,169)	(2)	(106,286)	(1)
Other comprehensive loss for the year, net of income tax	(273,845)	(2)	(135,982)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,142,252	24	$ 2,813,107	23
EARNINGS PER SHARE (Note 26)				
Basic	$ 3.76		$ 3.25	
Diluted	$ 3.76		$ 3.24	

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

			Retained Earnings				Other Equity						
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Other	Total	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2018	$ 9,150,897	$ 83,124	$ 2,433,199	$ 81,797	$ 3,318,331	$ 5,833,327	$ (307,846)	$ 94,390	$ -	$ (46,970)	$ (260,426)	$ (21,182)	$ 14,785,740
Effect of retrospective application and retrospective restatement	-	-	-	-	2,014	2,014	-	(94,390)	116,974	-	22,584	-	24,598
BALANCE AT JANUARY 1, 2018 AS RESTATED	9,150,897	83,124	2,433,199	81,797	3,320,345	5,835,341	(307,846)	-	116,974	(46,970)	(237,842)	(21,182)	14,810,338
Appropriation of 2017 earnings													
Legal reserve	-	-	217,304	-	(217,304)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	178,629	(178,629)	-	-	-	-	-	-	-	-
Share dividends to shareholders	-	-	-	-	(1,830,179)	(1,830,179)	-	-	-	-	-	-	(1,830,179)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	13,339	-	-	-	-	-	-	-	-	-	-	13,339
Actual acquisitions of interests in subsidiaries	-	(3,418)	-	-	(44,494)	(44,494)	1,263	-	-	46,970	48,233	-	321
Net profit for the year ended December 31, 2018	-	-	-	-	2,949,089	2,949,089	-	-	-	-	-	-	2,949,089
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	5,040	5,040	(106,286)	-	(34,736)	-	(141,022)	-	(135,982)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	2,954,129	2,954,129	(106,286)	-	(34,736)	-	(141,022)	-	2,813,107
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	314	314	-	-	(314)	-	(314)	-	-
BALANCE AT DECEMBER 31, 2018	9,150,897	93,045	2,650,503	260,426	4,004,182	6,915,111	(412,869)	-	81,924	-	(330,945)	(21,182)	15,806,926
Appropriation of 2018 earnings													
Legal reserve	-	-	294,909	-	(294,909)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	70,519	(70,519)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(2,287,724)	(2,287,724)	-	-	-	-	-	-	(2,287,724)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	16,673	-	-	-	-	-	-	-	-	-	-	16,673
Net profit for the year ended December 31, 2019	-	-	-	-	3,416,097	3,416,097	-	-	-	-	-	-	3,416,097
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(27,296)	(27,296)	(280,169)	-	33,620	-	(246,549)	-	(273,845)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	3,388,801	3,388,801	(280,169)	-	33,620	-	(246,549)	-	3,142,252
BALANCE AT DECEMBER 31, 2019	$ 9,150,897	$ 109,718	$ 2,945,412	$ 330,945	$ 4,739,831	$ 8,016,188	$ (693,038)	$ -	$ 115,544	$ -	$ (577,494)	$ (21,182)	$ 16,678,127

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

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 4,184,086	$ 3,487,161
Adjustments for:		
Depreciation expenses	222,087	187,440
Amortization expenses	11,998	10,323
Expected credit loss reversed on trade receivables	(95)	(404)
Net gain on fair value changes of financial assets and liabilities designated as at fair value through profit or loss	(4,098)	(5,178)
Finance costs	1,339	685
Interest income	(22,823)	(15,502)
Dividend income	(2,787)	(3,847)
Share of the profit of subsidiaries	(1,191,976)	(708,607)
Net loss on disposal of property, plant and equipment	2,087	1,341
Gain on disposal of investment properties	-	(369,427)
Impairment losses recognized on property, plant and equipment	-	18,035
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(95,054)	(453,269)
Notes receivable	567	2,179
Trade receivables	(164,585)	(237,260)
Trade receivables from related parties	33,008	1,474
Other receivables	55,058	(53,660)
Other receivables from related parties	715	(1,665)
Inventories	(93,767)	55,669
Prepayments	39,532	22,394
Other current assets	5,061	(3,892)
Contract liabilities	7,040	6,131
Notes payable	(8,771)	8,320
Trade payables	(8,917)	159,961
Trade payables to related parties	12,485	10,387
Other payables	36,273	193,562
Other current liabilities	(175)	(14,333)
Net defined benefit liabilities	8	(114,458)
Cash generated from operations	3,018,296	2,183,560
Interest received	21,489	13,223
Interest paid	(1,339)	(685)
Income tax paid	(522,605)	(427,304)
Net cash generated from operating activities	2,515,841	1,768,794
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	799
Purchase of financial assets at amortized cost	(2,768,840)	(1,282,163)
Refund of financial assets at amortized cost	2,141,408	750,700

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Payments for property, plant and equipment	$ (159,044)	$ (218,023)
Proceeds from disposal of property, plant and equipment	1,131	558
Payments for intangible assets	(7,564)	(4,881)
Proceeds from disposal of investment properties	-	495,580
(Increase) decrease in other financial assets	(3,441)	1,169
Increase in other non-current assets	(7,235)	(4,219)
Dividends received from subsidiaries	424,580	467,351
Other dividends received	2,787	3,847
Net cash generated from (used in) investing activities	(376,218)	210,718
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in guarantee deposits received	(50)	(855)
Increase in finance lease payables	-	5,130
Dividends paid to owners of the Company	(2,287,724)	(1,830,179)
Repayment of the principal portion of lease liabilities	(26,113)	-
Acquisition of interest in subsidiaries	-	(1,974)
Net cash used in financing activities	(2,313,887)	(1,827,878)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(174,264)	151,634
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	798,695	647,061
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 624,431	$ 798,695

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 oils, dairy products and beverages.

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 18, 2020.

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

   1) IFRS 16 "Leases"

      IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

      Definition of a lease

      The Company elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not be reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

      The Company as lessee

      The Company recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method.

On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within financing activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at either amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

For as an operating lease under IAS 17, a lease liability measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Part of right-of-use assets are presented as prepaid lease or lease payments. The Company applies IAS 36 to all right-of-use assets.

The Company also applies the following practical expedients:

a) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

c) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

d) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.07%-12.04%. The difference between the lease liabilities recognized and operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 101,663
Less: Recognition exemption for short-term leases	3,309
Undiscounted amounts on January 1, 2019	$ 104,972
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 94,071
Add: Finance lease liabilities on December 31, 2018	5,130
Lease liabilities recognized on January 1, 2019	$ 99,201

The Company as lessor

The Company does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Right-of-use assets	$ 5,383	$ (5,383)	$ -
Investment properties	-	99,454	99,454
Total effect on assets	$ 5,383	$ 94,071	$ 99,454
Lease liabilities	$ -	$ 99,201	$ 99,201
Finance lease payables - current	1,499	(1,499)	-
Finance lease payables - non-current	3,631	(3,631)	-
Total effect on liabilities	$ 5,130	$ 94,071	$ 99,201

2) IAS 19

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company applied the above amendments prospectively.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 2)

Note 1: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) Amendments to IFRS 3 “Definition of a Business”

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

2) Amendments to IAS 1 and IAS 8 “Definition of material”

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. The concept of “obscuring” material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from “could influence” to “could reasonably be expected to influence”.

Except for the above impact, as of the date the consolidated 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.

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

New IFRSs	Effective Date Announced by IASB (Note)
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 IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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

These financial statements of the Company are its parent company only financial statements and have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values and net defined benefit liabilities that are determined by deducting the fair value of plan assets from the present value of the defined benefit obligation.

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

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

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

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

When preparing these parent company only financial statements, the Company used the 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 these parent company only financial statements to be the same as 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 the investments accounted for by the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these 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, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; 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 (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

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

For the purpose of presenting the financial statements, the functional currencies of the entities (including operations of the subsidiaries in other countries that use currencies which are different from the functional currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; 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 of control over the subsidiary, the proportionate share of accumulated exchange differences 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, packaging materials and supplies, work-in-process, 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. Investment in subsidiaries

The Company used the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities 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 entire financial statements 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 and losses resulting from downstream transactions are eliminated in full in the financial statements. Profits and losses transactions from upstream and transactions between subsidiaries are recognized in the 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 (including assets held under finance leases) are stated at cost, less recognized accumulated depreciation and accumulated impairment loss.

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates 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 or the fixed-percentage of declining-balance 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

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets 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: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit impaired effective interest rate to the amortized cost of such financial assets; and

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by the 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.

The 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.

l. Revenue recognition

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

Revenue from the sale of goods

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

m. Leases

2019

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

- The Company as lessee

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

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

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

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

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

<u>2018</u>

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

1) The Company as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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 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 expenses on a straight-line basis over the lease term.

n. 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 services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined contribution retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, effect of changes to asset ceiling and return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which 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 liabilities (assets) represent 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 and when the Company recognizes any related restructuring costs.

o. 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 on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

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

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

3) Current tax and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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 of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand	$ 1,432	$ 1,434
Checking accounts and demand deposits	223,408	414,277
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	131,144	382,984
Repurchase agreements collateralized by bonds	268,447	-
	$ 624,431	$ 798,695

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

	December 31	
	2019	2018
Bank deposits	0.001%-3.220%	0.001%-3.600%
Repurchase agreements collateralized by bonds	0.550%-0.560%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 556,393	$ 457,500
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	$ 7,575	$ 7,315

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2019	2018
Current		
Investments in equity instruments at FVTOCI	$ 21,825	$ 18,926
Non-current		
Investments in equity instruments at FVTOCI	$ 81,342	$ 102,900

Investments in Equity Instruments at FVTOCI

	December 31	
	2019	2018
Current		
Listed shares and emerging market shares		
Ordinary shares - Far Eastern International Bank	$ 16,479	$ 13,434
Ordinary shares - Chunghwa Telecom Co., Ltd.	5,346	5,492
	$ 21,825	$ 18,926
Non-current		
Listed shares and emerging market shares		
Ordinary shares - GeneFerm Biotechnology Co., Ltd.	$ 65,640	$ 90,095
Unlisted shares		
Ordinary shares - Dah Chung Bills Finance Corp.	15,702	12,805
	$ 81,342	$ 102,900

These investments in equity instrument are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. In January 2018, the Company sold its shares in GeneFerm Biotechnology Co., Ltd. in order to manage credit concentration risk. The shares sold had a fair value of $799 thousand and the Company transferred a gain of $578 thousand from other equity to retained earnings.

Dividend of $2,787 thousand and $3,847 thousand were recognized during 2019 and 2018, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	2018
Current		
Time deposits with original maturities of more than 3 months	$ 1,610,195	$ 982,763

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.79%-2.85% and 0.79%-1.97% per annum as of December 31, 2019 and 2018, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	2018
Notes receivable		
Operating	$ -	$ 567
Trade receivables		
At amortized cost		
Gross carrying amount	$ 2,150,179	$ 1,985,594
Less: Allowance for impairment loss	(1,333)	(1,428)
	$ 2,148,846	$ 1,984,166
Other receivables		
Accrued interest	$ 5,205	$ 3,871
Payment on behalf of others	595	491
Others	9,723	64,884
	$ 15,523	$ 69,246

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

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

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

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

December 31, 2019

	Not Past Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.01%	7.37%	18.27%	47.71%	100.00%	
Gross carrying amount	$ 2,147,040	$ 692	$ 1,390	$ 524	$ 533	$ 2,150,179
Loss allowance (Lifetime ECL)	(245)	(51)	(254)	(250)	(533)	(1,333)
Amortized cost	$ 2,146,795	$ 641	$ 1,136	$ 274	$ -	$ 2,148,846

December 31, 2018

	Not Past Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.01%	6.99%	16.95%	35.76%	100.00%	
Gross carrying amount	$ 1,979,232	$ 4,564	$ 1,392	$ 495	$ 478	$ 1,986,161
Loss allowance (Lifetime ECL)	(218)	(319)	(236)	(177)	(478)	(1,428)
Amortized cost	$ 1,979,014	$ 4,245	$ 1,156	$ 318	$ -	$ 1,984,733

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

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ 1,428	$ 1,832
Less: Net remeasurement of loss allowance	(95)	(404)
Balance at December 31	$ 1,333	$ 1,428

11. INVENTORIES

	December 31	
	2019	2018
Merchandise	$ 463,267	$ 471,073
Finished goods	829,612	782,158
Work in progress	132,498	104,106
Raw materials	462,095	425,645
Packing materials	39,299	50,022
	$ 1,926,771	$ 1,833,004

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 included reversals of inventory write-downs of $9,406 thousand and loss on abandoned inventories of $14,471 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2018 included loss on write-downs of inventories of $4,356 thousand and loss on abandoned inventories of $5,431 thousand.

12. PREPAYMENTS

	December 31	
	2019	2018
Prepayments for purchases	$ 207,477	$ 192,721
Prepayments for equipment parts	16,836	16,225
Prepayments for fuel oil	3,344	3,216
Prepayments for insurance	619	12,019
Prepayments for advertisements	-	280
Others	13,873	57,218
	$ 242,149	$ 281,679

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	$ 10,339,942	$ 9,865,439
Unlisted companies		
Accession Limited	$ 3,381,908	$ 3,450,370
Standard Investment (Cayman) Limited (“Cayman Standard”)	5,220,048	4,772,853
Standard Dairy Products Taiwan Limited (“Standard Dairy Products”)	1,000,126	950,516
Charng Hui Ltd. (“Charng Hui”)	290,480	252,543
Domex Technology Corporation (“Domex Technology”)	247,879	210,974
Standard Beverage Company Limited (“Standard Beverage”)	82,342	80,577
Le Bonta Wellness International Corporation (“Le Bonta Wellness”)	8,781	12,288
Shanghai Le Ben Tuo Health Technology Co., Ltd. (“Shanghai Le Ben Tuo”)	108,378	135,318
	$ 10,339,942	$ 9,865,439

Name of Subsidiary	Proportion of Ownership and Voting Rights December 31 2019	2018
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%
Le Bonta Wellness	100.0%	100.0%
Shanghai Le Ben Tuo	51.0%	51.0%

Refer to Note 32 for the details of the subsidiaries indirectly held by the Company.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Other Equipment	Property in Construction	Total
Cost						
Balance at January 1, 2018	$ 396,356	$ 903,610	$ 2,011,643	$ 187,275	$ 186,476	$ 3,685,360
Additions	-	-	-	-	218,023	218,023
Disposals	-	(8,024)	(25,410)	(8,955)	-	(42,389)
Reclassified	-	79,856	102,054	16,570	(198,480)	-
Balance at December 31, 2018	$ 396,356	$ 975,442	$ 2,088,287	$ 194,890	$ 206,019	$ 3,860,994
Accumulated depreciation and impairment						
Balance at January 1, 2018	$ -	$ 551,919	$ 1,572,458	$ 151,306	$ -	$ 2,275,683
Disposals	-	(8,021)	(25,409)	(7,060)	-	(40,490)
Depreciation expenses	-	48,587	123,662	14,969	-	187,218
Impairment losses recognized	-	7,288	10,747	-	-	18,035
Balance at December 31, 2018	$ -	$ 599,773	$ 1,681,458	$ 159,215	$ -	$ 2,440,446
Carrying amount at December 31, 2018	$ 396,356	$ 375,669	$ 406,829	$ 35,675	$ 206,019	$ 1,420,548
Cost						
Balance at January 1, 2019	$ 396,356	$ 975,442	$ 2,088,287	$ 194,890	$ 206,019	$ 3,860,994
Adjustments on initial application of IFRS 16	-	-	-	(6,460)	-	(6,460)
Balance at January 1, 2019 (restated)	396,356	975,442	2,088,287	188,430	206,019	3,854,534
Additions	-	-	-	-	159,044	159,044
Disposals	-	(19,566)	(26,535)	(20,102)	-	(66,203)
Reclassified	-	71,475	205,189	19,130	(295,794)	-
Balance at December 31, 2019	$ 396,356	$ 1,027,351	$ 2,266,941	$ 187,458	$ 69,269	$ 3,947,375

(Continued)

	Freehold Land	Buildings	Equipment	Other Equipment	Property in Construction	Total
Accumulated depreciation and impairment						
Balance at January 1, 2019	$ -	$ 599,773	$ 1,681,458	$ 159,215	$ -	$ 2,440,446
Adjustments on initial application of IFRS 16	-	-	-	(1,077)	-	(1,077)
Balance at January 1, 2019 (restated)	-	599,773	1,681,458	158,138	-	2,439,369
Disposals	-	(18,370)	(25,607)	(19,008)	-	(62,985)
Depreciation expenses	-	52,286	132,892	13,184	-	198,362
Balance at December 31, 2019	$ -	$ 633,689	$ 1,788,743	$ 152,314	$ -	$ 2,574,746
Carrying amount at December 31, 2019	$ 396,356	$ 393,662	$ 478,198	$ 35,144	$ 69,269	$ 1,372,629

(Concluded)

No impairment assessment was performed for the year ended December 31, 2019 as there was no indication of impairment.

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

Building	
Main buildings	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
Other equipment	2-15 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 3,615
Buildings	75,984
Office equipment	390
Transportation equipment	4,306
	$ 84,295

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 8,565
Depreciation charge for right-of-use assets	
Land	865
Buildings	21,754
Office equipment	29
Transportation equipment	1,077
	$ 23,725

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 25,349
Non-current	$ 56,304

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	1.07%
Buildings	1.07%
Office equipment	1.07%
Transportation equipment	12.04%

c. Material lease-in activities and terms

The Company leases land, buildings and transportation equipment for the use of parking garage, offices, office equipment and official vehicles with lease terms of 1 to 6 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 15,707
Expenses relating to low-value asset leases	$ -
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ -
Total cash outflow for leases	$ (43,159)

The Company leases certain office equipment and retail stores which qualify as short-term leases. The Company has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

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

	December 31, 2018
Not later than 1 year	$ 22,465
Later than 1 year and not later than 5 years	79,198
	$ 101,663

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

	For the Year Ended December 31, 2018
Minimum lease payments	$ 36,643

16. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1, 2018	$ 141,270
Disposals	(141,270)
Balance at December 31, 2018	$ -
Accumulated depreciation and impairment	
Balance at January 1, 2018	$ 14,895
Depreciation expenses	222
Disposals	(15,117)
Balance at December 31, 2018	$ -
Carrying amount at December 31, 2018	$ -

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

Building	
Main buildings	40 years
Electrical and mechanical equipment	24-25 years
Engineering	28 years

On May 8, 2018, the Company entered into a property sale agreement at Wugu Dist., New Taipei City with Pei Chen Co., Ltd. The total selling price was $508,620 thousand (included business tax), and the gain from disposal was $369,427 thousand (included in statements of comprehensive income under other gains and losses). The transaction was accomplished at the third quarter of September 2018.

17. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2018	$ 197,938
Additions	4,881
Balance at December 31, 2018	$ 202,819
Accumulated amortization and impairment	
Balance at January 1, 2018	$ 194,563
Amortization expenses	6,584
Balance at December 31, 2018	$ 201,147
Carrying amount at December 31, 2018	$ 1,672
Cost	
Balance at January 1, 2019	$ 202,819
Additions	7,564
Balance at December 31, 2019	$ 210,383
Accumulated amortization and impairment	
Balance at January 1, 2019	$ 201,147
Amortization expenses	6,293
Balance at December 31, 2019	$ 207,440
Carrying amount at December 31, 2019	$ 2,943

No impairment assessment was performed for the year ended December 31, 2019 as there was no indication of impairment.

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

Computer software	2-3 years

18. OTHER ASSETS

	December 31 2019	December 31 2018
Current		
Advances to officers	$ 15,348	$ 20,410
Non-current		
Refundable deposits	$ 17,482	$ 14,041
Others	5,641	4,112
	$ 23,123	$ 18,153

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31 2019	December 31 2018
Notes payable		
operating	$ 577	$ 9,348
Trade payables		
Trade payables	$ 876,262	$ 885,178

The average credit period of payables for purchases of goods was 30-90 days. 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 2019	December 31 2018
Current		
Other payables		
Payable for salaries or bonus	$ 150,195	$ 146,997
Payable for compensation of employees	52,013	31,723
Payable for remuneration of directors	25,073	20,960
Payable for commission and rebate	413,234	382,860
Advertisement payable	148,641	133,109
Payable for royalties	25,668	23,806
Payable for freight	6,456	5,876
Payable for purchases of equipment	62,297	80,993
Payable for labor and health insurance	15,568	14,661
Payable for environmental recycling fee	10,394	11,056
Others	131,597	152,822
	$ 1,041,136	$ 1,004,863

(Continued)

	December 31	
	2019	2018
Other liabilities		
Refund liability	$ 7,011	$ 7,263
Others	1,273	1,196
	$ 8,284	$ 8,459
Non-current		
Other liabilities		
Guarantee deposits	$ 150	$ 200

(Concluded)

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan of the Company is operated by the government of the Republic of China ("ROC") 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	
	2019	2018
Present value of defined benefit obligation	$ 524,433	$ 506,793
Fair value of plan assets	(313,228)	(315,597)
Net defined benefit liability	$ 211,205	$ 191,196

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, 2018	$ 529,249	$ (222,252)	$ 306,997
Service cost			
Current service cost	4,888	-	4,888
Net interest expense (income)	5,954	(2,545)	3,409
Recognized in profit or loss	10,842	(2,545)	8,297
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,448)	(6,448)
Actuarial loss - changes in demographic assumptions	3,905	-	3,905
Actuarial loss - experience adjustments	1,200	-	1,200
Recognized in other comprehensive income	5,105	(6,448)	(1,343)
Contributions from the employer	-	(122,755)	(122,755)
Benefits paid	(38,403)	38,403	-
Balance at December 31, 2018	506,793	(315,597)	191,196
Service cost			
Current service cost	4,061	-	4,061
Net interest expense (income)	5,701	(3,690)	2,011
Recognized in profit or loss	9,762	(3,690)	6,072
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,621)	(6,621)
Actuarial loss - changes in demographic assumptions	3,075	-	3,075
Actuarial loss - changes in financial assumptions	19,749	-	19,749
Actuarial loss - experience adjustments	3,797	-	3,797
Recognized in other comprehensive income	26,621	(6,621)	20,000
Contributions from the employer	-	(6,063)	(6,063)
Benefits paid	(18,743)	18,743	-
Balance at December 31, 2019	$ 524,433	$ (313,228)	$ 211,205

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	
	2019	2018
Discount rate	0.750%	1.125%
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	
	2019	2018
Discount rate		
0.250% increase	$ (13,311)	$ (13,141)
0.250% decrease	$ 13,802	$ 13,636
Expected rate of salary increase		
0.250% increase	$ 13,269	$ 13,150
0.250% decrease	$ (12,869)	$ (12,743)

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	
	2019	2018
The expected contributions to the plan for the next year	$ 6,059	$ 24,899
The average duration of the defined benefit obligation	10.6 years	10.9 years

22. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2019	2018
Number of shares authorized (in thousands)	920,000	920,000
Shares authorized	$ 9,200,000	$ 9,200,000
Number of shares issued and fully paid (in thousands)	915,089	915,089
Shares issued	$ 9,150,897	$ 9,150,897

2) Global depositary receipts

As of December 31, 2019, a total of 6,908.4 units of Global Depositary Receipts (GDRs) (representing 34,542 shares of the Company's ordinary shares), where each GDR representing five shares of the Company's ordinary shares, were traded on the Euro MTF Market of the Luxembourg Stock Exchange. Holders of the GDRs may request at any time that the shares represented by the GDRs be transferred to them.

b. Capital surplus

	December 31	
	2019	**2018**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Recognized from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ 1	$ 1
May be used to offset a deficit		
Changes in percentage of ownership interests in subsidiaries (2)	466	466
Recognized from treasury share transactions	109,251	92,578
	$ 109,718	$ 93,045

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries that result from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be appropriated from (less any paying taxes and deficit):

1) 10% thereof as legal reserve;

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

3) 30% to 100% of this the sum of the remainder and prior years' unappropriated earnings as dividends.

The Company's Articles of Incorporation also prescribe that 30% to 100%of dividends shall be paid in cash; however, if the Company has major investment plans for which external funds are not available, the percentage may be lowered to 5% to 20%. The distribution plan shall be proposed by the Company's board of directors and resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of the compensation of employees and remuneration of directors after amendment, refer to Note 24(h). "employees' compensation and remuneration of directors".

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings 2018 and 2017 approved in the shareholders' meetings on June 13, 2019 and June 15, 2018, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2018	**2017**
Legal reserve	$ 294,909	$ 217,304
Special reserve	70,519	178,629
Cash dividends	2,287,724	1,830,179
Cash dividends per share (NT$)	2.5	2.0

The appropriations of earnings for 2019 had been proposed by the Company's board of directors on March 18, 2020. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 341,610	
Special reserve	246,549	
Cash dividends	2,424,987	$2.65

The appropriations of earnings for 2019 are subject to the resolution of the shareholders in their meeting to be held on June 16, 2020.

d. Special reserve

	For the Year Ended December 31	
	2019	**2018**
Beginning at January 1	$ 260,426	$ 81,797
Appropriation in respect of:		
Debit to other equity items	70,519	178,629
Balance at December 31	$ 330,945	$ 260,426

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

e. Other equity items

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

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ (412,869)	$ (307,846)
Effect of change in tax rate	-	11,127
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(280,169)	(117,413)
Other comprehensive income recognized for the year	(280,169)	(106,286)
Acquisition of further interests in subsidiaries	-	1,263
Balance at December 31	$ (693,038)	$ (412,869)

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

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ 81,924	$ 116,974
Recognized for the year		
Unrealized gain (loss) - equity instruments	33,620	(34,736)
Other comprehensive income recognized for the year	33,620	(34,736)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	-	(314)
Balance at December 31	$ 115,544	$ 81,924

3) Other equity items - other (recognized from put option of equity instruments from disposal of subsidiaries)

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ -	$ (46,970)
Exercised the put option of equity instruments from disposal of subsidiaries	-	46,970
Balance at December 31	$ -	$ -

f. Treasury shares

Purpose of Buy-back	**Shares Held by Subsidiaries (In Thousands of Shares)**
Number of shares at January 1, 2019	6,669
Number of shares at December 31, 2019	6,669
Number of shares at January 1, 2018	6,669
Number of shares at December 31, 2018	6,669

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, 2019			
Chang Hui	6,669	$ 21,182	$ 464,195
December 31, 2018			
Chang Hui	6,669	$ 21,182	$ 331,473

The Company's shares held by subsidiaries were treated as treasury shares, aside from the rights to participate in any share issuance for cash and to vote, the rest were similar to general shareholder's rights.

23. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from sale of goods	$ 13,139,944	$ 12,187,907

a. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes receivable (Note 10)	$ -	$ 567	$ 2,746
Trade receivables (Note 10)	$ 2,148,846	$ 1,984,166	$ 1,746,502
Contract liabilities - current			
Sale of goods	$ 15,035	$ 7,995	$ 1,865

b. Disaggregation of revenue

	Reportable Segments			
	Nutritious Foods	Cooking Products	Others	Total
For the year ended December 31, 2019				
Type of goods or services				
Sale of goods	$ 10,869,880	$ 1,926,228	$ 343,836	$ 13,139,944
For the year ended December 31, 2018				
Type of goods or services				
Sale of goods	$ 9,863,953	$ 1,945,877	$ 378,077	$ 12,187,907

24. NET PROFIT

Net Profit

a. Other income

	For the Year Ended December 31	
	2019	2018
Rental income		
Operating lease rental income		
Investment properties	$ -	$ 1,995
Interest income		
Bank deposits	$ 8,512	$ 10,360
Financial assets at amortized cost	13,871	5,008
Repurchase agreements collateralized by bonds	384	116
Others	56	18
	22,823	15,502
Royalties	9,146	8,667
Dividends	2,787	3,847
	$ 34,756	$ 30,011

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Fair value changes of financial assets and financial liabilities		
Net gain on financial assets mandatorily classified as at FVTPL	$ 4,098	$ 5,178
Net foreign exchange gains (losses)	(13,139)	4,165
Net loss on disposal of property, plant and equipment	(2,087)	(1,341)
Net gain on disposal of investment properties	-	369,427
Impairment losses recognized on property, plant and equipment	-	(18,035)
Government grants	-	1,200
Others	14,596	18,570
	$ 3,468	$ 379,164

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on obligations under finance leases	$ -	$ 685
Interest on lease liabilities	1,339	-
	$ 1,339	$ 685

d. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2019	2018
Trade receivables	$ (95)	$ (404)
Inventories (included in operating costs)	(9,406)	4,356
Property, plant and equipment	-	18,035
	$ (9,501)	$ 21,987

e. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	$ 170,081	$ 151,294
Operating expenses	52,006	35,924
Non-operating income and expenses	-	222
	$ 222,087	$ 187,440
An analysis of amortization by function		
Operating costs	$ 4,309	$ 2,899
Operating expenses	7,689	7,424
	$ 11,998	$ 10,323

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2019	2018
Direct operating expenses of investment properties that generated rental income	$ -	$ 44

g. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Post-employment benefits		
Defined contribution plans	$ 32,606	$ 30,102
Defined benefit plans (see Note 21)	6,072	8,297
	38,678	38,399
Other employee benefits	1,069,158	997,340
Total employee benefits expense	$ 1,107,836	$ 1,035,739
An analysis of employee benefits expense by function		
Operating costs	$ 494,361	$ 483,690
Operating expenses	613,475	552,049
	$ 1,107,836	$ 1,035,739

h. Employees' compensation of and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates of no less than 0.5% and no higher than 0.75%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2019 and 2018 which were approved by the Company's board of directors on March 18, 2020 and March 22, 2019, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	**2018**
Compensation of employees	1.22%	0.90%
Remuneration of directors	0.59%	0.59%

Amount

	For the Year Ended December 31	
	2019	**2018**
	Cash	**Cash**
Compensation of employees	$ 52,013	$ 31,723
Remuneration of directors	25,073	20,960

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2018 and 2017.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2019	**2018**
Foreign exchange gains	$ 33,162	$ 25,921
Foreign exchange losses	(46,301)	(21,756)
Net gain (loss)	$ (13,139)	$ 4,165

25. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 614,633	$ 472,691
Land value increment tax	-	27,947
Income tax on unappropriated earnings	12,941	-
Adjustments for prior years	(2,299)	(9,018)
	625,275	491,620
Deferred tax		
In respect of the current year	142,714	64,629
Effect of tax rate changes	-	(18,177)
Income tax expense recognized in profit or loss	$ 767,989	$ 538,072

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

	For the Year Ended December 31	
	2019	2018
Profit before tax	$ 4,184,086	$ 3,487,161
Income tax expense calculated at the statutory rate	$ 836,817	$ 697,432
Nondeductible expenses in determining taxable income	16,626	13,374
Tax-exempt income	(96,096)	(173,486)
Income tax on unappropriated earnings	12,941	-
Adjustments for prior years' tax	(2,299)	(9,018)
Land value increment tax	-	27,947
Effect of tax rate changes	-	(18,177)
Income tax expense recognized in profit or loss	$ 767,989	$ 538,072

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
Effect of tax rate changes	$ -	$ (19,365)
In respect of the current year		
Exchange differences on translating the financial statements of foreign operations	(70,043)	(29,037)
Remeasurement of defined benefit plans	(4,335)	487
Fair value changes of financial assets at FVTOCI	(3)	(83)
Total income tax recognized in other comprehensive income	$ (74,381)	$ (47,998)

c. Current tax liabilities

	December 31 2019	December 31 2018
Current tax liabilities		
Income tax payable	$ 391,748	$ 289,077

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, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Investments accounted for using the equity method	$ 91,100	$ (9,014)	$ -	$ 82,086
Exchange differences on translating the financial statements of foreign operations	103,216	-	70,043	173,259
Defined benefit plans	60,478	1	4,051	64,530
Deferred sales returns and allowances	2,176	(5)	-	2,171
Allowance for inventory loss	4,058	(1,881)	-	2,177
FVTOCI financial assets	43,886	-	3	43,889
Others	10,110	(90)	-	10,020
	$ 315,024	$ (10,989)	$ 74,097	$ 378,132
Deferred tax liabilities				
Temporary differences				
Investments accounted for using the equity method	$ 100,460	$ 131,725	$ -	$ 232,185
Reserve for land value increment tax	33,685	-	-	33,685
Others	284	-	(284)	-
	$ 134,429	$ 131,725	$ (284)	$ 265,870

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of Tax Rate Changes	Closing Balance
Deferred tax assets					
Temporary differences					
Investments accounted for using the equity method	$ 92,479	$ (17,709)	$ -	$ 16,330	$ 91,100
Exchange differences on translating the financial statements of foreign operations	63,052	-	29,037	11,127	103,216
Defined benefit plans	51,589	54	(269)	9,104	60,478
Deferred sales returns and allowances	3,661	(2,131)	-	646	2,176
Allowance for inventory loss	2,709	871	-	478	4,058
FVTOCI financial assets	41,930	(5,527)	83	7,400	43,886
Others	14,365	(6,790)	-	2,535	10,110
	$ 269,785	$ (31,232)	$ 28,851	$ 47,620	$ 315,024

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of Tax Rate Changes	Closing Balance
Deferred tax liabilities					
Temporary differences					
Investments accounted for using the equity method	$ 53,736	$ 37,241	$ -	$ 9,483	$ 100,460
Reserve for land value increment tax	33,685	-	-	-	33,685
Others	3,315	(3,844)	218	595	284
	$ 90,736	$ 33,397	$ 218	$ 10,078	$ 134,429

(Concluded)

e. Income tax assessments

The income tax returns of the Company through 2017 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31 2019	2018
Basic earnings per share	$ 3.76	$ 3.25
Diluted earnings per share	$ 3.76	$ 3.24

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

Net Profit for the Year

	For the Year Ended December 31 2019	2018
Earnings used in the computation of basic earnings per share	$ 3,416,097	$ 2,949,089

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

	For the Year Ended December 31 2019	2018
Weighted average number of ordinary shares used in computation of basic earnings per share	908,420	908,420
Effect of potentially dilutive ordinary shares:		
Compensation of employees	709	742
Weighted average number of ordinary shares used in the computation of diluted earnings per share	909,129	909,162

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

27. 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 and subsidiaries will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

28. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	$ -	$ -	$ 7,575	$ 7,575
Mutual funds	556,393	-	-	556,393
	$ 556,393	$ -	$ 7,575	$ 563,968
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares and emerging market shares	$ 87,465	$ -	$ -	$ 87,465
Unlisted shares	-	-	15,702	15,702
	$ 87,465	$ -	$ 15,702	$ 103,167

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	$ -	$ -	$ 7,315	$ 7,315
Mutual funds	457,500	-	-	457,500
	$ 457,500	$ -	$ 7,315	$ 464,815
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares and emerging market shares	$ 109,021	$ -	$ -	$ 109,021
Unlisted shares	-	-	12,805	12,805
	$ 109,021	$ -	$ 12,805	$ 121,826

There were no transfers between Levels 1 and 2 in the current and prior year.

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

For the year ended December 31, 2019

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2019	$ 7,315	$ 12,805	$ 20,120
Recognized in profit or loss (included in other gains and losses)	260	-	260
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	2,897	2,897
Balance at December 31, 2019	$ 7,575	$ 15,702	$ 23,277
Recognized in other gains and losses - unrealized	$ 260		$ 260

For the year ended December 31, 2018

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2018	$ 6,368	$ 14,496	$ 20,864
Recognized in profit or loss (included in other gains and losses)	3,125	-	3,125
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	(1,691)	(1,691)
Sales/settlements	(1,978)	-	(1,978)
Capital reduction of shares return	(200)	-	(200)
Balance at December 31, 2018	$ 7,315	$ 12,805	$ 20,120
Recognized in other gains and losses - unrealized	$ 1,147		$ 1,147

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

The fair values of unlisted equity securities - ROC were determined using the market approach and the asset approach (adjusted net asset method).

The market approach uses prices and other relevant information that have been generated by market transactions that involved underlying assets.

The asset approach is that assets and liabilities of an investee are measured at fair value with the objective of obtaining the fair value of the investee's underlying asset at the measurement date.

b. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 563,968	$ 464,815
Financial assets at amortized cost (1)	4,561,203	4,027,928
Financial assets at FVTOCI		
Equity instruments	103,167	121,826
Financial liabilities		
Financial liabilities at amortized cost (2)	965,427	989,375

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables and other receivables from related parties and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, trade payables from related parties, payables for purchases of equipment and guarantee deposits.

c. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, equity and debt investments, mutual funds, 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 31.

Sensitivity analysis

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

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 the New Taiwan dollar 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 Year Ended December 31		For the Year Ended December 31	
	2019	2018	2019	2018
Profit or loss	$ 1,161 (i)	$ 683 (i)	$ 15,200 (ii)	$ 8,736 (ii)

	EUR Impact		AUD Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2019	2018	2019	2018
Profit or loss	$ 2,349 (iii)	$ 1,378 (iii)	$ 817 (iv)	$ 2,707 (iv)

	CHF Impact For the Year Ended December 31		SGD Impact For the Year Ended December 31	
	2019	2018	2019	2018
Profit or loss	$ 1,244 (v)	$ - (v)	$ (348) (vi)	$ (338) (vi)

i. This was mainly attributable to the exposure of outstanding RMB bank deposits which were not hedged at the end of the reporting period.

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

iii. This was mainly attributable to the exposure of outstanding EUR bank deposits and payables which were not hedged at the end of the reporting period.

iv. This was mainly attributable to the exposure of outstanding AUD bank deposits and payables which were not hedged at the end of the reporting period.

v. This was mainly attributable to the exposure of outstanding CHF bank deposits which were not hedged at the end of the reporting period.

vi. This was mainly attributable to the exposure of outstanding SGD payables which were not hedged at the end of the reporting period.

b) Interest 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	
	2019	2018
Fair value interest rate risk		
Financial assets	$ 987,086	$ 437,147
Financial liabilities	81,653	5,130
Cash flow interest rate risk		
Financial assets	1,022,700	928,600

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% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2019 and 2018 would increase/decrease by $10,227 thousand and $9,286 thousand, respectively.

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 profit for the years ended December 31,2019 and 2018 would have increased/decreased by $5,640 thousand and $4,648 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased/decreased by $1,032 thousand and $1,218 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the 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 sheets; and

b) The amount of contingent liabilities in relation to financial guarantees 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 77% in total trade receivables as of December 31, 2019 and 2018, 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 sheets:

December 31, 2019

		Maximum Exposure to Credit Risk Mitigated by		
	Carrying Amount	**Collateral**	**Other Credit Enhancements**	**Total**
Credit-impaired financial instruments according to impairment criteria in IFRS 9				
Receivables	$ 2,148,846	$ 35,703	$ 391	$ 36,094

December 31, 2018

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by Collateral	Other Credit Enhancements	Total
Credit-impaired financial instruments according to impairment criteria in IFRS 9				
Receivables	$ 1,984,733	$ 54,812	$ 11,189	$ 66,001

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, 2019 and 2018, the Company had available unutilized bank loan facilities in the amounts of $2,033,591 thousand and $2,585,204 thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has 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 table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from interest rate curve at the end of the reporting period.

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing	$ 304,351	$ 614,203	$ 46,723	$ 150
Lease liabilities	19,334	870	6,086	56,904
Contract liabilities	5,012	10,023	-	-
	$ 328,697	$ 625,096	$ 52,809	$ 57,054

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing	$ 81,293	$ 176,243	$ 731,639	$ -
Finance lease liabilities	168	336	1,512	3,956
Contract liabilities	2,665	5,330	-	-
	$ 84,126	$ 181,909	$ 733,151	$ 3,956

The amount included above for variable interest rate instruments for both non-derivative financial assets and 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.

29. 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. Related parties and relationships

Name of Related Party	Relationship with the Company
Standard Dairy Products	Subsidiary
Standard Beverage	Subsidiary
Dermalab Corporation	Subsidiary
GeneFerm Biotechnology Co., Ltd. ("GeneFerm")	The Company is one of the directors
Standard Investment (China) Co., Ltd. ("China Standard Investment")	Subsidiary
Shanghai Le Ben Tuo Health Technology Co., Ltd.	Subsidiary

b. Operating revenue

Line Items	Related Party Category/Name	For the Year Ended December 31 2019	2018
Sales	Subsidiaries		
	Standard Dairy Products	$ 1,470,332	$ 1,506,386
	Others	922	6,480
		$ 1,471,254	$ 1,512,866

Sales to related parties were conducted on normal commercial terms.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2019	2018
Subsidiaries		
Standard Dairy Products	$ 917,346	$ 739,330
Others	1,756	7,532
The Company is one of the directors		
GeneFerm	48,186	25,529
	$ 967,288	$ 772,391

Purchases from related parties were conducted on normal commercial terms.

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31 2019	2018
Trade receivables	Subsidiaries		
	Standard Dairy Products	$ 141,484	$ 174,492
Other receivables	Subsidiaries		
	Standard Dairy Products	$ 3,127	$ 3,819
	Others	115	139
		$ 3,242	$ 3,958

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment loss was recognized on receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31 2019	2018
Trade payables	Subsidiaries		
	Standard Beverage	$ -	$ 307
	Dermalab S.A	-	4,747
	The Company is one of the directors		
	GeneFerm	26,141	8,602
		$ 26,141	$ 13,656

The outstanding payables from related parties are unsecured.

f. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31 2019	December 31 2018
Subsidiaries		
Standard Beverage		
Amount endorsed	$ 149,900	$ 153,575
Amount utilized	20,000	22,000
Subsidiaries		
Accession Limited		
Amount endorsed	29,980	184,290
Amount utilized	-	-

g. Other transactions with related parties

Line Items	Related Party Category/Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Royalty revenue	Subsidiaries		
	Standard Dairy Products	$ 9,146	$ 8,667
Service revenue	Subsidiaries		
	Standard Beverage	$ 1,320	$ 1,320

h. Compensation of key management personnel

	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Short-term employee benefits	$ 45,293	$ 40,280
Post-employment benefits	522	533
	$ 45,815	$ 40,813

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

30. 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, 2019 were as follows:

a. The Company has entered into a license agreement with The Quaker Oats Company ("Quaker") for a period ending July 11, 2029. The agreement provides that the Company may use Quaker's trademark, and process, manufacture, market and sell Quaker baby cereal, oatmeal, fruit cereal, ready-to-eat cereal, sesame paste, milk powder and other cereal products in the ROC. In consideration of the above, the Company shall pay Quaker royalties at an agreed percentage of net sales (as defined).

b. Unused letters of credit of approximately US$1,857 thousand.

c. Unrecognized commitments for acquisition of property, plant and equipment of approximately $92,946 thousand.

d. Unrecognized commitments for acquiring approximately 46,391 tons of colostrum from dairymen.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 16,901	29.98 (USD:NTD)	$ 506,678
RMB	8,987	4.31 (RMB:NTD)	38,690
EUR	2,331	33.59 (EUR:NTD)	78,303
AUD	2,058	21.01 (AUD:NTD)	43,235
CHF	1,341	30.93 (CHF:NTD)	41,472
			$ 708,378
Non-monetary items			
Investments accounted for using the equity method			
RMB	2,027,023	4.31 (RMB:NTD)	$ 8,710,333
Financial liabilities			
Monetary items			
AUD	762	21.01 (AUD:NTD)	$ 16,002
SGD	520	22.28 (SGD:NTD)	11,586
			$ 27,588

December 31, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 9,678	30.72 (USD:NTD)	$ 297,260
RMB	5,094	4.47 (RMB:NTD)	22,780
EUR	1,661	35.20 (EUR:NTD)	58,453
AUD	4,717	21.67 (AUD:NTD)	102,184
			$ 480,677

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using the equity method			
RMB	$ 1,867,769	4.48 (RMB:NTD)	$ 8,358,541
Financial liabilities			
Monetary items			
USD	198	30.72 (USD:NTD)	$ 6,067
EUR	356	35.20 (EUR:NTD)	12,535
AUD	551	21.67 (AUD:NTD)	11,944
SGD	501	22.48 (SGD:NTD)	11,262
			$ 41,808

(Concluded)

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2019		2018	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.98 (USD:NTD)	$ (13,549)	30.72 (USD:NTD)	$ 4,887
RMB	4.31 (RMB:NTD)	16	4.47 (RMB:NTD)	1,215
EUR	33.59 (EUR:NTD)	344	35.20 (EUR:NTD)	(1,296)
AUD	21.01 (AUD:NTD)	861	21.67 (AUD:NTD)	(1,975)
CHF	30.93 (CHF:NTD)	(961)	31.19 (CHF:NTD)	34
SGD	22.68 (SGD:NTD)	11	22.48 (SGD:NTD)	(29)
Others		139		1,329
		$ (13,139)		$ 4,165

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financings provided: See Table 1 attached.

2) Endorsement/guarantee provided: See Table 2 attached.

3) Marketable securities held (excluding investments in subsidiaries): 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: None.

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

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 4 attached.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 5 attached.

9) Information on investees (excluding investees of mainland China): See Table 6 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: See Table 7 attached.

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss: None.

TABLE 1

STANDARD FOODS CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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			
0	Standard Foods Co., Ltd.	Dermalab S.A.	Financing receivables - related parties	Y	$ 47,783	$ 46,387	$ -	0.00%	b.	$ -	Need for operation	$ -	-	$ -	$ 6,350,870 (Note 3)	$ 6,350,870 (Note 3)	
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Y	92,048	85,950	79,891	2.50%	b.	-	Need for operation	-	-	-	1,664,013 (Note 4)	1,664,013 (Note 4)	
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	736,384	687,600	238,507	2.50%	b.	-	Need for operation	-	-	-	1,664,013 (Note 4)	1,664,013 (Note 4)	
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	460,240	429,750	348,188	2.50%	b.	-	Need for operation	-	-	-	1,664,013 (Note 4)	1,664,013 (Note 4)	
		Shanghai Le Ben Tuo Health Technology Co., Ltd.	Financing receivables - related parties	Y	92,048	85,950	85,950	2.50%	b.	-	Need for operation	-	-	-	1,664,013 (Note 4)	1,664,013 (Note 4)	
2	Shanghai Standard Foods Co., Ltd.	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	483,252	-	-	2.50%	b.	-	Need for operation	-	-	-	1,227,427 (Note 5)	1,227,427 (Note 5)	
		Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	667,348	623,138	116,299	2.50%	b.	-	Need for operation	-	-	-	1,227,427 (Note 5)	1,227,427 (Note 5)	
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	474,390	451,238	451,238	2.50%	b.	-	Need for operation	-	-	-	1,227,427 (Note 5)	1,227,427 (Note 5)	
3	Accession Limited	Shanghai Standard Foods Co., Ltd.	Financing receivables - related parties	Y	185,370	-	-	0.00%	b.	-	Need for operation	-	-	-	3,492,091 (Note 6)	3,492,091 (Note 6)	
		Dermalab S.A.	Financing receivables - related parties	Y	70,081	-	-	1.90%	b.	-	Need for operation	-	-	-	3,492,091 (Note 6)	3,492,091 (Note 6)	
4	Shanghai Le Ben Tuo Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	23,012	21,488	-	2.50%	b.	-	Need for operation	-	-	-	88,844 (Note 7)	88,844 (Note 7)	
5	Shanghai Le Ben De Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	9,205	8,595	-	2.50%	b.	-	Need for operation	-	-	-	11,640 (Note 8)	11,640 (Note 8)	
6	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	184,096	171,900	658	2.50%	b.	-	Need for operation	-	-	-	210,049 (Note 9)	210,049 (Note 9)	
7	Shanghai Le Min Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	92,048	85,950	597	2.50%	b.	-	Need for operation	-	-	-	131,101 (Note 10)	131,101 (Note 10)	

(Continued)

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

Note 2: Reasons for financing are as follows:

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

Note 3: The total amount shall not exceed 40% of net value of Standard Foods Corporation, which was calculated to be $6,350,870 thousand (the net value per financial statements of $15,877,175 thousand x 40% as of September 30, 2019).

Note 4: The total amount shall not exceed 40% of net value of Standard Investment (China) Co., Ltd., which was calculated to be $1,664,013 thousand (the net value per financial statements of $4,160,032 thousand x 40% as of September 30, 2019).

Note 5: The total amount shall not exceed 40% of net value of Shanghai Standard Foods Co., Ltd., which was calculated to be $1,227,427 thousand (the net value per financial statements of $3,068,568 thousand x 40% as of September 30, 2019).

Note 6: The total amount shall not exceed 100% of net value of Accession Limited, which was calculated to be $3,492,091 thousand (the net value per financial statements of $3,492,091 thousand x 100% as of September 30, 2019).

Note 7: The total amount shall not exceed 40% of net value of Shanghai Le Ben Tuo Health Technology Co., Ltd., which was calculated to be $88,844 thousand (the net value per financial statements of $222,111 thousand x 40% as of September 30, 2019).

Note 8: The total amount shall not exceed 40% of net value of Shanghai Le Ben De Health Technology Co., Ltd., which was calculated to be $11,640 thousand (the net value per financial statements of $29,101 thousand x 40% as of September 30, 2019).

Note 9: The total amount shall not exceed 40% of net value of Shanghai Le Ho Industrial Co., Ltd., which was calculated to be $210,049 thousand (the net value per financial statements of $525,122 thousand x 40% as of September 30, 2019).

Note 10: The total amount shall not exceed 40% of net value of Shanghai Le Min Industrial Co., Ltd., which was calculated to be $131,101 thousand (the net value per financial statements of $327,753 thousand x 40% as of September 30, 2019).

(Concluded)

STANDARD FOODS CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(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	Accession Limited	b.	$ 12,701,740 (Note 3)	$ 184,620	29,980	$ -	$ -	0.19%	$ 15,877,175 (Note 4)	Y	-	-	
		Standard Beverage Company Limited	b.	12,701,740 (Note 3)	158,000	149,900	20,000	-	0.94%	15,877,175 (Note 4)	Y	-	-	

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

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

a. Trading partner.
b. Majority owned subsidiary.
c. The Company and subsidiary owns over 50% ownership of the investee company.
d. A subsidiary jointly owned by the Company and company's directly-owned subsidiary.
e. Guaranteed by the Company according to construction contract.
f. Investee company. The guarantees were provided based on the Company's proportionate share in an investee company.

Note 3: The total amount shall not exceed 80% of the net value in the financial statements of Standard Foods Corporation; the amount was calculated at $12,701,740 thousand (the net value per financial statements of $15,877,175 thousand x 80% as of September 30, 2019).

Note 4: The total amount shall not exceed 100% of the net value in the financial statements of Standard Foods Corporation; the amount was calculated at $15,877,175 thousand (the net value per financial statements of $15,877,175 thousand x 100% as of September 30, 2019).

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

TABLE 3

STANDARD FOODS CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(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, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Foods Corporation	Shares							
	Far Eastern International Commercial Bank Co., Ltd.		Financial assets at fair value through other comprehensive income - current	1,379,027	$ 16,479	-	$ 16,479	
	Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - current	48,600	5,346	-	5,346	
	GeneFerm Biotechnology Co., Ltd.	The Company is one of the directors	Financial assets at fair value through other comprehensive income - non-current	2,145,110	65,640	7.8	65,640	
	Dah Chung Bills Finance Corp.		Financial assets at fair value through other comprehensive income - non-current	1,243,213	15,702	0.3	15,702	
	Mutual funds							
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	2,430,814	33,021	-	33,021	
	Jih Sun Money Market Fund		Financial assets at fair value through profit or loss - current	14,196,913	211,216	-	211,216	
	Mega Diamond Money Market Fund		Financial assets at fair value through profit or loss - current	21,453,425	270,122	-	270,122	
	FSITC Taiwan Money Market Fund		Financial assets at fair value through profit or loss - current	2,736,051	42,034	-	42,034	
	Walden VC 2, L.P.		Financial assets at fair value through profit or loss - non-current	Note 1	-	1.9	-	
	Shares							
	Techgains Pan-Pacific Corporation		Financial assets at fair value through profit or loss - non-current	500,000	-	0.9	-	
	Authenex, Inc.		Financial assets at fair value through profit or loss - non-current	2,424,242	-	5.5	-	
	Global Strategic Investment Co., Ltd.		Financial assets at fair value through profit or loss - non-current	850,500	4,619	1.9	4,619	
	Paradigm Venture Capital Corporation		Financial assets at fair value through profit or loss - non-current	180,376	2,956	7.0	2,956	
	U-Teck Environment Corporation, Ltd.		Financial assets at fair value through profit or loss - non-current	11,200	-	0.2	-	
	Octamer, Inc. - Series E Preferred Stock		Financial assets at fair value through profit or loss - non-current	800,000	-	7.8	-	
	Octamer, Inc. - Series F Preferred Stock		Financial assets at fair value through profit or loss - non-current	107,815	-	1.0	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Fortemedia, Inc. - Series D Preferred Stock		Financial assets at fair value through profit or loss - non-current	3,455	$ -	1.2	$ -	
	Fortemedia, Inc. - Series E Preferred Stock		Financial assets at fair value through profit or loss - non-current	71,397	-	1.2	-	
	Fortemedia, Inc. - Series F Preferred Stock		Financial assets at fair value through profit or loss - non-current	29,173	-	1.2	-	
	Fortemedia, Inc. - Series G Preferred Stock		Financial assets at fair value through profit or loss - non-current	31,135	-	1.3	-	
	Fortemedia, Inc. - Series I Preferred Stock		Financial assets at fair value through profit or loss - non-current	29,102	-	1.3	-	
	Fortemedia, Inc. - Series - Common Stock		Financial assets at fair value through profit or loss - non-current	12,938	-	1.2	-	
Standard Dairy Products Taiwan Limited	Mutual funds							
	Jih Sun Money Market Fund		Financial assets at fair value through profit or loss - current	3,034,955	45,153	-	45,153	
	FSITC Diamond Money Market		Financial assets at fair value through profit or loss - current	1,953,197	30,007	-	30,007	
Charng Hui Ltd.	Shares							
	Standard Foods Corporation	Parent of Charng Hui Ltd.	Financial assets at fair value through other comprehensive income - current	6,669,471	464,195	0.7	464,195	Note 2
	Formosa Plastics Corporation		Financial assets at fair value through other comprehensive income - current	91,440	9,126	-	9,126	
	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	803,258	19,198	-	19,198	
	Polytronics Technology Corp.	Charng Hui Ltd. is one of the directors	Financial assets at fair value through other comprehensive income - current	1,596,000	106,772	2.0	106,772	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through other comprehensive income - current	90,000	29,790	-	29,790	
	Mutual funds							
	Fuh Hwa Global Strategic Allocation FoF		Financial assets at fair value through profit or loss - current	1,000,000	11,270	-	11,270	
	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds-Accu.		Financial assets at fair value through profit or loss - current	1,453,360	18,958	-	18,958	
	Shares							
	Hong Da Leasing & Finance Co., Ltd.		Financial assets at fair value through profit or loss - non-current	8,297,000	-	23.7	-	
	CNEX Co., Ltd.	Charng Hui Ltd. is one of the directors	Financial assets at fair value through profit or loss - non-current	1,000,000	-	6.0	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Beverage Company Limited	Mutual funds							
	Fuh Hwa Greater China Mid & Small Cap		Financial assets at fair value through profit or loss - current	225,000	$ 2,201	-	$ 2,201	
	Franklin Templeton SinoAm Global Bd Acc		Financial assets at fair value through profit or loss - current	282,988	3,691	-	3,691	
Domex Technology Corporation	Shares							
	InnoComm Mobile Technology Corp.		Financial assets at fair value through other comprehensive income - non-current	3,600,000	107,424	13.4	107,424	
Accession Limited	Shares							
	AsiaVest Liquidation Co.		Financial assets at fair value through other comprehensive income - non-current	200	929	0.7	929	

Note 1: No number of units of the Fund.

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

(Concluded)

STANDARD FOODS CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable (Receivable)		Note
			Purchases (Sales)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Sales	$ (1,470,332)	11.19	55 days after month end closing (net of receivables and payables)	-	-	$ 141,484	6.17	Note
			Purchases	917,346	12.24	55 days after month end closing (net of receivables and payables)	-	-	-	-	Note
Standard Dairy Products Taiwan Limited	Standard Foods Corporation	Parent company of Standard Dairy Products Taiwan Limited	Purchases	1,470,332	59.38	55 days after month end closing (net of receivables and payables)	-	-	(141,484)	40.45	Note
			Sales	(917,346)	25.66	55 days after month end closing (net of receivables and payables)	-	-	-	-	Note
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Sales	(1,735,989)	78.07	60 days after month-end closing	-	-	491,530	96.61	Note
			Purchases	397,459	21.46	60 days after month-end closing	-	-	(161,842)	64.38	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	1,735,989	16.51	60 days after month-end closing	-	-	(491,530)	15.00	Note
			Sales	(397,459)	2.95	60 days after month-end closing			161,842	4.94	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(5,160,756)	98.62	55 days after month-end closing	-	-	1,665,818	99.65	Note
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	5,160,756	49.16	60 days after month-end closing	-	-	(1,665,818)	50.82	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Purchases	411,285	8.78	60 days after month-end closing	-	-	(222,633)	38.08	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	(411,285)	8.64	60 days after month-end closing	-	-	222,633	16.84	Note
	Standard Investment (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Sales	(3,589,545)	75.44	60 days after month-end closing	-	-	1,099,150	83.15	Note
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	3,589,545	34.20	60 days after month-end closing	-	-	(1,099,150)	33.54	Note

Note: The amounts presented above were eliminated upon consolidation.

STANDARD FOODS CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(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	$ 141,484	9.31	$ -		$ 141,484 (Note 1)	$ -	Note 2
			Other receivables	3,127		-		3,127 (Note 1)	-	Note 2
				$ 144,611		$ -		$ 144,611 (Note 1)	$ -	
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	$ 491,530	3.39	$ -		$ 202,729 (Note 1)	$ -	Note 2
			Financing receivables	116,299		-		- (Note 1)	-	Note 2
			Other receivables	59,364		-		- (Note 1)	-	Note 2
				$ 667,193		$ -		$ 202,729 (Note 1)	$ -	
	Standard Foods (Xiamen) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	$ 6,647	3.51	$ -		$ 6,647 (Note 1)	$ -	Note 2
			Financing receivables	451,238		-		- (Note 1)	-	Note 2
			Other receivables	6,549		-		- (Note 1)	-	Note 2
				$ 464,434		$ -		$ 6,647 (Note 1)	$ -	
	Standard Foods (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	$ 8,456	3.69	$ -		$ 8,456 (Note 1)	$ -	Note 2
			Other receivables	618		-		- (Note 1)	-	Note 2
				$ 9,074		$ -		$ 8,456 (Note 1)	$ -	
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Trade receivables	$ 1,665,818	3.06	$ -		$ 816,964 (Note 1)	$ -	Note 2
			Other receivables	34,798		-		34,798 (Note 1)	-	Note 2
				$ 1,700,616		$ -		$ 851,762 (Note 1)	$ -	
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Trade receivables	$ 93	4.07	$ -		$ 93 (Note 1)	$ -	Note 2
			Financing receivables	348,188		-		- (Note 1)	-	Note 2
			Other receivables	14,179		-		- (Note 1)	-	Note 2
				$ 362,460		$ -		$ 93 (Note 1)	$ -	
	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Trade receivables	$ 28	22.72	$ -		$ 28 (Note 1)	$ -	Note 2
			Financing receivables	238,507		-		- (Note 1)	-	Note 2
			Other receivables	12,284		-		- (Note 1)	-	Note 2
				$ 250,819		$ -		$ 28 (Note 1)	$ -	
Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	$ 1,099,150	5.81	$ -		$ 952,155 (Note 1)	$ -	Note 2
			Other receivables	13,165		-		10,869 (Note 1)	-	Note 2
				$ 1,112,315		$ -		$ 963,024 (Note 1)	$ -	
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Trade receivables	$ 161,842	4.91	$ -		$ 101,261 (Note 1)	$ -	Note 2
			Other receivables	40,698		-		- (Note 1)	-	Note 2
				$ 202,540		$ -		$ 101,261 (Note 1)	$ -	
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	$ 222,633	1.80	$ -		$ 222,633 (Note 1)	$ -	Note 2

Note 1: Amounts received before March 18, 2020.

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

STANDARD FOODS CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	$ 3,936,267	$ 3,936,267	123,600,000	100	$ 3,381,908	$ 74,585	$ 67,374 (Note 1)	Subsidiary
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	4,710,865	4,710,865	150,124,815	100	5,220,048	658,622	658,622	Subsidiary
	Standard Dairy Products Taiwan Limited	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100	1,000,126	447,084	449,425 (Note 2)	Subsidiary
	Charng Hui Ltd.	Taipei, Taiwan	Investment business	230,000	230,000	24,100,000	100	290,480	22,157	5,483	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	247,879	66,347	34,507	Subsidiary
	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	82,342	2,350	1,847 (Note 3)	Subsidiary
	Le Bonta Wellness International Corporation	Yilan, Taiwan	Sale of health foods	14,350	14,350	Note 4	100	8,781	(2,979)	(2,979)	Subsidiary
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	266,587	266,587	2,600	100	174,559	7,694		Indirect subsidiary
Dermalab S.A.	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100	-	-		Indirect subsidiary
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investment business	4,708,566	4,708,566	150,050,815	100	5,219,208	658,817		Indirect subsidiary

Note 1: This amount was the share of profit of the investee of $74,585 thousand minus the unrealized gain on sidestream transactions of $7,211 thousand.

Note 2: This amount was the share of profit of the investee of $447,084 thousand minus the unrealized gain on sidestream transactions of $2,341 thousand.

Note 3: This amount was the share of profit of the investee of $2,350 thousand plus the realized gain on upstream transactions of $503 thousand.

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

TABLE 7

STANDARD FOODS CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Shanghai Standard Foods Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	$ 3,949,575	b. (Note 3)	$ 3,949,575 (Note 4)	$ -	$ -	$ 3,949,575 (Note 4)	$ 69,321	100.0	$ 65,798 (Note 9)	$ 2,992,501	$ -	
Standard Investment (China) Co., Ltd.	Investment and sales of edible oil products and nutritional foods	3,755,530	b. (Note 5)	3,718,677 (Note 5)	-	-	3,718,677 (Note 5)	689,913	99.0	683,014 (Note 9)	4,391,390	-	
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,631,668	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	162,562	99.0	149,001 (Note 9)	1,834,068	-	
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetics and international trading	57,205	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	(8,057)	99.0	(7,976) (Note 9)	(10,779)	-	
Shanghai Le Ben Tuo Health Technology Co., Ltd.	Sale of nutritional foods and international trading	380,418	1 and c. (Note 7)	181,048 (Note 7)	-	-	181,048 (Note 7)	(43,680)	99.5	(43,466) (Note 9)	211,188	-	
Shanghai Le Ben De Health Technology Co., Ltd.	Sale of nutritional foods and international trading	31,220	c. (Note 4 and 8)	31,220 (Note 4)	-	-	31,220 (Note 4)	706	100.0	706 (Note 9)	28,649	-	
Standard Foods (Xiamen) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,307,582	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	175,986	99.0	165,369 (Note 9)	1,328,982	-	
Shanghai Le Ho Industrial Co., Ltd.	Property management	607,717	b. (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	(14,666)	100.0	(14,666) (Note 9)	509,309	-	
Shanghai Le Min Industrial Co., Ltd.	Property management	378,009	b. (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	(9,392)	100.0	(9,392) (Note 9)	317,638	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$8,919,525	$8,919,525	Unlimited amount of investment (Note 10)

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

a. Direct investment in mainland China.
b. Indirect investment in mainland China through companies registered in a third region.
c. Other methods.

(Continued)

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

a. There was no investment income (loss) recognized due to the investment still being in the development stage.

b. The investment income (loss) was determined based on the following basis:

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

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

Note 4: There was no difference between the beginning balance and the ending balance of the accumulated amount invested from Taiwan for the year ended December 31, 2018; the investment remained at $4,034,074 thousand. Of the $4,034,074 thousand, $53,279 thousand has been retained in Accession Limited. The remaining balance of thereof, amounting to $3,980,795 thousand, was originally the outward remittance of the investment of Shanghai Standard Foods Co., Ltd. in 2015. However, as of July 2015, of the $3,980,795 thousand, $31,220 thousand was invested in Shanghai Le Ben De Health Technology Co., Ltd. by Shanghai Standard Foods Co., Ltd. In aggregate, the outward remittance of the investments of Shanghai Standard Foods Co., Ltd. and Shanghai Le Ben De Health Technology Co., Ltd. was $3,949,575 thousand and $31,220 thousand, respectively.

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

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

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

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

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

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

(Concluded)

STANDARD FOODS CORPORATION

THE CONTENTS OF SCHEDULES OF MAJOR ACCOUNTING ITEMS

STANDARD FOODS CORPORATION

SCHEDULE OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Interest Rate	Amount
Cash on hand			$ 1,432
Cash in banks			
Checking account deposits			5,951
Demand deposits		0.010%-0.350%	3,203
Foreign currency demand deposits	Including US$2,219 thousand @29.98, EUR2,331 thousand @33.59, AUD1,054 thousand @21.01, RMB1,350 thousand @4.31 and CHF1,341 thousand @30.93	0.001%-0.500%	214,254
			223,408
Cash equivalents			
Foreign time deposits	Including US$3,800 thousand @29.98 and RMB4,000 thousand @4.31	2.250%-3.220%	131,144
Repurchase agreements collateralized by bonds	Expiry in January 2020	0.550%-0.560%	268,447
			399,591
			$ 624,431

SCHEDULE 2

STANDARD FOODS CORPORATION

SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THOUGH PROFIT OR LOSS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Financial Assets	Shares/Units	Par Value (NT$)	Total Amount	Acquisition Cost	Fair Value		Changes in Fair Value Attributed to Credit Risk	Note
					Unit Price	Total Amount		
Mutual fund								
Mega Diamond Money Market Fund	21,453,425.21	12.59	$ 270,122	$ 270,000	12.59	$ 270,122	$ 122	
Jih Sun Money Market Fund	14,196,912.97	14.88	211,216	211,067	14.88	211,216	149	
Taishin 1699 Money Market Fund	2,430,813.88	13.58	33,021	33,000	13.58	33,021	21	
FSITC Taiwan Money Market Fund	2,736,051.23	15.36	42,034	42,016	15.36	42,034	18	
	40,817,203.29		$ 556,393	$ 556,083		$ 556,393	$ 310	

SCHEDULE 3

STANDARD FOODS CORPORATION

SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Financial Assets	Shares	Par Value (NT$)	Total Amount	Acquisition Cost	Accumulated Impairment	Fair Value	
						Unit Price	Total Amount
Listed shares							
Chunghwa Telecom Co., Ltd.	48,600	10.00	$ 486	$ 4,063	$ -	110.00	$ 5,346
Far Eastern International Commercial Bank Co., Ltd.	1,379,027	10.00	13,790	17,114	-	11.95	16,479
			$ 14,276	$ 21,177	$ -		$ 21,825

STANDARD FOODS CORPORATION

SCHEDULE OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Name	Description	Number	Par Value	Currencies	Total Amount	Annual Interest Rate	Book Value	Remark
Far Eastern International Bank time deposit	Expiry in October 2020, maturity interest	3	$ 2,900	NTD	$ 8,700	1.06%	$ 8,700	Floating
Far Eastern International Bank time deposit	Expiry in October 2020, maturity interest	2	4,900	NTD	9,800	1.06%	9,800	Floating
Far Eastern International Bank time deposit	Expiry in November 2020, maturity interest	9	4,900	NTD	44,100	1.06%	44,100	Floating
Far Eastern International Bank time deposit	Expiry in December 2020, maturity interest	6	4,900	NTD	29,400	1.06%	29,400	Floating
Far Eastern International Bank time deposit	Expiry in January 2020, maturity interest	2	4,900	NTD	9,800	1.06%	9,800	Floating
Far Eastern International Bank time deposit	Expiry in February 2020, maturity interest	7	4,900	NTD	34,300	1.06%	34,300	Floating
Far Eastern International Bank time deposit	Expiry in March 2020, maturity interest	8	4,900	NTD	39,200	1.05%	39,200	Fixed
Far Eastern International Bank time deposit	Expiry in April 2020, maturity interest	9	4,900	NTD	44,100	1.06%	44,100	Floating
Far Eastern International Bank time deposit	Expiry in August 2020, maturity interest	9	4,900	NTD	44,100	1.06%	44,100	Floating
Far Eastern International Bank foreign currency time deposit	Expiry in November 2020, maturity interest	1	2,500	USD	74,950	2.28%	74,950	Fixed (@29.98)
Far Eastern International Bank foreign currency time deposit	Expiry in November 2020, maturity interest	2	1,000	USD	59,960	2.28%	59,960	Fixed (@29.98)
Far Eastern International Bank foreign currency time deposit	Expiry in March 2020, maturity interest	1	1,400	USD	41,972	2.53%	41,972	Fixed (@29.98)
Far Eastern International Bank foreign currency time deposit	Expiry in March 2020, maturity interest	1	1,000	USD	29,980	2.53%	29,980	Fixed (@29.98)
Far Eastern International Bank foreign currency time deposit	Expiry in March 2020, maturity interest	1	1,000	USD	29,980	2.52%	29,980	Fixed (@29.98)
HSBC Bank (Taiwan) Limited foreign currency time deposit	Expiry in February 2020, maturity interest	1	200,000	NTD	200,000	0.80%	200,000	Fixed
The Shanghai Commercial & Saving Bank time deposit	Expiry in February 2020, maturity interest	70	4,990	NTD	349,300	0.79%	349,300	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in June 2020, maturity interest	20	4,990	NTD	99,800	0.79%	99,800	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in March 2020, maturity interest	40	4,990	NTD	199,600	0.79%	199,600	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in April 2020, maturity interest	30	4,990	NTD	149,700	0.79%	149,700	Floating
Bank of China Limited foreign currency time deposit	Expiry in January 2020, maturity interest	1	3,600	RMB	15,498	2.85%	15,498	Fixed (@4.31)
Taishin International Bank foreign currency time deposit	Expiry in May 2020, maturity interest	2	1,000	USD	59,960	2.25%	59,960	Fixed (@29.98)
Taishin International Bank foreign currency time deposit	Expiry in May 2020, maturity interest	1	500	USD	14,990	2.25%	14,990	Fixed (@29.98)
Taishin International Bank foreign currency time deposit	Expiry in March 2020, maturity interest	1	1,000	AUD	21,005	1.29%	21,005	Fixed (@21.01)
					$ 1,610,195		$ 1,610,195	

STANDARD FOODS CORPORATION

SCHEDULE OF TRADE RECEIVABLES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Unrelated parties	
Company A	$ 661,937
Company B	420,706
Company C	163,785
Company D	455,620
Others (Note)	448,131
	2,150,179
Less: Allowance for impairment loss	(1,333)
	$ 2,148,846
Related party	
Standard Dairy Products Taiwan Limited	$ 141,484

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

SCHEDULE 6

STANDARD FOODS CORPORATION

SCHEDULE OF INVENTORIES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

	Amount	
Item	**Cost**	**Net Realizable Value**
Merchandise	$ 463,267	$ 665,312
Finished goods	829,612	1,618,365
Work in progress	132,498	268,562
Raw materials	462,095	896,212
Packaging materials	39,299	63,548
	$ 1,926,771	$ 3,511,999

STANDARD FOODS CORPORATION

SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2019		Addition		Deduction		Accumulated Reversal of Impairment Loss	Balance, December 31, 2019		Collateral	Accumulated Impairment	Remark
	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount		Shares/Units	Fair Value			
Global Strategic Investment Co., Ltd.	850,500	$ 5,205	-	$ -	-	$ 586	$ -	850,500	$ 4,619	Nil	-	Note
Paradigm Venture Capital Corporation	180,376	2,110	-	846	-	-	-	180,376	2,956	Nil	-	Note
Authenex, Inc.	2,424,242	-	-	-	-	-	-	2,424,242	-	Nil	-	-
Techgains Pan-Pacific Corporation	500,000	-	-	-	-	-	-	500,000	-	Nil	-	-
U-Teck Environment Corporation, Ltd.	11,200	-	-	-	-	-	-	11,200	-	Nil	-	
Octamer, Inc. - Series E preferred stock	800,000	-	-	-	-	-	-	800,000	-	Nil	-	-
Octamer, Inc. - Series F preferred stock	107,815	-	-	-	-	-	-	107,815	-	Nil	-	-
ForteMedia, Inc. - Series D preferred stock	3,455	-	-	-	-	-	-	3,455	-	Nil	-	-
ForteMedia, Inc. - Series E preferred stock	71,397	-	-	-	-	-	-	71,397	-	Nil	-	-
ForteMedia, Inc. - Series F preferred stock	29,173	-	-	-	-	-	-	29,173	-	Nil	-	-
ForteMedia, Inc. - Series G preferred stock	31,135	-	-	-	-	-	-	31,135	-	Nil	-	-
ForteMedia, Inc. - Series I preferred stock	29,102	-	-	-	-	-	-	29,102	-	Nil	-	-
ForteMedia - common stock	12,938	-	-	-	-	-	-	12,938	-	Nil	-	-
		$ 7,315		$ 846		$ 586	$ -		$ 7,575			

Note: The amount of investment in the investee increased/decreased due to the changes in the fair value.

SCHEDULE 8

STANDARD FOODS CORPORATION

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2019		Addition		Deduction		Unrealized	Balance, December 31, 2019		Accumulated		
	Shares	Fair Value	Shares	Amount	Shares	Amount	Gain (Loss)	Shares	Fair Value	Impairment	Collateral	Remark
Emerging market shares												
GeneFerm Biotechnology Co., Ltd.	2,145,110	$ 90,095	-	$ -	-	$ -	$ (24,455)	2,145,110	$ 65,640	$ -	Nil	
Dah Chung Bills Finance Corp	1,243,213	12,805	-	-	-	-	2,897	1,243,213	15,702	-	Nil	
		$ 102,900		$ -		$ -	$ (21,558)		$ 81,342	$ -		

STANDARD FOODS CORPORATION

SCHEDULE OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2019		Addition		Decrease		Balance, December 31, 2019			Net Assets Value		Collateral	Remark
	Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	%	Amount	Unit Price (NT$)	Total Price		
Accession Limited	123,600,000	$ 3,450,370	-	$ 67,374	-	$ 135,836	123,600,000	100.00	$ 3,381,908	27.55	$ 3,404,845	Nil	Note 1
Standard Dairy Products Taiwan Limited	30,000,000	950,516	-	449,425	-	399,815	30,000,000	100.00	1,000,126	33.76	1,012,734	Nil	Note 2
Charng Hui Ltd.	24,100,000	252,543	-	51,530	-	13,593	24,100,000	100.00	290,480	31.31	754,675	Nil	Note 3
DOMEX Technology Corporation	10,374,399	210,974	-	55,579	-	18,674	10,374,399	52.00	247,879	23.84	247,274	Nil	Note 4
Standard Beverage Company Limited	7,907,000	80,577	-	1,950	-	185	7,907,000	100.00	82,342	10.42	82,356	Nil	Note 5
Standard Investment (Cayman) Limited	150,124,815	4,772,853	-	658,622	-	211,427	150,124,815	100.00	5,220,048	34.77	5,220,048	Nil	Note 6
Le Bonta Wellness International Corporation	-	12,288	-	-	-	3,507	-	100.00	8,781	-	8,523	Nil	Notes 7 and 9
Shanghai Le Ben Tuo Health Technology Co., Ltd.	-	135,318	-	-	-	26,940	-	51.00	108,378	-	108,378	Nil	Notes 8 and 9
		$ 9,865,439		$ 1,284,480		$ 809,977			$ 10,339,942		$ 10,838,833		

Note 1: For the year ended December 31, 2019, the increase amount of investment income accounted for using the equity method was $67,374 thousand; the decrease amount of translation adjustment was $134,148 thousand; and other comprehensive income was $1,688 thousand.

Note 2: For the year ended December 31, 2019, the increase amount of investment income accounted for using the equity method was $449,425 thousand; the decrease amount of the cash dividend issued by the investee was $391,600 thousand; and the decrease amount of other comprehensive income was $8,215 thousand.

Note 3: This is a subsidiary of the Company, and because it held the shares of the Company, it received cash dividend from the Company. Therefore, there was an increase in cash dividend which amounted to a total of $51,530 thousand, of which adjustment to the capital surplus was $16,673 thousand and other comprehensive income was $29,374 thousand. The investment income accounted for using the equity method was $5,483 thousand. For the year ended December 31, 2019, the decrease amount of the cash dividend which was issued by the investee was $13,593 thousand.

Note 4: The increase amount of investments amounted to a total of $55,579 thousand, of which the equity method adopted for the accounting of the investment income was $34,507 thousand; other comprehensive income was $21,072 thousand; and the decrease amount of cash dividend which was issued by the investee was $18,674 thousand.

Note 5: The increase amount of investments amounted to $1,950 thousand, of which the equity method adopted for the accounting of the investment income was $1,847 thousand; other comprehensive income was $103 thousand; the decrease amount of cash dividend which was issued by the investee was $185 thousand.

Note 6: For the year ended December 31, 2019, the increase amount of investment income accounted for using the equity method was $658,622 thousand; and the decrease amount of translation adjustment was $211,427 thousand.

Note 7: The decrease amount of investments amounted to $3,507 thousand, of which the equity method adopted for the accounting of the investment loss was $2,979 thousand; and the cash dividend which was issued by the investee was $528 thousand.

Note 8: The decrease amount of investments amounted to $26,940 thousand, of which the equity method adopted for the accounting of the investment loss was $22,303 thousand; and the translation adjustment was $4,637 thousand.

Note 9: This is a limited company with no issued shares.

STANDARD FOODS CORPORATION

SCHEDULE OF CHANGES IN RIGHT-OF-USE ASSETS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Land	Buildings	Office Equipment	Transportation Equipment	Amount
Cost					
As Originally Stated on January 1, 2019	$ -	$ -	$ -	$ -	$ -
Adjustments Arising from Initial Application	-	94,071	-	6,460	100,531
Restated on January 1, 2019	-	94,071	-	6,460	100,531
Additions	4,480	3,667	419	-	8,566
Lease modification	-	(1,015)	-	-	(1,015)
Balance at December 31, 2019	$ 4,480	$ 96,723	$ 419	$ 6,460	$ 108,082
Accumulated depreciation					
As Originally Stated on January 1, 2019	$ -	$ -	$ -	$ -	$ -
Adjustments Arising from Initial Application	-	-	-	1,077	1,077
Restated on January 1, 2019	-	-	-	1,077	1,077
Depreciation expenses	865	21,754	29	1,077	23,725
Lease modification	-	(1,015)	-	-	(1,015)
Balance at December 31, 2019	$ 865	$ 20,739	$ 29	$ 2,154	$ 23,787

STANDARD FOODS CORPORATION

SCHEDULE OF TRADE PAYABLES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Unrelated parties	
Company A	$ 161,875
Company B	58,739
Others (Note)	655,648
	$ 876,262
Related party	
GeneFerm Biotechnology Co., Ltd.	$ 26,141

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

STANDARD FOODS CORPORATION

SCHEDULE OF LEASE LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

	Lease Term	Discount Rate	Balance at December 31, 2019	Remark
Land	July 1, 2019 - July 24, 2030	1.07%	$ 1,040	
Buildings	June 1, 2018 - December 31, 2023	1.07%	76,581	
Office equipment	August 1, 2019 - August 30, 2025	1.07%	402	
Transportation equipment	January 1, 2018 - December 31, 2020	12.04%	3,630	
			81,653	
Less: Within 1 year			(25,349)	
Lease liabilities - non-current			$ 56,304	

STANDARD FOODS CORPORATION

SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Quantity (Tons)	Amount
Nutritious foods	97,360	$ 12,442,144
Cooking products	23,680	2,178,542
Others	10,667	418,268
Total sales		15,038,954
Less: Sales returns		(88,474)
Sales allowances		(1,810,536)
Net sales		$ 13,139,944

STANDARD FOODS CORPORATION

SCHEDULE OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold - finished goods	
Raw materials, beginning of year	$ 475,667
Add: Raw materials purchased	5,036,782
Gain on physical inventory of raw materials	314
Less: Transferred to other accounts	(6,950)
Sales of raw materials	(71,631)
Raw materials scrapped	(1,975)
Raw materials, end of year	(501,394)
Raw materials consumed	4,930,813
Direct labor	236,757
Manufacturing expenses	942,085
Manufacturing costs	6,109,655
Work in progress, beginning of year	104,106
Less: Work in progress scrapped	(611)
Other use	(8,348)
Cost of finished goods	6,204,802
Work in progress, end of year	(132,498)
Finished goods, beginning of year	782,158
Less: Transferred to other accounts	(77,498)
Loss on physical inventory of finished goods	(14)
Finished goods scrapped	(5,059)
Finished goods, end of year	(829,612)
Cost of goods sold - finished goods	5,942,279
Cost of goods sold - merchandise	
Merchandise, beginning of year	471,073
Add: Merchandise purchased	2,455,595
Less: Other use	(14,720)
Merchandise scrapped	(6,826)
Loss on physical inventory of merchandise	(14)
Merchandise, end of year	(463,267)
Cost of goods sold - merchandise	2,441,841
Cost of sales of raw materials	71,631
Loss on physical inventory	(286)
Inventory scrap losses	14,471
	$ 8,469,936

STANDARD FOODS CORPORATION

SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Amount	
Advertising expenses	$ 677,918	$ -	$ -	$ 677,918	
Salaries and pensions	261,735	251,969	33,257	546,961	
Freight expenses	115,927	-	-	115,927	
Taxes	16,821	105	17	16,943	
Professional service fees	1,629	29,083	1,041	31,753	
Rental	8,473	692	78	9,243	
Insurance premiums	26,931	16,073	3,083	46,087	
Amortization	1,724	5,964	-	7,688	
Depreciation	22,267	17,543	12,195	52,005	
Traveling expenses	21,051	2,925	582	24,558	
Repair and maintenance expenses	6,745	3,687	4,832	15,264	
Computer expenses	7,049	20,242	148	27,439	
Meal expenses	7,012	2,201	678	9,891	
Postage and telephone charges	1,320	887	530	2,737	
Entertainment expenses	1,648	10,319	409	12,376	
Employee welfare	8,237	3,247	770	12,254	
Utilities	5,635	1,653	1,531	8,819	
Donations	3,070	18,449	-	21,519	
Others	27,824	30,044	35,278	93,146	
Cost-sharing sectors (Note)	-	(17,745)	-	(17,745)	(Note)
	$ 1,223,016	$ 397,338	$ 94,429	$ 1,714,783	

Note: Transferred to manufacturing expenses.

STANDARD FOODS CORPORATION

SCHEDULE OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Year Ended December 31							
	2019				2018			
Item	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Expense	Total
Labor cost								
Salary and bonus	$ 410,499	$ 499,601	$ -	$ 910,100	$ 400,577	$ 450,390	$ -	$ 850,967
Labor and health insurance	38,471	38,970	-	77,441	36,922	34,623	-	71,545
Pension	16,391	22,287	-	38,678	17,806	20,593	-	38,399
Remuneration of directors	-	25,073	-	25,073	-	20,960	-	20,960
Others	29,000	27,544	-	56,544	28,385	25,483	-	53,868
	$ 494,361	$ 613,475	$ -	$ 1,107,836	$ 483,690	$ 552,049	$ -	$ 1,035,739
Depreciation	$ 170,081	$ 52,006	$ -	$ 222,087	$ 151,294	$ 35,924	$ 222	$ 187,440
Amortization	$ 4,309	$ 7,689	$ -	$ 11,998	$ 2,899	$ 7,424	$ -	$ 10,323

Note 1: As of December 31, 2019 and 2018, the Company had 975 and 976 employees, respectively, of which 5 directors were not concurrently appointed as employees.

Note 2: The average employee benefit expense for 2019 is $1,116 thousand. (“Total amounts of current year employee benefit expenses - Total amounts of remuneration of directors”/“The number of current year employee - The number of directors who are not concurrent employees”).

Note 3: The average employee benefit expense for 2018 is $1,045 thousand. (“Total amounts of period year employee benefit expenses - Total amounts of remuneration of directors”/“The number of period year employee - The number of directors who are not concurrent employees”).

Note 4: The average employee salary expense for 2019 is $938 thousand. (Total amounts of current year employee salary expenses - “The number of current year employee - The number of directors who are not concurrent employees”).

Note 5: The average employee salary expense for 2018 is $876 thousand. (Total amounts of period year employee salary expenses/“The number of period year employee - The number of directors who are not concurrent employees”).

Note 6: The change in average employee salary expenses is 7.08%. (“Total amounts of current year average employee salary expenses - Total amounts of period year average employee salary expenses”/Total amounts of period year average employee salary expenses).

VI. Financial difficulties of the company and related parties 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	Dec. 31, 2018	Dec. 31, 2019	Difference	
			Amount	%
Current Assets	17,107,047	18,513,185	1,406,138	8.22
Property, Plant and Equipment	5,478,238	5,125,312	(352,926)	(6.44)
Intangible Assets	73,050	68,087	(4,963)	(6.79)
Other Assets	1,339,321	1,781,681	442,360	33.03
Total Assets	23,997,656	25,488,265	1,490,609	6.21
Current Liabilities	7,510,934	7,682,083	171,149	2.28
Noncurrent Liabilities	446,397	855,491	409,094	91.64
Total Liabilities	7,957,331	8,537,574	580,243	7.29
Equity attributable to owners of the parent	15,806,926	16,678,127	871,201	5.51
Capital Stock	9,150,897	9,150,897	-	-
Capital Surplus	93,045	109,718	16,673	17.92
Retained Earnings	6,915,111	8,016,188	1,101,077	15.92
Other equity	(330,945)	(577,494)	(246,549)	(74.50)
Treasury Stock	(21,182)	(21,182)	-	-
Non-controlling interest	233,399	272,564	39,165	16.78
Total equity	16,040,325	16,950,691	910,366	5.68

Description:

1. The increase in other assets in 2019 was due to the application of the "IFRS16 Lease" bulletin from this year, and the reclassification of those assets defined in the bulletin as rights-to-use assets.
2. The increase in non-current liabilities in 2019 was due to the application of the "IFRS16 Lease" bulletin from this year, reclassification of those defined in the bulletin as lease liabilities, and the increase in deferred tax liabilities.
3. The increase of negative value of other equity in 2019 was due to the depreciation of RMB against NT$, resulting in an increase in the exchange loss in the conversion of financial statements of foreign operating agencies.

II. Financial performance

(I) Comparative Analysis of Operational Performance

Unit: NTD Thousand

Fiscal year / Item	2018	2019	Increase (decrease) amount	Increase (decrease)
Operating revenue	27,340,587	31,266,232	3,925,645	14.36
Gross profit	8,254,345	9,631,013	1,376,668	16.68
Operating profit (loss)	3,149,836	4,423,873	1,274,037	40.45
Non-operating income and expense	526,396	124,661	(401,735)	(76.32)
Net profit before tax	3,676,232	4,548,534	872,302	23.73
Income tax expenses	707,925	1,093,698	385,773	54.49
Net income from continuing operations	2,968,307	3,454,836	486,526	16.39
Loss from discontinued operations	-	-	-	-
Net profit for this period	2,968,307	3,454,836	486,529	16.39
Other comprehensive income (net, after tax)	(138,749)	(256,189)	(117,440)	(84.64)
Total comprehensive income	2,829,558	3,198,647	369,089	13.04

Analysis of the proportion of increase and decrease:

1. In 2019, operating profit is increased mainly due to increase of gross profit margin (mainly due to difference of product assortment), inventory scrap loss, and decrease of sales promotion expenses.
2. The decrease in non-operating income and expenditure in 2019 was due to the revenue disposal of an investment property (Wugu Factory) last year.
3. The increase in income tax expense in 2019 is mainly due to the increase in net operating profit in the current period.
4. The increase in other comprehensive losses (net after tax) in the current period of 2019 was due to the depreciation of the exchange rate of RMB against NT$, resulting in an increase in exchange losses converted into financial statements of foreign operating agencies of overseas invested companies.

(II) Potential impact on and significant change of the future business operations of the Company: None.

III. Cash flows

(I) Analysis of cash flow changes in the most recent year

Unit: NT$ Thousand

Cash balance at the beginning of year (1)	Annual net cash flow from operating activities (2)	Other cash outflows throughout the year (3) (Note)	Amount of cash surplus (shortfall) (1)+(2)-(3)	Remedial measures for cash surplus	
				Investment plan	Financial plan
2,589,952	5,026,474	3,910,523	3,705,903	N/A	N/A

1. Operating Activities: The net cash inflow in the current period was NT$5,026,474 thousand ,mainly due to operating profit.
2. Investment Activities: The net cash outflow of NT$1,100,029 thousand in the current period is mainly the purchase of financial assets measured at amortized cost.
3. Financing Activities: The net cash outflow for the current period is NT$2,705,299 thousand mainly due to the decrease of short-term loans and the payment of cash dividends.

Note : This includes the impact of exchange rate changes on cash and cash equivalents.

(II) Improvement Plan of Liquidity Shortage and Analysis of the Liquidity

1. There was no shortage of liquidity this year.
2. Liquidity Analysis in the Last Two Years:

Fiscal year / Item	2018(1)	2019(2)	Ratio of increase (decrease) (2)-(1) / (1)
Cash flow ratio	35.14	65.43	86.20%
Cash flow adequacy ratio	101.02	118.09	16.90%
Cash reinvestment ratio	3.93	13.12	233.84%

Analysis of the proportion of increase and decrease:

1. The increase in cash flow ratio in 2019 was due to increase in net cash flow from operating activities for the increase of operating revenue, receivables and turnover rate of inventory.
2. The increase in cash reinvestment ratio in 2019 was mainly due to the increase in net cash flow from operating activities.

(III) Cash Liquidity Analysis for the Following Year

Unit: NT$Thousand

Cash balance at the beginning of year (1)	Annual net cash flow from operating activities (2)	Other cash outflows throughout the year (3)	Amount of cash surplus (shortfall) (1)+(2)-(3)	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
3,705,903	4,030,147	2,977,099	4,738,950	N/A	N/A

1. Cash flow analysis for the Following Year:

(1) Operating activities: Estimated net cash inflow is mainly due to expected operating profit.

(2) Investment activities: Mainly due to the allocation of funds to financial assets and the addition of property, plant and equipment.

(3) Financing activities: Mainly refers to issuance of cash dividends.

2. Improvement plan for insufficient cash liquidity and liquidity analysis: N/A.

IV. Impact of Major Capital Expenditure on Financial Operation in the Most Recent Year

(I) Applications of Major Capital Expenditure and Source of Funds in the Most Recent Year

Unit: NT$ Thousand

Planning item	Actual or Expected Sources of Capital	Actual or Expected Dates of Completion	Total amount of capital needed	Actual or expected applications of the capital				
				2019	2020	2021	2022	2023
Purchase of machinery, transportation and office equipment as well as computer software, renovation of houses and buildings, and land use rights (improvement)	Own funds	2020	702,329	405,804	296,525	-	-	-

(II) Expected possible benefits:

1. **Expected increase in production and sales volume, value and gross profit:** annual output increased by 7%; annual sales value increased by 10%; and annual gross profit increased by 9%.
2. **Description of other benefits:** In addition to upgrading production machines and tools in factories, it can increase production capacity and reduce subcontracting, as well as supply market demand nearby, reduce logistics costs to improve the overall profit of the company.

V. Reinvestment Policies, Main Reasons for Its Profits/Losses, Improvement Plans in the Most Recent Year and Investment Plan for the Following Year:

Unit: NT$ Thousand

Item \ Remark	Amount of Profit (Loss) in 2019	Policy	Main reasons for profit or loss	Improvement plan	Investment plan for the following year
Shanghai Standard Foods Co., Ltd.	69,321	Wujiang plant will lease part of the plant and Inner Mongolia plant is the edible oil production base.	Investment real estate rental income and interest income increased.	Cooperate with the development of the Group to carry out resource integration.	Depend on changes in future market demand.
Standard Dairy Products Taiwan Ltd.	447,084	Mainly develop and sell related products in this industry to increase market share and create profits.	Performance grew steadily and capacity utilization increased.	Grasp the market pulsation and continue the development of new products to meet the needs of customers for innovation and change, and cooperate with cost and expense management to maintain profits.	No defined investment plan is made so far.
Standard Investment (China) Limited	689,913	The main plan is Standard Foods Group's investment and sales center in China to expand domestic demand in mainland China and create profits.	Performance grew steadily and profits increased.	Focus on marketing according to market segments, optimize product structure, and expand marginal contribution.	Depend on changes in market demand in the future, we will strengthen the development of diversified channels and improve our competitive advantage.
Standard Foods (China) Limited	162,562	It is mainly planned to be a production base for edible oils and nutritional foods.	Market demand increased and capacity utilization increased.	To expand product lines to make full use of production capacity and reduce allocation of capital cost.	To continue to implement expansion plan of related products.
Standard Foods (Xiamen) Co., Ltd.	175,986	It is mainly planned to be a production base for edible oils and nutritional foods.	Market demand has increased and capacity utilization rate has gradually increased.	To expand product lines to make full use of production capacity and reduce allocation of capital cost.	To continue to implement expansion plan of related products, and will expecte to expand four production lines.
Dermalab S.A.	7,694	With the change of market structure and consumption habits, it is planned to diversify and develop various products in the consumer goods field.	At present, it is in the stage of planning development and market expansion.	Actively expand the market and strengthen the internal management mechanism.	The plan to continue the development of beauty products.

VI. Analysis and Evaluation of Risks in the Most Recent Year and Up to the Date of Publication of the Annual Report

(I) Impact of fluctuation in interest rate, foreign exchange rate, and inflation on corporate profits and losses and future countermeasures:

1. Interest Rate: The interest rate risk of the consolidated company mainly comes from bank loans. The interest expense of bank loans accounted for about 1.12% of the net profit before tax in 2019, so the interest rate change has little impact on the profit and loss of the consolidated company. Looking ahead, we will continue to observe the trend of interest rates and reduce interest rate risks by adjusting the positions of assets and liabilities.

2. Foreign exchange rate: Many raw materials of the consolidated company are imported from abroad, so exchange rate changes have certain influence on profits. Therefore, in addition to formulating clear operational strategies and strict risk control procedures, the consolidated company will adjust its foreign exchange operational strategies in time to reduce the risk of exchange rate fluctuations in coordination with real-time exchange rate changes.

3. Inflation: The consolidated company effectively responds to the impact of inflation by controlling global political and economic changes and fluctuations in market prices of end products at any time, maintaining good interaction with suppliers, distributors and customers, and at the same time flexibly adjusting purchasing and marketing strategies. It is not expected to be a significant impact on the profits and operating conditions of the consolidated company.

(II) Policies of engaging in high-risk, high-leverage investments, giving loans to others, providing endorsements/guarantees and engaging in derivatives transactions, main reasons for the profits and losses as well as future countermeasures:

The consolidated company did not engage in high-risk and highly leveraged investments in 2019 and up to the date of publication of the annual report. Subsidiaries in China avoid risks arising from exchange rate fluctuations by purchasing required raw materials directly from domestic suppliers.

Funds loaned to others by the consolidated company in 2019 and up to the date of publication of the annual report are funds loaned between subsidiaries in which the company directly and indirectly holds more than 50% of the shares. The purpose is to provide turnover capitals for subsidiaries.

The endorsements/guarantees of the consolidated company for the year 2019 and up to the date of publication of the annual report are the endorsements/guarantees of the company for subsidiaries holding 100% of the shares. The purpose is to provide guarantee for the funding amount of each subsidiary.

(III) Future R&D plans and estimated expenses on the R&D:

R&D plan	Current progress	R&D expenses required to be inputted	Estimated completion time	Main factors affecting the success of R&D in the future
Development and Research of Healthy Food	22.57% completed	NT$9,024,000	4th quarter, 2020	Product development and clinical test results

(IV) Impact of Changes in Major Domestic/Overseas Policies and Regulations on the Company's Finance and Business, and Countermeasures:

In order to strengthen the management of food hygiene and safety and protect consumer rights and interests, the Food and Drug Administration, Ministry of Health and Welfare has launched eight new systems such as traceability and food labeling since Jan. 1, 2017. Food safety incidents have occurred frequently in recent years. Standard Foods will continue to pay attention to important policies at home and abroad and dynamically adjust the countermeasures. It will continue to adhere to the promise of "quality and safety," strictly control the food production process, implement supply chain management, and give priority to the health and safety of consumers.

(V) Impact of Changes in Technology and Industry on Corporate Finance and Business, and Countermeasures:

The company attaches great importance to the development of science and technology and changes in the industry, and has always been committed to the application of information technology, such as the introduction of enterprise resource integration system ERP, the establishment of a group video conference system, the establishment of a network telephone and an online management system for group employee, and a human resource management system, with active and effective application of information technology to reduce costs and enhance the competitiveness of enterprises.

(VI) Impact of Changes in Corporate Image on Corporate Risk Management, and Countermeasures

There were no major negative events affecting the corporate image in 2019. The company regards "becoming an enterprise that consumers feel at ease and trust" as its highest aim, and strictly checks the quality of the company's products with high specifications and high standards. As a result, the company has obtained the Good Food Practices (GMP)certification, excellent agricultural products of CAS, ISO22000 food safety and hygiene and the highest level (Level III) of international SQF. At the same time, it upholds the belief of giving back to the society in many ways, donates or sponsors activities to education, charity and disadvantaged groups from time to time. The company hopes to become a model enterprise that takes from the society and gives back to the society.

(VII). Expected Benefits and Possible Risks Associated with M&A and Countermeasures: N/A.

(VIII) The expected effect and possible risk of plant expansion and the response measures:

The company mainly aims to continuously replace old equipment with the new in the existing product line in order to improve the production capacity and quality. Standard Foods (Xiamen), a subsidiary company, has completed its factory and is currently expanding a production line and hard equipment. It is expected to integrate regional resources with convenient location and achieve the goal of reducing costs of product and transportation as well as supply Standard Foods Group's sales needs in China, thus expanding the sales scale and improving the operating performance in China. Therefore, there should be no doubt of risks.

(IX) Risk of centralized purchase or sales, and the response measures:

Standard Foods's main purchase company in 2019 was Company A, accounting for 13.1% of the net purchase, while other individual purchase companies accounted for less than 10% of the total purchase. In addition, the main customer of sales was Company A, accounting for 15.5% of the net sales, while the remaining customers of sales did not exceed 10%, so there was no case of concentration of purchase or sales.

(X) Impact and Risks Resulted from Major Transfer or Replacement of Equities of Directors, Supervisors or Shareholders with More than 10 Percent of the Company's Shares, and Countermeasures:

Directors or major shareholders holding more than 10% of the shares have not been transferred or replaced in large quantities, so there is no significant impact or risk to the company.

(XI) Impact and Risks Resulted from Changes in Management Right on the Company, and Countermeasures: There are no changes in management right of the company.

(XII) The company and its directors, supervisors, general managers, substantive controllers, major shareholders holding more than 10% of the shares, and subordinate companies have been involved in material litigation, non-litigation or administrative litigation that have been concluded with judgment or still in progress. The result may have a significant influence on shareholders' equity or securities prices: None.

(XIII) Other Material Risks and Countermeasures:

Recently, the company has drawn up relevant epidemic prevention measures and measures against COVID-19, and complied with and cooperated with the relevant announcements of government agencies, so as to protect and take care of the health of each colleague and ensure the health and safety of the working environment. There is no doubt about the risks.

1. Risk management policies:

   The risk management policy of Standard Foods is to build a risk management mechanism with risk identification, measurement, supervision and control and an integrated risk management system, as well as promote an operating model with an appropriate risk management to achieve operating goals and increase value for shareholders.

   Standard Foods actively develops more advanced and more sensitive procedures and criteria for monitoring, evaluating and controlling risks in addition to the original systems and regulations regarding the major risks faced by various business operations, such as marketing market, production and operation, human resources planning, new product development progress, and financial and accounting control, so as to balance safety and efficiency and establish a more economical business operation mode, such as strengthening the establishment of information systems and strengthening the capability of early warning and monitoring.

2. Organizational structure of risk management:

   Standard Foods has a risk response organization, which is responsible for different levels according to organizational units, and is managed centrally by the general manager. Under the organization, there are various divisions with central power and responsibility, which are responsible for promoting risk management in various businesses.

(1) Financial risk, liquidity risk, credit risk and legal risk: The financial accounting and legal departments shall formulate and implement various strategies, and take various countermeasures according to regulations and analysis and evaluation of changes in the market. The auditing division will control and check them through risk evaluation.

(2) Market Risk: Each institution shall formulate and implement various strategies in accordance with their responsibilities. At the same time, according to the laws, policies and analysis and evaluation of market changes, we will take various countermeasures to control and deal with the possible market risk crisis.

(3) Auditing Office: it is instructed and operated directly by the board of directors, which sets the company's risk assessment and control procedures to assist in the completion of the overall risk management action plan; in addition, for the company's internal and related enterprises, it uses risk assessment and audit mode to examine the high-risk items that affect the achievement of the objectives, and manage the internal control system to increase the organizational value and improve the operation and management risks. Also, it reports audit results regularly to the board of directors.

VII. Other matters: None.

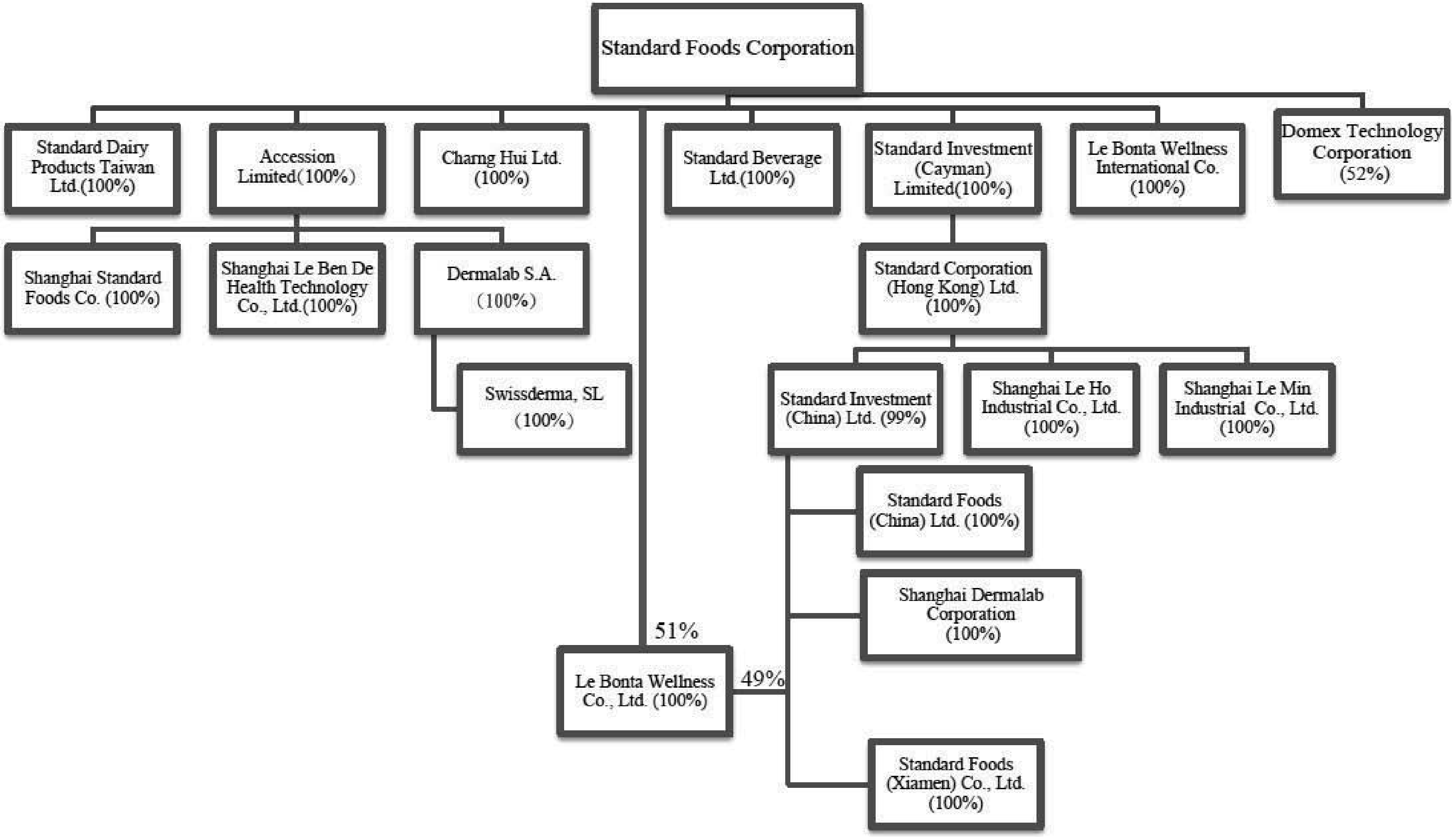
Eight. Special Disclosures

I. Related parties

(I) Consolidated business report of the related parties

1. 2019 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 Company 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	241,000	Investment
Le Bonta Wellness International Co.	February 23, 2005	3F., No.136, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City	10,000	Selling of health supplement products
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 Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	US$123,600 thousand	Investment
Standard Investment (Cayman) Limited	August 5, 2011	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1– 1205, Cayman Islands	US$150,125 thousand	Investment
Standard Corporation (Hong Kong) Ltd.	August 30, 2011	Room 1004, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.	US$150,051 thousand	Investment
Dermalab S.A.	October 31, 1989	Seestrasse 59,8703 Erlenbach, Switzerland	CHF 2,600 thousand	Development and sales of cosmetics and skincare products
Swissderma, SL	July 5, 2012	CalleBalmes 177, 08006 Barcelona, Spain	€3 thousand	Sales of cosmetics and skincare products
Shanghai Standard Foods Co.	September 11, 2001	3rd floor, Building 8, o.1128, Wuzhong Road, Shanghai	US$123,500 thousand	Production and sales of edible oil and nutritious products
Standard Investment (China) Ltd.	December 26, 2011	No. 88, Dalien W. Rd., Economy and Technology Development District (New District), Taicang Port	US$121,213 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	418 Futer E. Rd Sec one., Room 703, Level 7, Shanghai Free-Trade Zone	RMB12,000 thousand	Sales of nutrition foods and import/export trade.
Le Bonta Wellness Co., Ltd..	December 2, 2014	Room 5, floor 4, building 1, No. 39, Jiatai Road, China (Shanghai) pilot Free Trade Zone	RMB80,100 thousand	Sales of nutrition foods and import/export trade.
Shanghai Le Ben De Health Technology Co., Ltd.	May 11, 2015	1128 Wuzhong Road, 2ndFloor, Block 8, Shanghai City	US$1,000 thousand	Technological transfer, technical consultation, and technical service in health technology.

Corporation	Date of Establishment	Address	Total paid-in capital	Major business or products
Standard Foods (Xiamen) Co., Ltd.	Sep 2,2015	No. 99 Sandu Rd. Xiamen Pian District, Pilot Free Trade Zone	US$40,000 thousand	Manufacture and sales of cooking oil and nutrition supplements
Shanghai Le Ho Industrial Co., Ltd.	Jun 8,2015	Room BN 138, Building No. 22, Alley No. 88, No. 1~30, Minbei Road, Shanghai.	US$18,600 thousand	Property management
Shanghai Le Min Industrial Co., Ltd.	Jun 8,2015	Room BN 139, Building No. 22, Alley No. 88, No. 1~30, Minbei Road, Shanghai.	US$11,600 thousand	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 production, trading, investment, and the manufacturing of computer peripherals and IT product manufacturing.

Fresh milk, yogurt, and flavored milk of Standard Foods Corporation are sold to Standard Dairy Products Taiwan Ltd. through which these products will be distributed to the market.

Standard Diary Products Taiwan Limited sells its cereal beverages, liquid milk for infants, and Quaker Complete Nutrition Food to Standard Foods Corporation for resale to market.

The beverages of Standard Beverage Ltd. were sold to Standard Foods Corporation for resale to market.

Le Bonta Wellness International Co. mainly distributes health supplement products.

Standard Investment (China) Ltd. are mainly sold edible oil, and purchase the raw material from Shanghai Standard Foods Co. and Standard Foods (China) Ltd.,and Standard Foods (Xiamen) Co., Ltd. for resale.

Le Bonta Wellness Co., Ltd. sells nutrition supplements and engages in import-export trade.

Shanghai Le Ben De Health Technology Co., Ltd. makes technology transfer, consulting and service within the field of health technology.

Shanghai Dermalab Corporation sells nutrition supplements and cosmetics and engages in import-export trade.

Dermalab S.A and Swissderma, SL sell cosmetics and skincare products.

Shanghai Le Ho Industrial Co., Ltd. and Shanghai Le Min Industrial Co., 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 Yao Steven Yih Chun Chris Hong	30,000,000 shares — — —	100.00% — — —
	Supervisor	Standard Foods Corporation Representative: Sophia Huang	30,000,000 shares —	100.00% —
Standard Beverage Ltd.	Director	Standard Foods Corporation Representative: Ter-Fung Tsao Glendy Chiang Chris Hong	7,907,000 shares — — —	100.00% — — —
	Supervisor	Standard Foods Corporation Representative: Sophia Huang	7,907,000 shares —	100.00% —
Charng Hui Ltd.	Director	Standard Foods Corporation Representative: Yao Steven Yih Chun Wendy Tsao Smart Hsu	24,100,000 shares — — —	100.00% — — —
	Supervisor	Standard Foods Corporation Representative: Sophia Huang	24,100,000 shares —	100.00% —
Le Bonta Wellness International Co.	Director	Standard Foods Corporation Representative: Yao Steven Yih Chun	NT$ 10,000 thousand founded —	100.00% —
Domex Technology Corporation	Director	Standard Foods Corporation Representative: Ter-Fung Tsao Chun-Hsin Ku Chris Hong	10,374,399 shares — 550,385 shares —	52.01% — 2.76% —

Corporation	Title	Name or Representative	Shareholding	
			Shares (Invested capital)	Shareholding ratio (Capital investment ratio)
	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 shares	100.00%
Standard Investment (Cayman) Limited	Director	Ter-Fung Tsao	—	—
			Standard Foods Corporation holds 150,124,814 shares.	100.00%
Standard Corporation (Hong Kong) Ltd.	Director	Ter-Fung Tsao	—	—
			Standard Investment (Cayman) Limited holds 150,050,814 shares.	100.00%
Dermalab S.A.	Director	Arthur Tsao	—	—
	Director	Yao Steven Yih-Chun	—	—
	Director	Glendy Chiang	—	—
	Director	Olgiati, Lorenzo	—	—
			Accession Limited holds 2,600 shares.	100.00%
Shanghai Standard Foods Co.	Chairman	Jason Hsuan	—	—
	Director	Arthur Tsao	—	—
	Director	Kelly Yao	—	—
	Director	Wei-Lun Tang	—	—
			US$ 123,500 thousand founded through Accession Limited	100.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—

Corporation	Title	Name or Representative	Shareholding	
			Shares (Invested capital)	Shareholding ratio (Capital investment ratio)
Standard Investment (China) Ltd.	Chairman	Jason Hsuan	—	—
	Director	Ter-Fung Tsao	—	—
	Director	Arthur Tsao	—	—
	Director	Glendy Chiang	—	—
			US$ 120,000 thousand founded through Standard Corporation (Hong Kong) Limited	99.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—
Standard Foods (China) Ltd.	Chairman	Jason Hsuan	—	—
	Director	Arthur Tsao	—	—
	Director	Kelly Yao	—	—
	Director	Wei-Lun Tang	—	—
			US$55,000 thousand founded through Standard Investment (China) Ltd.	100.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—
Shanghai Dermalab Corporation	Chairman	Arthur Tsao	—	—
	Director	Kelly Yao	—	—
	Director	Yan Jinglin	—	—
			Founded by Standard Investment (China) Ltd. with RMB 12,000 thousand	100.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—

Corporation	Title	Name or Representative	Shareholding	
			Shares (Invested capital)	Shareholding ratio (Capital investment ratio)
Le Bonta Wellness Co., Ltd.	Chairman	Jason Hsuan	—	—
	Director	Arthur Tsao	—	—
	Director	Kelly Yao	—	—
	Director	Hui-Min Fang	—	—
			Founded by Standard Foods Corporation with RMB 40,900 thousand	51.00%
			Founded by Standard Investment (China) Ltd. with RMB39,200 thousand	49.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—
Shanghai Le Ben De Health Technology Co., Ltd.	Chairman	Arthur Tsao	—	—
	Director	Kelly Yao	—	—
	Director	Guang-Yao Yu	—	—
			Accession Limited funded USD1,000 thousand	100.00%
	Supervisor	Wei-Lun Tang	—	—
	President	Arthur Tsao	—	—
Standard Foods (Xiamen) Co., Ltd.	Chairman	Jason Hsuan	—	—
	Director	Arthur Tsao	—	—
	Director	Kelly Yao	—	—
	Director	Wei-Lun Tang	—	—
			Founded by Standard Foods (China) Ltd. With USD40,000 thousand	100.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—

Corporation	Title	Name or Representative	Shareholding	
			Shares (Invested capital)	Shareholding ratio (Capital investment ratio)
Shanghai Le Ho Industrial Co., Ltd.	Chairman	Arthur Tsao	—	—
	Director	Kelly Yao	—	—
	Director	Wei-Lun Tang	—	—
			USD 18,600 thousand founded by Standard Corporation (Hong Kong) Ltd.	100.00%
	Supervisor	Chris Hong	—	—
	President	Arthur Tsao	—	—
Shanghai Le Min Industrial Co., Ltd.	Chairman	Arthur Tsao	—	—
	Director	Kelly Yao	—	—
	Director	Wei-Lun Tang	—	—
			USD 11,600 thousand founded by Standard Corporation (Hong Kong) Ltd.	100.00%
	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	1,813,979	801,245	1,012,734	3,574,559	562,323	447,084	14.90
Standard Beverage Ltd.	79,070	224,814	142,457	82,357	1,757	(4,244)	2,350	0.30
Charng Hui Ltd.	241,000	755,893	1,218	754,675	-	(6,124)	22,157	0.92
Domex Technology Corporation	199,471	1,266,489	790,962	475,527	2,347,812	77,593	66,347	3.33

Corporation	Stock capital	Total Assets	Total Liabilities	Net worth	Sales revenue	Operating Income (loss)	Net income (loss)	Earnings per share ($) (after-tax)
Le Bonta Wellness International Co.	10,000	8,523	-	8,523	1,291	(2,864)	(2,979)	(Note 1)
Accession Limited	3,979,085	3,406,723	1,878	3,404,845	-	(5,834)	74,585	0.60
Shanghai Standard Foods Co.	3,949,575	3,505,585	509,476	2,996,109	2,223,686	4,311	69,321	(Note 1)
Shanghai Le Ben De Health Technology Co., Ltd.	31,220	29,831	1,182	28,649	3,560	(11)	706	(Note 1)
Dermalab S.A.	81,651	178,782	59,935	118,847	177,341	8,620	7,694	2,959.23
Standard investment (Cayman) Limited	4,710,865	5,220,069	20	5,220,049	-	(210)	658,622	4.39
Standard Corporation (Hong Kong) Ltd.	4,708,566	5,219,309	102	5,219,207	-	(157)	658,817	4.39
Standard Investment (China) Ltd.	3,755,530	8,645,970	4,210,223	4,435,747	13,480,503	464,173	689,913	(Note1)
Standard Foods (China) Ltd.	1,631,668	2,949,303	1,084,900	1,864,403	5,232,817	180,820	162,562	(Note1)
Shanghai Dermalab Corporation	57,205	80,175	91,063	(10,888)	134,822	(2,512)	(8,057)	(Note1)
Le Bonta Wellness Co., Ltd..	380,418	225,525	13,275	212,250	20,769	(44,882)	(43,680)	(Note1)
Standard Foods (Xiamen) Co., Ltd.	1,307,582	3,204,144	1,852,989	1,351,155	4,757,958	210,994	175,986	(Note1)
Shanghai Le Ho Industrial Co., Ltd.	607,717	509,309	-	509,309	-	(14,342)	(14,666)	(Note1)
Shanghai Le Min Industrial Co., Ltd.	378,009	317,639	-	317,639	-	(9,136)	(9,392)	(Note1)

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 subsidiaries. For the Consolidated Financial Statements 2018, please see pages 179-267 of the Annual Report.

(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	241,000	Self-sufficient capital	100%	2000	Bought 166,000 shares for NT$4,938 thousand	-	-	6,669,471 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	-	-				
				2016	635,517 shares from stock dividends	-	-				
				2017	256,518 shares from stock dividends	-	-				
				Until the report publication date this year	-	-	-				

IV. Other Necessary Supplements:

(I) Listing method of impairment of assets and liabilities

1. Allowance for bad debts of accounts receivable

Purpose: In order to assess the risk of collection of accounts and bills, the recovery rate of each age is obtained based on the customer's past experience and the sample number, which is used to assess the impairment amount of assets in the current period.

Basis for listing:

(1) Listing of allowance for bad debts:

1.1. Accounts receivable are agreed to be collected within one year, so significant financial components are not included. IFRS 9 simplified method is adopted to recognize impairment based on lifetime expected credit losses.

1.2. The company's customers are all companies in similar industries, and according to the historical experience of credit losses, there is no significant difference in the loss types of different customer groups. Therefore, the reservation matrix does not further distinguish the customer groups. When the accounts receivable is overdue for more than 180 days, the company judges that the recovery cannot be reasonably expected (loss rate =100%).

1.3. The accounting unit calculates the amount of asset impairment based on the above and adjusts the amount of the item "allowance for bad debts."

(2) Charging off allowance for bad debts:

2.1. Identification of bad debt:

A. Part or all of the claims cannot be recovered due to bankruptcy, escape, conciliation or declaration of bankruptcy, or other reasons.

B. Claims that are overdue for two years and principal or interest have not been received after collection.

2.2. Charge off:

A. In case of actual bad debt losses, legal evidence should be attached to strike a balance in accordance with Article 94 of the Code of Auditing Business Income Tax.

B. When charging off bad debts, the allowance for bad debts should be set off in the current year. If there is any shortage, it should be listed as the loss in the current year.

2. Allowance for reduction of inventory to market

Inventories include raw materials, packaging materials, work in process, finished products, and commodities. The value of inventory shall be determined based on the cost and Net Realizable Value (NRV), whichever is lower. With the exception of inventory of the same category, individual items shall be assessed when comparing the cost and NRV.

The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. Cost of inventory is calculated using weighted-average method.

(II) Key Performance Indicators of the company: Key Performance Indicators of Standard Foods are mainly divided into financial performance indicators and non-financial performance indicators. In addition to regularly examining the financial performance indicators of operating income, debt ratio, operating cycle, return on equity of shareholders and earnings per share, we also set non-financial performance indicators to control Standard Foods' competitive advantage and industry trends at any time.

(III) Information on relevant certificates obtained by personnel who is related to transparency of financial information: one CPA.

V. Matters that materially affect shareholders' equity or the price of the company's securities as specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act occurred in the most recent year and up to the date of publication of the annual report

1. On Mar. 22, 2019, the company created a new position of Head of Corporate Governance based on a resolution of board meeting, which is held by CFO Chris Hong.

2. On Mar. 22, 2019, the company changed CEO based on a resolution of board meeting. The position is held by Arthur Tsao, General Manager of Standard Foods (China) Limited.

3. On Mar. 31, 2020, the company created a new position of Chief Investment Officer based on a resolution of board meeting, which is held by YAO STEVEN YIH CHUN, General Manager of Standard Foods. Meanwhile, Arthur Tsao, the CEO, also holds the position of General Manager concurrently. The above positions have been adjusted to meet the needs of the Group's development. YAO STEVEN YIH CHUN, an American lawyer and former venture capital partner, has many years of rich experience in merger and acquisition and has deepened his understanding of Standard Foods' business. He will certainly help with the Group's development in the future with his strengths.

Standard Foods Corporation

Chairman: Ter-Fung Tsao

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