



TWSE Code: 1227

Market Observation Post System: <http://mops.twse.com.tw>

Standard Foods Website: <http://www.sfworldwide.com>

Standard Foods Corporation

2020

Annual Report

Published April 30, 2021

Standard Foods Corporation

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Chapter 1. Letter to Shareholders

Dear Shareholders, ladies and gentlemen,

Looking back to 2020, significant changes have been made to consumption habits and channel development under the impact of COVID-19. Thanks to long-term supports of our customers on the Company's products together with common efforts of all our colleagues, we see sustainable growth in consolidated operating revenue, and provide more consumers with nutritious and healthy foods.

With the firm belief that "eating balanced is the key to staying healthy," we not only work nonstop to innovate and develop nutritious and healthy food products for everyone, but also pay much attention to food safety. While pursuing growth, we continue enhancing the company governance so as to maintain the customer satisfaction and confidence, and become the most reliable food company.

Looking forward to 2021, in face of new catering trend for the post-epidemic era, we still take "every family's nutrition and health partner" as the mission, and are dedicated to developing new products and maintaining high-quality products. We shoulder our corporate social responsibility seriously and aspire to help everyone enjoy a "lifetime of well-being!". Under the joint efforts of everyone, we will provide our consumers with reassuring, nutritious and healthy products, and achieve prosperity of the Company.

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

We hereby outline 2020 consolidated operating results and 2021 business plan as follows:

I. Consolidated operating results of 2020

1. Overview of consolidated operating revenue and profits

Unit: NT\$1,000

Item	2020	%	2019	%	+/- %
Operating revenue	34,466,244	100	31,266,232	100	10.2
Operating costs	24,856,790	72	21,635,219	69	14.9
Gross profit	9,609,454	28	9,631,013	31	-0.2
Operating income	4,044,179	12	4,423,873	14	-8.6
Profit before income tax	4,288,711	13	4,548,534	14	-5.7
Net profit for the year	3,255,830	10	3,454,836	11	-5.8
Total comprehensive income	3,496,181	10	3,198,647	10	9.3

In 2020, the consolidated operating revenue of Standard Foods was NT\$ 34.46 billion, with a year-on-year increase of 10.2%, equivalent to NT\$ 3.2 billion. The operating revenue of individual company in 2020 amounted to NT\$13.18 billion, with a year-on-year increase of 0.3%, equivalent to NT\$ 44 million.

In 2020, the total comprehensive income was NT\$ 3.4 billion, with a year-on-year increase of 9.3%, equivalent to NT\$ 297 million. The total comprehensive income attributable to the owners of the Company amounted to NT\$ 3.49 billion, with a year-on-year increase of 8.6%, equivalent to NT\$ 271 million.

2. Research and development

With the purpose of providing consumers with delicious and convenient high-quality products to care for the nutritional health, Standard Foods invested NT\$ 166 million for research and development in 2020. Built on the solid foundation of science and innovation, our R&D team continually works on product and packaging upgrades, improvements, and new formulation to develop more effective and convenient products for customers.

II. Summary of 2021 Business Plan and Future Development Strategies

1. Business directions

- (1) In the post-epidemic era, people pay close attention to the health function of the food and the demand for nutritious and healthy products is increasing regardless of age. We constantly collect market data and listen to consumers' opinions/feedback, adopt cutting-edge science and technology to develop more convenient and diversified products that can safely meet the nutritional and health needs of every family member and strengthen brand value.
- (2) Implement traceability management and product transparency, strictly control quality and advance technology. By adhere to the principles of "no preservatives" to ensure minimal burden on health, we promise to deliver products of the highest quality, finest taste and safest to healthy, as every bite is taken by a consumer we cherish as "family".
- (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 2021 is expected to be 466,553 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 strategies and goals, and enhance various capital expenditures and operational process to ensure the production efficiency and producing products that meet the nutritional and health needs of everyone.
- Choose proper suppliers and strengthen cooperation with upstream suppliers and downstream distributors, uphold the consumer-oriented policy, and implement the traceability management and quality policies to ramp up the supply chain efficiency.
- Abide by quality specifications and sustainable environmental development, stringent quality controls with every production process closely monitored to ensure product delivered with safest to health.

(2) Sales

- Grasp the market consumption trend and listen to customers' opinions/feedback attentively. With the firm belief of "eating balanced is the key to staying healthy", we integrate natural nutrition into each product and extend the product offerings into health supplements and adult special nutrition to meet everyone's daily dietary needs. With these, we hope to become "every family's nutrition and health partner".

- Provide the insight of targeted consumer's demands through multimedia, implement innovative and flexible marketing strategies, and establish close cooperation with the distributors to strengthen the product exposure and penetration, and increase the market share.
- Enable the consumers to obtain product-related information more easily and experience faster and friendly shopping through the official account of communication software and SFG Healthy Go e-Mall.

III. Impact of External Competition, the Legal Environment and Overall Business Environment

1. External competitive environment

In respond to the ever-changing domestic and international conditions, the development and renovation of social media marketing and omni-channel commerce, the company is required to maintain an advantage in a highly competitive environment and imperatively master the consumer demand for health care and characteristics of the distribution channels. In addition to adhering to the original intention and strict inspection and production of various products with the highest standards, Standard Foods researches and develops techniques through professional and innovative technology, continues understanding the real needs of the consumers to develop nutritious and healthy products that ensure "your every bite is safe".

2. Regulatory environment

The mission of Standard Foods is to become every family's nutrition and health partner. "Safe food" is our commitment to customers. With increasing complete food safety and sanitation regulations, we continue improving the food safety monitoring plan on top of complying with the food safety laws and regulations of the government. Besides, we firmly acknowledge the importance of environmental protection. Not only do we comply fully with all environmental regulations, we actively seek ways to conserve energy, recycle water resources, and prevent pollution. Our aim is to continuously reduce our production footprints on the environment through nonstop improvements on the "clean efficiency" of our daily operations.

3. Overall business environment

Changes of the environment, the uncertainty in the coronavirus pandemic, and the short-term difficulty of container shipping storage have a considerable impact on bulk materials, raw materials and freight costs. Looking ahead, Standard Foods always adheres to the philosophy of sustainability despite of the unpredictable changes in the political and economic situation. We are dedicated to producing products that can safely meet the nutritional and health needs of every family member. While undertaking the social responsibility, we also ramp up company operation with a broader and more diverse product portfolio that effectively reaches today's younger generation and fits the international markets. Here at Standard Foods, we aspire to help everyone enjoy "a lifetime of well-being!"

Chairman: Ter-Fung Tsao

President: Arthur Tsao

Accounting Manager: Thomas Huang

Chapter 2. Company Profile

I. Date of Incorporation: June 6, 1986

II. Company 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 Standard Foods 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 RMB131,211,500 (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 RMB40,900,000, which made the paid-in capital of the company amounting to RMB80,100,000
- 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.

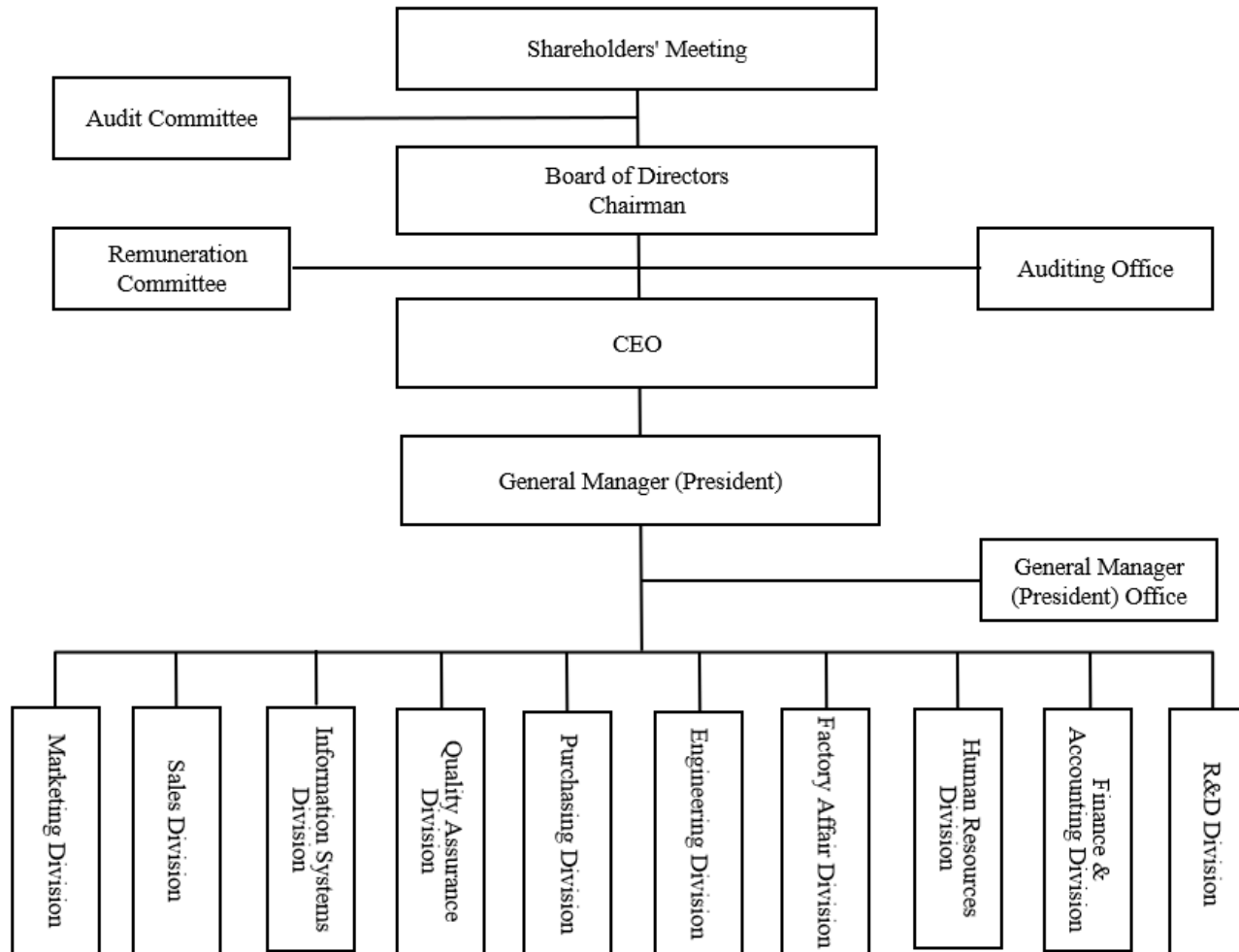
- 2018
 - Accession Limited acquired 20% of the share equity of Dermalab S.A..
 - Disposed of the Company's land in Wugu Industrial Zone in May. The total trading value was NT\$508,620 thousand, and the gains from the disposition were NT\$304,600 thousand.
 - Increased capital by US\$64,000 to Standard 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.
 - The post of Corporate Governance Officer was established from March 22nd.
- 2020
 - Since April 1, CEO Arthur Tsao, served concurrently as the general manager.
- 2021
 - The board approved the resolution on the sole distribution agreement with Taiwan Branch of Hong Kong Fonterra Brands (Far East) Limited on March 22, and in accordance with the mutual consent, the agreement would not be renewed after it expired on April 27, 2021.

Chapter 3. Corporate Governance Report

I. Organization System

(I) Company Organizational Structure

Data deadline: April 30, 2021



(II) Operations of Major Departments

Major Departments	Functions
Audit Committee	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.
Remuneration Committee	Assist the Board of Directors to review managers' compensations to strengthen the Company's governance capabilities.
Auditing Office	Carry out the internal audit of the company, and provide the audit results to the management and assess corporate risks.
General Manager (President) Office	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.
R&D Division	Responsible for R&D of new products and technologies, product quality improvement research, cost reduction research, new product business evaluation, health certification application, etc.
Marketing Division	Responsible for the planning and implementing of the Company's future products, brand marketing strategy, advertising planning, consumer services, etc. in accordance with the Company's strategy.
Sales Division	Responsible for annual customer operation plan, planning and implementation of channel sales activity, dealer management, etc.
Quality Assurance Division	Responsible for production system management and control, inspection and analysis, quality system management and control, etc.
Purchasing Division	Responsible for the procurement of domestic and foreign raw materials and packaging materials, and the management of outsourcing manufacturers.
Engineering Division	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.
Factory Affair Division	Responsible for product manufacturing and packaging, supply planning and implementation, inventory management, storage and transportation, factory labor safety and health management matters, etc.
Human Resources Division	Responsible for recruitment, appointment, training, compensation benefits and other related operations.
Finance & Accounting Division	Responsible for bookkeeping and transaction accounting reconciliation, 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. Information Regarding Directors, Supervisors, General Managers, Deputy General Managers, Assistant Managers, All Departments and Divisions

(I) Directors and supervisors

1. Information on Directors as of April 13, 2021

Unit: per share; NT\$ 1000

Title	Nationality/Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Current shareholding of the Representative		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remarks
							Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%			Title	Name	Nature of Relationships	
Chairman	R.O.C.	Mu Te Investment Co., Ltd. Representative: Ter-Fung Tsao	Male	2019.06.13	Three years	2016.06.15	22,650,057	2.48	22,650,057	2.48	40,848,203	4.46	0	0	22,651,211	2.48	Ph.D. of University of Colorado R & D Director of Quaker Oats Co., Ltd. Factory Director of Taiwan Quaker (Co., Ltd.) General Manager of Taiwan Quaker (Co., Ltd.) General Manager of Standard Foods (Co., Ltd.)	Chairman of the Company Chairman of Standard Dairy Products Taiwan Ltd. Chairman of Domex Technology Corporation Chairman of Standard Beverage Company Ltd. Chairman of Charng Hui Corporation 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.	Directors	Wendy Tsao	Sibling	
Directors	R.O.C.	Mu Te Investment Co., Ltd. Representative: Jason Hsuan	Male								0	0.00	0	0	0	0	Ph.D. in Systems Engineering, College of Science and Engineering of New York University	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	
Directors	R.O.C.	Mu Te Investment Co., Ltd. Representative: Wendy Tsao	Female								4,949,915	0.54	0	0	0	0	Soochow University	Chairman of Green Wall Enterprise Co., Ltd. Chairman of Crosslink Semiconductor, Inc. Chairman of SPARKLE Inc.	Chairman	Ter-Fung Tsao	Sibling	

Title	Nationality/Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Current shareholding of the Representative		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or within the Second Degree of Kinship			Remarks
							Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%	Shares	Shareholding ratio%			Title	Name	Nature of Relationships	
Directors	R.O.C.	Charng Hui Ltd. Representative: Arthur Tsao	Male	2019.06.13	Three years	2016.06.15	6,669,471	0.73	6,669,471	0.73	0	0.00	0	0	0	0	Master of Business Administration (MBA) of Stanford University, U.S.	CEO & General Manager of the Company Director & General Manager of Standard Investment (China) Co., Ltd. Director & General Manager of Shanghai Standard Foods Co. Director & General Manager of Standard Foods (China) Co., Ltd. Director & General Manager of Standard Foods (Xiamen) Co., Ltd. Vice-Chairman of Shanghai Le Bonta Wellness Co., Ltd. Chairman 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	
Independent Director	R.O.C.	Ben Chang	Male	2019.06.13	Three years	2016.06.15	0	0.00	0	0.00	0	0.00	0	0	0	0	Master of Statistical Institute of National Chengchi University (NCCU)	Institutional Directors' Representative of Polytronics Technology Corporation Independent director of Pegatron Corporation	None	None	None	
Independent Director	R.O.C.	George Chou	Male	2019.06.13	Three years	2016.06.15	0	0.00	0	0.00	0	0.00	0	0	0	0	Master of Mathematics of Colorado State University	Independent Director of Yulong Motor (Co., Ltd.) Independent Director of Yulong Finance Corporation (Co., Ltd.) Independent Director of Fubon Life Insurance (Co., Ltd.) Director of Kiwi Technology Co., Ltd.	None	None	None	
Independent Director	R.O.C.	Daniel Chiang	Male	2019.06.13	Three years	2016.06.15	0	0.00	0	0.00	0	0.00	0	0	0	0	Master of Political Economy of University of Texas General Manager of Trend Micro CEO of Huayuan Information Website Chairman of Sina.com	Chairman of Purestone Capital Group Independent Director of TPK Holding Co., Ltd.	None	None	None	

2. Major shareholders of institutional shareholders

Apr 13, 2021

Name of Institutional Shareholder	Major Shareholder	Shareholding ratio %
Mu Te Investment Co., Ltd.	Ter-Fung Tsao	71.25
Charng Hui Ltd.	Standard Foods Corporation	100.00

3. Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders:

Apr 13, 2021

Name of Institutional Shareholder	Major Shareholder	Shareholding ratio %
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
	Nan Shan Life Insurance Company, Ltd.	5.08
	Ter-Fung Tsao	4.46
	Bright Investment Company Ltd.	3.61
	Mu Te Investment Co., Ltd.	2.48
	Lin Junyao	1.33
	Fubon Life Insurance Co., Ltd.	1.17
	Dedicated investment account of Norges Bank in custody of CitiBank (Taiwan)	0.79

4. Independence data of directors and supervisors

Apr 13, 2021

Name	Qualification	Meets one of the following professional qualifications, with at least five years of work experience			Independence Criteria (Note 1)												Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
		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	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	1
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 draw “ V” in the blank space below various condition codes if the directors meet the following conditions during the two years prior to the nomination and during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of affiliated companies (not applicable in cases where the person is an independent director of the parent company or any subsidiary 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 shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
- (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 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 a spouse or a relative within the second degree of kinship to any other director of the Company.
- (11) Not under any of the categories stated in Article 30 of the Company Act.
- (12) Not a governmental or judicial person or a representative thereof as defined in Article 27 of the Company Act.

(II) President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

Apr 13, 2021

Title	Nationality/Place of Registration	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remarks
					Shares	% of Shareholding	Shares	% of Shareholding	Shares	% of Shareholding			Title	Name	Nature of Relationships	
CEO	R.O.C.	Arthur Tsao	Male	2019.03.22	6,669,471	0.73	-	-	-	-	Master of Business Administration (MBA) of Stanford University, U.S.	Director & General Manager of Standard Investment (China) Co., Ltd. Director & General Manager of Shanghai Standard Foods Co. Director & General Manager of Standard Foods (China) Co., Ltd. Director & General Manager of Standard Foods (Xiamen) Co., Ltd. Vice-Chairman of Shanghai Le Bonta Wellness Co., Ltd. Chairman 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	Note 1
General Manager				2020.04.01												
Chief Investment Officer	USA	Yao Steven Yih Chun	Male	2020.04.01	20,000	-	-	-	-	-	Master of Northwestern University Lawyer of the US Bluefield Ventures, the partner Dubuglo, the partner California Pacific Bank, VP Assistant Manager of Standard Foods supply chain General Manager of Standard Foods Co., Ltd. General Manager of Standard Dairy Products Taiwan Limited	Director of Le Bonta Wellness International Co. Dermalab S.A., the director Legal director representative of Domex Technology Corporation Legal director representative of Geneferm Biotechnology	None	None	None	Note 1
Financial Officer	R.O.C.	Lynn Lee	Female	2021.02.28	-	-	-	-	-	-	Master of Business Administration of City, University of London Director of Finance of the Nielsen Company Taiwan Ltd.	None	None	None	None	-

Note 1: As of April 1, 2020, General Manager was acted by Chief Executive Officer Arthur Tsao and Yao Steven Yih Chun was transferred to Chief Investment Officer.

(III) Remuneration Paid to the Directors, Supervisors, General Manager and Deputy General Managers

1. Remuneration of general directors and independent directors

Unit: NT\$1,000

Title	Name	Remuneration Paid to Directors								Ratio of total amount of A, B, C and D to after-tax net income (%) (Note 1)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of total amount of A, B, C, D, E, F and G to after-tax net income (%) (Note 1)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Remuneration (A)		Severance Pay and Pension (B)		Remuneration of directors (C)		Business Execution Expenses (D)				Salary, bonus and special expenses etc. (E)		Severance Pay and Pension (F)		Compensation of employees (G)				The Company	All Companies in Consolidated Financial Statements	
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements				
																Cash	Stock	Cash	Stock			
Chairman	Representative of Mu Te Investment Co., Ltd.: Ter-Fung Tsao	-	-	-	-	3,185	3,185	60	60	0.10	0.10	7,680	7,680	126	126	-	-	-	-	0.34	0.34	None
Directors	Representative of Mu Te Investment Co., Ltd.: Jason Hsuan	-	-	-	-	3,130	3,130	60	60	0.10	0.10	-	-	-	-	-	-	-	-	0.10	0.10	None
Directors	Representative of Mu Te Investment Co., Ltd.: Wendy Tsao	-	-	-	-	3,130	3,130	60	60	0.10	0.10	-	-	-	-	-	-	-	-	0.10	0.10	None
Directors	Representative of Chamg Hui Ltd. Arthur Tsao	-	-	-	-	3,130	3,130	60	60	0.10	0.10	3,199	3,199	152	152	-	-	-	-	0.20	0.20	None
Independent Director	Ben Chang	-	-	-	-	3,130	3,130	60	60	0.10	0.10	-	-	-	-	-	-	-	-	0.10	0.10	None
Independent Director	George Chou	-	-	-	-	3,130	3,130	60	60	0.10	0.10	-	-	-	-	-	-	-	-	0.10	0.10	None
Independent Director	Daniel Chiang	-	-	-	-	3,130	3,130	60	60	0.10	0.10	-	-	-	-	-	-	-	-	0.10	0.10	None
* Other than disclosures in the above table, remuneration paid to directors for providing services (e.g. providing consulting services as a non-employee) for all companies in financial statements in the most recent year: None.																						

* Other than disclosures in the above table, remuneration paid to directors for providing services (e.g. providing consulting services as a non-employee) for all companies in financial statements in the most recent year: None.

Note 1: Refers to the after-tax net income in 2020 individual financial statement.

2. Remuneration of the General Manager and Deputy General Manager

Dec. 31, 2020; unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay and Pension (B) (Note 2)		Bonus, extraordinary charge, etc.		Employee Compensation (D)				Ratio of total amount of A, B, C and D to after-tax net income (%) (Note 1)		Compensation from the shift in investment beyond the subsidiary
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
CEO	Arthur Tsao (Note 3)	686	686	152	152	332	332	0	0	0	0	0.10	0.10	None
General Manager		2,181	2,181											
General Manager	Yao Steven Yih Chun (Note 3)	1,320	1,320	48	48	2,503	2,503	0	0	0	0	0.12	0.12	None

Note 1: Refers to the after-tax net income in 2020 individual financial statement.

Note 2: Refers to the provision particularly made for pension fund paid to the appointed manager.

Note 3: As of April 1, 2020, General Manager was acted by Chief Executive Officer Arthur Tsao and Yao Steven Yih Chun was transferred to Chief Investment Officer.

3. Name of manager in charge of distributing employee remuneration and the status of distribution

Apr 30, 2021; Unit: NT\$ thousands

Managerial Officer	Title	Name	Stock	Cash	Total	Ratio of total amount to after-tax net income (Note 1)
	Chief Executive Officer and General Manager	Arthur Tsao	0	0	0	0%
	Chief Investment Officer	Yao Steven Yih Chun				
	Financial Officer	Lynn Lee (date of assumption of duty: Feb. 28, 2021)				
	Accounting Manager	Thomas Huang (date of assumption of duty: Mar. 5, 2021)				

Note 1: Refers to the after-tax net income in 2020 individual financial statement.

(IV) By comparing and describing the ratio of the total remuneration to directors, presidents, general manager and deputy general manager of the Company and all companies in consolidated financial statements to the after-tax net income in the most recent 2 years, specify the policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance and future risk:

1. Analysis of the remunerations paid within the most recent two years

Unit: NT\$1,000

Title	2019				2020			
	Remuneration		Ratio of Total Remuneration to Net Income (%)		Remuneration		Ratio of Total Remuneration to Net Income (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	25,494	25,494	0.75	0.75	22,385	22,385	0.69	0.69
General Manager	7,494	7,494	0.22	0.22	6,052	6,052	0.19	0.19
Total	32,988	32,988	0.97	0.97	28,437	28,437	0.88	0.88

(1) Analysis on the ratio of the total remuneration paid to the Company's Directors, Supervisors and General Manager during the most recent 2 fiscal years to after-tax net income in the individual financial statement:

The total remuneration paid to the Company's Directors, Supervisors and General Manager of the Company and all companies listed in the consolidated financial statements in 2020 was equivalent to that of 2019.

(2) See Item (VIII) of Page 60 for the payment policy of remunerations to employees and directors

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

(I) Information on operations of the Board of Directors

In order to strengthen corporate governance and promote the sound development of board composition and structure, Paragraph 3, Article 20 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 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 attendance in person (B)	Time of proxy attendance	Percentage of attendance in person (%) [B/A]	Remarks
Chairman	Mu Te Investment Co., Ltd. Representative: Ter-Fung Tsao	6	-	100%	
Directors	Mu Te Investment Co., Ltd. Representative: Jason Hsuan	4	2	67%	
	Mu Te Investment Co., Ltd. Representative: Wendy Tsao	6	-	100%	
	Charng Hui Ltd. Representative: Arthur Tsao	5	1	83%	
Independent Director	Ben Chang	5	1	83%	
	George Chou	5	1	83%	
	Daniel Chiang	6	-	100%	

Other matters:

I. 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
Jun. 17, 2020 (8th Regular Meeting of the 13th Term)	Proposal of the amount of endorsement guarantee to the subsidiary Standard Beverage Company Limited.	Approved as proposed by all Independent Directors

Aug 7, 2020 (9th Regular Meeting of the 13th Term)	Change of Financial Officer, Accounting Manager and Corporate Governance Officer of the Company.	
Nov 12, 2020 (10th Regular Meeting of the 13th Term)	<ol style="list-style-type: none"> 1. The Company evaluated the independence and competency of CPAs regularly. 2. Proposal on the remuneration paid to the Company's CPAs in 2020. 3. Proposal on increasing and revising internal control systems – "Management for the Preparation Process of Financial Statements", "Procedure for the Judgment of Accounting Specialty and Process for the Changes to Accounting Policies and Estimates" and "SOP for Sales Return". 4. Proposal on the fund loan to subsidiary Standard Beverage Ltd. 	
Mar 22, 2021 (11th Regular Meeting of the 13th Term)	<ol style="list-style-type: none"> 1. Change of Financial Officer, Accounting Manager and Corporate Governance Officer of the Company. 2. Proposal on the fund loan to subsidiary Dermalab. 3. Affairs about terminating the listing of the Company by participating in the issuance of overseas depositary receipts. (The effective date shall be the date of signature with the Bank of New York Mellon) 	

(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.

II. 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.

III. The exchange-listed and OTC-listed companies should disclose the information such as the evaluation cycles, evaluation periods, scope and method of evaluation, and contents of evaluation for evaluating the performance of the board members (on themselves or peers) and fill in the implementation of evaluation for the Board of Directors: See Table below.

Evaluation cycle	Annually
Period of Evaluation	Evaluating the performance of the Board from Jan. 1, 2020 to Dec. 31, 2020.
Scope	Performance evaluation of the Board of Directors and individual directors
Evaluation methods	Self-evaluation by board members
Evaluation contents	<p>Performance evaluation of the Board:</p> <ol style="list-style-type: none"> 1. Participation in the Company's operation 2. Quality improvement in the Board's decision making 3. Composition and structure of the Board 4. Selection and continuing education of the directors 5. Internal Control <p>Performance evaluation for individual directors</p> <ol style="list-style-type: none"> 1. Mastery of the Company's goals and tasks 2. Understanding of the director's duties 3. Participation in the Company's operation

	4. Management and communication of the internal relations 5. Expertise and continuing education of the directors 6. Internal Control
IV.	<p>Goals for strengthening the functionality of the Board in the current and the latest year (e.g. establishing the Audit Committee and enhancing information transparency), and implementation status:</p> <p>(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.</p> <p>(II) The company has covered directors' liability insurance with the current insurance amount reaching US\$ 12 million, so as to disperse the legal liability risks of directors and improve the corporate government ability.</p> <p>(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 the official website of the company, aiming to fully and promptly disclose information concerned by various stakeholders.</p>

(II) 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 the implementation of relevant accounting, auditing, and financial reporting procedures and control over finance by the company.

A total of 6 meetings were held by the Audit Committee in 2020. The matters reviewed mainly include:

1. Annual Business Plan and Budget
2. Financial Report and Consolidated Financial Statements
3. Design and Implementation Instructions for the Internal Control System
4. Material Capital Loan and Endorsement or Guarantee
5. Evaluation of the Qualifications, Independence, and Performance of the CPAs
6. Appointment, Dismissal, and Compensation of CPAs.
7. Appointment or Discharge of the Chief Financial Officer, Accounting Supervisor and Chief Internal Auditor
8. Other Significant Matters Stipulated by the Company or the Competent Authority

The Audit Committee held 6 meetings (A) in the most recent year; the attendance of independent directors is summarized 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	5	1	83%	
	George Chou	6	0	100%	
	Daniel Chiang	6	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.
March 18, 2020 (3rd Regular Meeting of the 2nd Term)	<ol style="list-style-type: none"> 1. Cooperation with the accounting firm's internal rotation mechanism to change the CPA for checking the financial report. 2. 2019 Financial Report and Consolidated Financial Statements. 3. Proposal on the 2019 Statement of Internal Control System. 4. 2019 Earnings Distribution Proposal. 5. Proposal on the preparation and adjustment of the design and implementation instructions for the internal control system in the financial reports by the Company. 6. Proposal of funding loan to China Subsidiaries. 	Approved as proposed by all members
March 31, 2020 (4th Regular Meeting of the 2nd Term)	<ol style="list-style-type: none"> 1. Proposal on setting up the position of Chief Investment Officer. 2. Proposal of appointing general manager as the Company's Chief Executive Officer. 	

May 6, 2020 (5th Regular Meeting of the 2nd Term)	Consolidated financial statements for the first quarter of 2020.	
Jun. 17, 2020 (6th Regular Meeting of the 2nd Term)	Proposal of the amount of endorsement guarantee to the subsidiary Standard Beverage Company Limited.	
Aug 7, 2020 (7th Regular Meeting of the 2nd Term)	1. Consolidated financial statements for the second quarter of 2020. 2. Change of Financial Officer, Accounting Manager and Corporate Governance Officer of the Company.	
Nov 12, 2020 (8th Regular Meeting of the 2nd Term)	1. The Company evaluated the independence and competency of CPAs regularly. 2. Proposal on the remuneration paid to the Company's CPAs in 2020. 3. Consolidated financial statements for the third quarter of 2020. 4. Proposal on increasing and revising internal control systems – "Management for the Preparation Process of Financial Statements", "Procedure for the Judgment of Accounting Specialty and Process for the Changes to Accounting Policies and Estimates" and "SOP for Sales Return".	

(II) Except the items in the preceding issues, other resolutions which were 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) Supervisors' Participation in Board Meetings

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

(IV) 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 adopted "Corporate Governance Best Practice Principles", which specifies relevant contents such as protecting shareholders' rights and interests, intensifying the Board's functions, respecting stakeholders' rights and interests 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				
(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) The Company has formulated internal working procedures in accordance with "Corporate Governance Best Practice Principles"; has established relevant departments (e.g. spokesperson, Stock Affairs Department and Legal Department) to handle shareholders' suggestions or disputes.	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."
(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 (Agency Department of CTBC Bank) 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 the Market Observation Post System of public information.	
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(III) The rights and liabilities (e.g. 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.	
(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.	

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
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) Article 20 (Overall Abilities of Board of Directors) of the Company's Corporate Governance Best Practice Principles has specified and disclosed the diversification policies and ideal objectives of governance of board members. The details are as follows: The Company shall diversify Board composition and develop appropriate guidelines on diversity based on the operations, nature of business activities and development needs of the Company, including but not limited to the standards in the aspects below: 1. Basic condition and value (gender, age, nationality, culture, etc.): The Company's current session of the board of directors is composed of seven directors, with four over the age of 70, two at the age of 60~69 and one below the age of 40; including one female member, with a proportion of 14%. 2. Professional knowledge and skills (professional background such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. The directors should generally have the knowledge, skills and accomplishment required for performing their duties. In order to achieve the ideal targets of corporate governance, the abilities that the board of directors should be equipped with are stated below: (1) Capability to make sound business judgments (2) Accounting and financial analysis capabilities (3) Business management ability. (4) Crisis management capability (5) Industrial Knowledge (6) Global market viewpoint (7) Leadership skills (8) Capability to make decisions Professional knowledge and skills: (See Page 11 of this Report for details of professional background) Members of the Board enjoy rich experience and expertise in such fields as finance, commerce and management. In particular, Ter-Fung Tsao, Jason Hsuan and Arthur Tsao are skillful at the knowledge of food specialty; George Chou and Daniel Chiang are skillful at information technology; Ben Chang and Wendy Tsao are skillful at finance and investment; all members have professional abilities such as operation judgment, business management, crisis handling, global market viewpoint, leadership and decision. The Board of Directors and the	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."

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	independent director shall exercise their power in accordance with laws, the provisions of the Articles of Incorporation and resolutions of shareholders' meetings. The diversity policy on the formation of the Board members is disclosed on the company website and the Market Observation Post System. (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, 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 evaluates the performance of the Board regularly every year according to the formulated Measures for Performance Evaluation of the Board of Directors. The Company's 2020 internal performance evaluation result of the Board was reported to the Board of Directors on Mar. 22, 2021. The overall performance evaluation of the Board of Directors was judged excellent. The Company has established a standard to measure the performance of the Board, and implement it annually. 1. The measurement items of performance evaluation for the Board include: (1) Participation in the Company's operation (2) Quality improvement in the Board's decision making (3) Composition and structure of the Board (4) Selection and continuing education of the directors (5) Internal Control 2. The measurement items for the performance evaluation of the Board Members include: (1) Mastery of the Company's goals and tasks (2) Understanding of the director's duties (3) Participation in the Company's operation (4) Management and communication of the internal relations (5) Expertise and continuing education of the directors (6) Internal Control	
(IV) Does the company regularly evaluate the independence of CPAs?	V		(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. 12, 2020 for approval. According to the evaluation by the Accounting Department of the Company, the CPAs, Gong Zeli and Chen Zhiyuan from Deloitte & Touche comply with the Company's evaluation standards of independence (Note 1), so they are qualified to serve as	

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof																														
	Yes	No	Description																															
			<div> <div>the Company's CPAs. Deloitte & Touche has issued a statement declaring no violation of independence.</div> <div>(Note 1): Evaluation standards for the independence of CPAs</div> <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> <tr> <td>4. Are there direct or indirect material financial interests between the CPAs and the company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>5. Are there close business relations between the CPA and the company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>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?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>7. Does the CPA provide the company non-audit items that may directly affect the audit?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>8. Does the CPA act as the defender of the company or on behalf of the company to coordinate conflicts with other third parties?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>9. Does the CPA provide the statement of independence?</td> <td>Yes</td> <td>Yes</td> </tr> </table> </div>	Evaluation item	Evaluation results	Meet independence criteria	1. Is the CPA an employee of the company or the related companies?	No	Yes	2. Does the CPA hold the company's shares?	No	Yes	3. Does the CPA engage in financing activities or guarantee behaviors with the company or its directors?	No	Yes	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	
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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		<div>The Company establishes a corporate governance team. Jimmy Chen from General Manager Office acts as the Company’s governance officer., who shall promote the Company’s governance affairs, safeguard shareholders’ rights and interests and intensify functions of the Board of Directors. The functions and powers include the contents below:</div> <div> <div>I. Handle matters in relation to the Board meetings and shareholders' meetings according to law.</div> <div>II. Keep minutes at the Board meetings and shareholders' meetings.</div> <div>III. Assist the Directors in taking office and continuous education and training.</div> <div>IV. Provide the information required for the Directors to conduct business.</div> <div>V. Assist the Directors in regulatory compliance</div> </div>	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	
			<p>VI. Other matters stipulated in the Articles of Incorporation or contracts. Business execution in 2020 is as follows:</p> <p>I. Assisting in compliance of laws of rules of procedure and resolutions from the Board meetings and the Shareholders' Meeting.</p> <p>II. Assist Independent Directors and general Directors in performing their duties by providing the necessary information and</p> <p>III. arrange for continuing education for Directors.</p> <p>IV. Draft notice on the agenda for the BOD, convene the meeting and provide meeting data; if interest avoidance is required for a topic, provide a prior reminder, and complete the Board meeting minutes within 20 days after each meeting.</p> <p>V. Handle the pre-registration of the Annual General Meeting date in accordance with the law; prepare the notice of meeting, the Meeting Handbook the minutes of the Annual General Meeting within the statutory period.</p>	
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 on the company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the company?	V		<p>The company has established a spokesperson system and properly uses the public information systems, ensuring shareholders and stakeholders fully understanding the company's financial operations and corporate governance.</p> <p>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.</p>	Compliant to the regulations prescribed by Article 51 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."
VI. Has the company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The corporation has appointed CTBC Bank to handle the 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?	V		(I) The Company establishes a website (www.sfworldwide.com) and discloses relevant financial business and corporate governance information on "Investors".	Compliant to the regulations prescribed by Articles 55, 56, 57 and 58 of the "Corporate Governance Best Practice Principles
(II) Does the company adopt other means of information disclosure (such as establishing an English language website, delegating a	V		(II) The Company also establishes an <ol style="list-style-type: none"> English website (www.sfworldwide.com) assigns a special person to take charge of the Company's information 	

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
professional to collect and disclose company information, implement a spokesperson system, and disclosing the process of investor conferences on the company website)?			collection and disclosure, so as to ensure accuracy and timeliness of the information. 3. Spokesperson and deputy spokesperson 4. Information regarding the road show has been disclosed on a "Investors".	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 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)?	V		<p>(I) Employee's rights and employee wellness:</p> <ol style="list-style-type: none"> 1. The Company formulates work rules in accordance with Labor Standards Act and related laws and regulations, which explicitly specify employees' rights and interests and obligations. 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, 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 gifts regularly, arranges employee club activities and provides travel subsidies and allowances for marriage, death, birth and illness. Furthermore, the Company arranges regular health checks and purchases 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. <p>(II) Investor relations: The Company discloses all its relevant information stipulated by regulations on the Market Observation Post System and the Company's website, so as to safeguard investors' rights and interests, and establishes liaison information of stock affairs, so as to maintain a favorable and harmonious relationship between enterprise and shareholder.</p> <p>(III) Supplier relations: The Company keeps an unblocked communication channel with suppliers and contact with them honestly; based on the field audit or coaching for suppliers, encourages and assists suppliers in obtaining food safety and quality system certification, implements systematic appraisal management regularly and screens out excellent supply source as the partner, so as to establish a long-term and steady cooperative relationship with mutual trust and pursue sustainable growth jointly.</p> <p>(IV) Stakeholders' rights: A special area for stakeholders is established on the Company's website, so as to maintain a favorable two-way communication and</p>	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	
			<p>interaction relationship with stakeholders. In case of a dispute about stakeholders' legitimate rights and interests, the Company will deal with it appropriately based on honesty. To know various major topics concerned, the Company analyzes major topics every year, so as to keep a close eye on stakeholders' thoughts. See the Company's corporate social responsibility report.</p> <p>(V) Continuing education of directors and Audit Committee members: Continuing education hours of the directors and Audit Committee members of the Company reach the statutory hours of continuing education. Please refer to the following attachment: Summary on the continuing education of directors in 2020.</p> <p>(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 257 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 improve the risk management mechanism.</p> <p>(VII) Implementation of customer policies: The Company provides diversified customer service channels (e.g. customer service hotline, customer service mailbox and online real-time customer service) and establishes the considerate service process, so as to provide relevant professional services for customers about nutrition counseling and commodities; deal with consumers' questions actively to maintain their rights and interests.</p> <p>(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.</p>	
<p>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.</p>				

Attachment: Directors' Training Records in 2020

Title	Name	Continuing education date	Organizer	Course title	Hours of continuing education
Independent Director	Ben Chang	2020.09.22	Taiwan Corporate Governance Association	Discuss corporate governance based on major malpractice cases of enterprise	3
				Enterprise M&A Activity and Leader's Responsibilities – A Discussion about Information Disclosure and Insider Trading	3
Independent Director	George Chou	2020.07.01	Taiwan Corporate Governance Association	Changes in the Era of 5G	3
				A Discussion about Directors' Operation Risks and Legal Responsibilities under the Latest Corporate Governance Blueprint	3
Independent Director	Daniel Chiang	2020.11.10	Taiwan Investor Relations Institute	5G Shaping Corporate Digital Transformation and New Look of Competition	3
				Practical Analysis of Insider Trading	3

(V) Composition, responsibilities, and operations of Remuneration Committee:

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

Title	Qualification	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	1	-
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 " V " 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) Term of office of members of the 4th Remuneration Committee: From Jun. 13, 2019 to Jun. 12, 2022. The Committee held six meetings (A) in 2020, and the qualifications and attendance of the Committee members are summarized as follows:

Title	Name	Number of attendance in person (B)	Percentage of attendance in person (%) [B / A]	Remarks
Convener	Ben Chang	2	67%	None
Committee member	George Chou	3	100%	
Committee member	Daniel Chiang	3	100%	

Other matters:

I. Discussions and resolutions of the Remuneration Committee

Date of Meeting (Period)	Proposals	Resolution
March 18, 2020 (2nd Regular Meeting of the 4th Term)	1. Proposal of 2019 Performance Evaluation of Directors and Managerial Officers. 2. Proposal of Remuneration for Employees and Directors of 2019	Approved as proposed by all members
March 31, 2020 (3rd Regular Meeting of the 4th Term)	1. Addition of the position of the Chief Investment Officer. 2. The position of General Manager is served by the Chief Executive Officer.	
Nov 12, 2020 (4th Regular Meeting of the 4th Term)	Proposal of Ratio of Provision for the Remuneration for Employees and Directors of 2020	

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.

(VI) Corporate Social Responsibility:

Evaluation item		Implementation status		Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
		Yes	No	
I. Corporate governance implementation				
(I) Does the Company formulate its corporate social responsibility policy or system and examine the results of the implementation?	V		(I) The Company formulates the “Corporate Social Responsibility Best Practice Principles” and actively implements environmental protection and energy-saving and participates in social public welfare activities.	The corporate social responsibilities and obligations of “Corporate Social Responsibility Best Practice Principles for Exchange-listed and OTC-listed Companies” are satisfied and there is no material discrepancy.
(II) Does the Company conduct CSR training on a regular basis?	V		(II) The Company regularly organizes occupational safety and health education and disaster prevention training.	
(III) Does the Company establish an exclusively (or concurrently) dedicated organization authorized by the Board to be in charge of promoting the corporate social responsibility and reporting to the Board?	V		(III) The Company has established a special group for promoting corporate social responsibility, which shall promote relevant business and report the implementation results to management.	
(IV) Does the Company adopt reasonable salary remuneration policies and integrate the employee performance appraisal system with its corporate social responsibility policy as well as establish an explicit and effective reward and disciplinary system?	V		(IV) The Company explicitly specifies employee rewards and punishments system in “Work Rules” and establishes and improves employee performance appraisal measures to reward those excellent employees.	
II. Sustainable environment development				
(I) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		<p>(I) The main package material and material of the Company’s products can be classified into four types: glass, iron and aluminum can, plastics and carbon. The choice shall be subject to the four indicators below:</p> <p>(1). Quality safety: All packaging material contacting food conforms to the requirements of “Hygienic Standard for Food Utensil and Container Package”, so as to ensure package material is safe absolutely.</p> <p>(2). Recycling: Except that all product packages are equipped with a national recycling sign, the inner cushion material of aluminum cap used in nourishing series beverages will be gradually replaced by TPE material this year after multiple years of development and testing, so as to reduce the recycling cost of product package material further based on meeting food safety and existing package quality condition. TPE has the environmental protection advantages of recycling convenience and full utilization of renewable resources. The inner cushion material will be replaced progressively and is expected to be used in all products finally through product design and replacement schedule.</p> <p>(3). Garbage reduction: The package design of all gift box products is reviewed in accordance with the regulation of the Environmental Protection Department “Restriction on the Excessive Package of Products” prior to the marketing of the products, so as to avoid lots of wastes generated by</p>	The corporate social responsibilities and obligations of “Corporate Social Responsibility Best Practice Principles for Exchange-listed and OTC-listed Companies” are satisfied and there is no material discrepancy.

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(II) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		<p>excessive package and protect the global environment.</p> <p>(4). Green ecology: With the prevailing green consumption consciousness, the paper package material of staple commodities that passes FSC certification accounts for more than 70%. In particular, the UHT milk series products have been fully designed with the FSC certification package.</p> <p>(II) Providing healthy and safe food for people is the purpose that Standard Foods Corporation has been pursuing. With the spirit of excellence pursuit and oriented to people's nutritional requirements, it is deeply recognized by consumers based on technology and innovation, and achieves the development goal of sustainable operation and ensures the safety and health of its workers. To implement the management work for environmental protection, safety and sanitation and perform corporate environmental responsibility and improve various performance requirements of the environment, safety and sanitation continuously, the Company has imported ISO 14001 environment management system since 2014 and ratified certification of the revised edition in 2018; passes the audit and verification every year at a high standard. The following management spirits and systems are particularly disclosed for the compliance and basis of efforts:</p> <ul style="list-style-type: none"> ● Comply with laws and regulations Comply with all relevant laws and regulations and other requirements about the environment, safety and sanitation. ● Consulting and communication Convey them to all personnel who work under the Organization's control, so that they know individual responsibilities; go them public to stakeholders, so that they could participate in the implementation of management. ● Pollution control Operate various pollution control equipment according to laws and regulations, keep developing and using raw material with a low environmental loan, so as to avoid the accident such as environmental pollution. ● Improvement Keep improving the commitments on environment, safety and sanitation performance, prevent environmental pollution, personnel injury, and disease and achieve the performance goal of environment, safety and sanitation. 	
(III) Does the Company monitor the impacts of climate change on its operations and conduct greenhouse gas inspections and establish strategies for energy conservation and carbon reduction and greenhouse gas reduction?	V		<p>(III) In consideration of climatic change and greenhouse effect, the Company advances all energy saving and carbon reduction policies actively. Except that factory is continuously devoted to improving the efficiency of process equipment, the Company also implements energy and electricity saving</p>	

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>management. The projects that the Company will further implement in 2021 are listed as follows:</p> <ul style="list-style-type: none"> ● Replacement of High-energy Consumption Equipment In 2020, Zhongli Factory implemented five project change proposals totally: positive pressure system of long-term storage line, overlapping stack air conditioner on the rear segment of long-term storage line, ammonia gas system evaporator, #2 NH₃ CONDENSER and Liquid ammonia condenser, which were expected to save 20% operation electric and realize the annual reduction of 36,000KWH of electricity consumption. In 2021, Dayuan Factory will finish updating of nourishing drink production line: Replace the high-energy and water consumption production equipment with the equipment with high heat transfer efficiency and water circulation function. The annual water saving of production water is expected to be 1,800 tons and wastewater sources will be lowered synchronously; besides, heat consumption will be reduced (284,413,914 KJ can be saved every year). ● Hydrogenation Process For the original cooling process of post-fermented yogurt, the temperature of overall space is reduced with an invariable frequency compressor. Through refrigeration storage, the Company improved and optimized the cooling process and improved the temperature reduction efficiency based on variable frequency compressor and spatial convection current, so as to achieve the purpose of energy-saving. It is expected to save the original 30% operation electric energy; with a daily reduction of electric energy consumption of 68Kw, a total of 21,100 KWH electric consumption is expected to be reduced every year. ● Updating of high-water consumption equipment (sludge dewatering equipment): This year, the Company plans to replace belt-type sludge dewatering equipment of wastewater treatment plant. The multi-circular plate sludge dewatering equipment is expected to save 5 t production water per hour; meanwhile, wastewater emission is reduced (31,200 t wastewater can be reduced every year). 	
III. Public welfare preservation				
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company formulates “Work Rules” in accordance with labor laws and regulations, so as to safeguard employees’ legitimate rights and interests; makes pension provision and establishes Employee Welfare Committee to handle various welfare affairs.	The corporate social responsibilities and obligations of “Corporate Social Responsibility Best Practice Principles for
(II) Does the Company establish an employee grievance mechanism and channels to handle complaints, with	V		(II) The Company specifies grievance systems and procedures in “Prevention Measures for Sexual Harassment in Workplace and Complaint and Discipline	

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
appropriate solutions?			Measures”, and establishes a Complaint Treatment Committee to implement the complaint systems. Employees, besides complaining to the Committee, can complain via complaint hotline or complaint email.	Exchange-listed and OTC-listed Companies” are satisfied and there is no material discrepancy.
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(III) The Company offers safety education and training to new employees upon registration; implements factory-wide health examinations in the middle of the year and advocates a safe working environment and health at regular intervals.	
(IV) Does the Company establish channels for regular communication with employees and reasonably inform employees of any significant changes in operations that may have material impacts?	V		(IV) The Company holds consultative meetings of trade union and labor-capital meeting at regular intervals, in which the labor and capital parties could closely communicate about various labor conditions and employee welfare, so as to promote harmony of labor and capital. The Company’s all relevant information (e.g. management system and operation) is disclosed on striking positions such as the Company’s internal website and bulletin board, and an opinion letter box is established to maintain the unblocked communication channel of labor and capital.	
(V) Has the Company established effective career development training plans?	V		(V) The Company provides diversified learning environments – systematical general education curriculum, interdepartmental on-the-job training and internship, research and guidance from senior consultants, project participation, theme meeting attendance and interdepartmental and cross-company job rotation, so as to promote the development and growth of individuals and teams through the diversified learning environments.	
(VI) Does the Company formulate a consumer rights policy and grievance procedures for research and development, purchase, production, operations, and service?	V		(VI) The Company’s website provides a special mailbox for the corresponding window of stakeholders, so as to render and assistance in real-time and safeguard consumers’ rights and interests.	
(VII) Does the Company comply with related regulations and international standards in terms of the marketing and labeling of products and services?	V		(VII) The Company complies with the provisions of “Act Governing Food Safety and Sanitation” and the government policy “Login Measure of Food Practitioners” in food labeling and advertising management and provides information on raw material suppliers.	
(VIII) Does the Company evaluate whether there is any record of a supplier's impact on the environment and society before any commercial dealings?	V		(VIII) The Company implements supplier evaluation procedures before any commercial dealings with a supplier, including investigating whether the supplier had a food safety problem and evaluating the influence; evaluate suppliers regularly every year and selects excellent suppliers as partners.	
(IX) Do contracts entered into between the Company and its major suppliers include terms stipulating that the contract may be terminated or rescinded at any time if the supplier has violated the corporate social responsibility policy and caused a significant negative impact on the environment and society?	V		(IX) In consideration that food safety is crucial to consumers’ rights and interests, the Company, though failing to enter into a contract with suppliers that includes relevant provisions about CSR, strengthens supplier management through regular factory visit and annual evaluation and review for existing suppliers, so as to make sure supplier’s raw material meets the Company’s requirements in quality (Q), cost (C), delivery (D) and service (S) and addresses factory’s production demand and ensure consumers’ health and safety.	

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
IV. Enhanced disclosure of ethical corporate management information (I) Does the Company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	V		The Company has established a CSR team, which should promote relevant business and operate in accordance with “Corporate Social Responsibility Best Practice Principles”. There is no material discrepancy. See the Company’s website for the CSR report. www.sfworldwide.com	The corporate social responsibilities and obligations of “Corporate Social Responsibility Best Practice Principles for Exchange-listed and OTC-listed Companies” are satisfied and there is no material discrepancy.
V. If the Company has established corporate social responsibility principles based on the Corporate Social Responsibility Best Practice Principles for Exchange-listed and OTC-listed Companies, describe the implementation and any deviations from the Principles: The Company has formulated the Corporate Social Responsibility Best Practice Principles and implements and complies with them. There is no discrepancy.				
VI. Other important information to facilitate a better understanding of the Company’s corporate social responsibility operation: The Company’s major capital expenditures in the most recent year:				
No.	Recipient		No.	Recipient
1	Taipei Foundation for Communication, Culture and Education		11	National Taiwan University Academic Development Foundation
2	Chinese Christian Relief Association		12	Hope Foundation
3	Christian “Voice of Heaven” Communication Association		13	Yu-cheng Social Welfare Foundation
4	Professor Chiang Chien-mei Foundation for Culture and Education		14	Changhua County Private Christian Joy Nursery
5	Taipei Foundation for Trend Research, Culture and Education		15	Keelung Private Charity Fraternity House
6	Miaoli County Private Haiching Elderly Care Center		16	The First Social Welfare Foundation
7	Sun Yun-Suan Academic Foundation		17	Adam Campus, House of Grace in Pingtung County
8	Association of Service Industries, Taiwan		18	Changhua Private Tzusheng Children's House
9	Taiwan Fund for Children and Families		19	Good Shepherd Social Welfare Foundation

Evaluation item			Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
			Yes	No	Description	
10	Social Enterprise Commitment Foundation			20	Consumers' Foundation, Chinese Taipei	

VII. If the Company’s CSR reports were verified by relevant certification institutions, a detailed account shall be given:
The Company’s CSR reports are attached with the limited confidence report issued by Deloitte & Touche.

(VII) Fulfillment of ethical corporate management

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for Exchange-listed and OTC-listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company explicitly declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the board of directors and management work proactively to implement their commitment to those management policies?	V		According to the formulated “Ethical Corporate Management Best Practice Principles”, the Company specifies employees shall not ask for entertainment, gifts, kickbacks or other benefits by abusing functions and powers and advocates “running business in good faith and maintaining the clean, transparent and responsible business philosophy” is the Company’s important policy upon the registration of employees. Meanwhile, to ensure business secret and IPR policy, employees should sign the “Commitments”, warranting they never accept commissions, kickbacks, rebates, cash, loans or other improper benefits from any manufacturer having transaction with the Company, competitor or other manufacturers that are striving for the Company’s business, including but not limited to entertainment, tourism or gift). The Company has also formulated the directors’ interest avoidance system in “Rules for Procedure for Board of Directors Meetings”.	“Ethical Corporate Management Best Practice Principles for Exchange-listed and OTC-listed Companies” are satisfied and there is no material discrepancy.
(II) Does the Company establish policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal and implement them accordingly?	V			
(III) Does the Company establish appropriate precautions against high-potential unethical conduct or listed activities stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V			
II. Fulfillment of ethical corporate management				
(I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	V		The Company does not accept cash gifts or kickbacks in any transaction with suppliers, in hope that the opposite party could provide a reasonable price and favorable quality. The Company’s HR Department is the exclusively (or concurrently) dedicated unit to implement ethical corporate management. In addition, the Company establishes a favorable internal control system and designates internal auditors, and regularly checks the implementation of various organizations. Upon the registration of a new employee, the HR Department will offer the education to him or her about the Company’s ethical corporate management. Besides, the Company establishes a special legal area on the internal website, to provide relevant legal knowledge for employees.	“Ethical Corporate Management Best Practice Principles for Exchange-listed and OTC-listed Companies” are satisfied and there is no material discrepancy.
(II) Does the Company establish an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management and report to the Board on a regular basis?	V			
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V			
(IV) Does the Company establish effective systems for both accounting and internal control to implement ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V			
(V) Does the company regularly hold internal and external educational pieces of trainings on operational integrity?	V			
III. Operation of the whistle-blowing system				
(I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-ups?	V		HR Department should make overall plans and the audit organization should accept all kinds of whistle-blowing. The whistle-blowing and reward systems, investigation standards and protection measures for informer shall be subject to the Company’s Ethical Corporate Management Best Practice Principles and relevant HR provisions.	“Ethical Corporate Management Best Practice Principles for Exchange-listed and OTC-listed Companies” are
(II) Does the Company establish standard operating procedures for the reported matters and the relevant confidential mechanism?	V			
(III) Does the company provide proper whistleblower protection?	V			

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for Exchange-listed and OTC-listed Companies and Reasons Thereof
	Yes	No	Description	
				satisfied and there is no material discrepancy.
IV. Enhanced disclosure of ethical corporate management information (I) Does the Company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The Company's Ethical Corporate Management Best Practice Principles for Exchange-listed and OTC-listed Companies" and "Code of Ethics" have been disclosed in investor information on the Company's website. The Company also discloses relevant and reliable information on ethical corporate management in the Annual Report and CSR Report.	Deviations from the Ethical Corporate Management Best Practice Principles for Exchange-listed and OTC-listed Companies are satisfied.
V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for Exchange-listed and OTC-listed Companies, please describe the implementation and any deviations from the Principles: The Company has established the "Ethical Corporate Management Best-practice Principles" and implements and complies with them. No deviation has been found.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies) 1. The Company adheres to the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, and relevant regulations in relation to the exchange-listed and OTC-listed companies and other related business law and regulations, as the foundation for ethical corporate management. 2. The Company's "Rules for Procedure for Board of Directors Meetings" clearly outlined the directors' interest avoidance system. Directors should excuse him or herself in relation to matters which directly related to themselves or any juristic person which they represent. If the matter is harmful to the Company's interests, it shall be properly explained and answered at the Board meeting. The Director is abstained from discussion or vote nor vote on behalf of another Director in this regard. 3. The Company has established the "Management Measures against Insider Trading " to stipulate that the Directors, managers and employees shall not disclose the internal material information to other parties. It is not allowed to inquire or collect information from persons who are aware of material information within the Company that is not related to personal duties. It is also not allowed to disclose to other people that private information acquired due to the business execution, in which the Company does not disclose the information.				

(VIII) The inquiry method about the Company's corporate governance best practice principles and related regulations

1. The Company's website: <http://www.sfworldwide.com> Disclose and update information regularly.
2. Information on the Company's website is collected and maintained by a specially assigned person. The regulations such as "Corporate Governance Best Practice Principles" are disclosed on the website for reference.

(IX) Other Information Providing a Better Understanding of the Company's Corporate Governance Status: None.

(X) Implementation of Internal Control System

1. Statement of Internal Control System

Standard Foods Corporation
Statement on Internal Control

Date: March 22, 2021

The Company hereby states the results of the self-evaluation of the internal control system for 2020 as follows:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including profit, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereafter as the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the above criteria.
- V. Based on the results of the determination in the preceding paragraph, the Company believes that, as of December 31, 2020, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors on Mar. 22, 2021, and none of the seven Directors in attendance objected to it and all consented to the content expressed in this statement.

Standard Foods Corporation

Chairman: Ter-Fung Tsao
General Manager: Arthur Tsao

Signature or seal
Signature or seal

2. If a CPA has been hired to carry out a project review of the internal control system, the CPA audit report shall be disclosed: None.

(XI) Penalties imposed upon the Company and its employees in accordance with the law, penalties imposed by the Company upon its employees for the violation of the internal control system, principal deficiencies, and improvement status during the most recent year up to the date of publication of the Annual Report: None.

(XII) Major Resolutions of Board of Shareholders and Board of Directors During the Most Recent Year Up to the Date of Publication of the Annual Report:

Major Resolutions of 2020 Shareholders' General Meeting and Implementation Status:

In the year 2020 and up to the date of publication of the annual report, the Company has convened one shareholders' general meeting. The Company's 2020 shareholders' general meeting was held on Jun. 16, 2020. The summary of matters approved via resolution is as follows:

Matters Approved	Implementation Status
(1) Approval of 2019 Business Report and Financial Statements	Upon the approval in shareholders' general meeting of the proposal via a resolution, the relevant statistical forms were declared to competent authority according to regulations.
(2) Approval of the Distribution of Earnings for 2019	Upon the approval in shareholders' general meeting of the proposal via a resolution, the cash dividends of NT\$ 2.65/ share (totally 2,424,987,417) were distributed, with the ex-dividend base date of Jul. 22, 2020. The dividends were granted on Aug. 12, 2020.
(3) Approval of the Amendment to the "Procedures for Making of Endorsements/Guarantees."	Upon the approval in shareholders' general meeting of the proposal via a resolution, the declaration of relevant information of shareholders' meeting on Market Observation Post System was completed on Jun. 16, 2020.
(4) Approval of the Amendment to the "Procedures for Loaning of Funds to Others."	Upon the approval in shareholders' general meeting of the proposal via a resolution, the declaration of relevant information of shareholders' meeting on Market Observation Post System was completed on Jun. 16, 2020.

1. Major Resolutions of the Board Meetings in the Most Recent Period and the Implementation are as follows:

Date	Major resolution matters
March 18, 2020 (5th Regular Meeting of the 13th Term)	<ol style="list-style-type: none"> 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 proposal of the removal of the director's non-compete clause was passed. 11. The resolution on the establishment of Standard Foods LLC. (USA), a subsidiary of the company was passed. 12. The proposal of funding loan to China Subsidiaries was passed.
March 31, 2020 (6th Regular Meeting of the 13th Term)	<ol style="list-style-type: none"> 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.
May 6, 2020 (7th Regular Meeting of the 13th Term)	The consolidated financial statements for the first quarter of 2020 were passed.
Jun. 17, 2020 (8th Regular Meeting of the 13th Term)	<ol style="list-style-type: none"> 1. The proposal of “Application to Mega Bank for the Extension of Line of Credit” was passed. 2. The proposal of providing an endorsement for its subsidiary Standard Beverage Ltd. for application of bank line of credit. 3. The proposal of terminating the operation of Le Bonta Wellness International Co. was passed. 4. The proposal of the relevant affairs on determining the ex-dividend date and payment date of cash dividends for 2019 was passed.
Aug 7, 2020 (9th Regular Meeting of the 13th Term)	<ol style="list-style-type: none"> 1. The proposal on the application for the extension of the credit line from China Trust Commercial Bank was passed. 2. The consolidated financial statements for the second quarter of 2020 were passed. 3. The proposal on engaging in the repo-to-maturity (abbreviation: RP) via principle guaranteed notes (abbreviation: PGN) and foreign currency debentures was passed. 4. The proposal on changing of Financial Officer, Accounting Manager and Corporate Governance Officer of the Company.

Date	Major resolution matters	
Nov 12, 2020 (10th Regular Meeting of the 13th Term)	1. The proposal on the regular evaluation of the independence and competency of CPAs was passed.	
	2. The proposal on the remuneration for the CPAs for 2020 was passed.	
	3. The consolidated financial statements for the first quarter of 2020 were passed.	
	4. The proposal on increasing and revising internal control systems was passed – “Management for the Preparation Process of Financial Statements”, “Procedure for the Judgment of Accounting Specialty and Process for the Changes to Accounting Policies and Estimates” and “SOP for Sales Return”.	
	5. The proposal for the Company's “Annual Audit Plan” for 2021 was passed.	
	6. The proposal for the fund loan to the subsidiary Standard Beverage Ltd. was passed.	
	7. The proposal on revising the Company’s working measures was passed.	
	1. Rules of Organization of the Audit Committee	6. Corporate Social Responsibility Best Practice Principles
	2. Rules on the Scope of Duties of Independent Directors	7. Measures on Performance Appraisal of Board of Directors
	3. Regulations of Compensation and Remuneration Committee	8. Code of Ethical Conduct
Mar 22, 2021 (11th Regular Meeting of the 13th Term)	4. Rules of Procedure for Board Meeting	9. Code of Integrity Operation
	5. Code of Practice for Corporate Governance	
	8. The Company extended a short-term comprehensive line of credit and foreign exchanges by applying to Citibank Taiwan. Financial derivatives transaction limits.	
	9. The Company extended its line of credit by applying to Taipei Branch, HSBC Bank (Taiwan) Limited.	
	1. The Business Plan and Budget for 2021 was passed.	
	2. The Annual Financial Report and Consolidated Financial Statements for 2020 were passed.	
	3. The Internal Control System Declaration for 2020 was passed.	
	4. The Distribution of Earnings for 2020 was passed.	
	5. The Performance Appraisal of the Board of Directors for 2020 was passed.	
	6. The Remuneration Distribution of Directors and Employees for 2020 was passed.	
	7. The date, agenda and relevant matters of the general shareholders’ meeting for 2021 were passed.	
	8. The appointment of the Company’s Accounting Manager, Corporate Governance Officer and Financial Officer of the Company was passed.	
	9. The Company extended the line of credit by applying to Chang Hwa Bank.	
	10. The Company extended the line of credit by applying to Mega Bank.	
	11. The Company extended the line of credit by applying to ANZ Bank and derivative line for hedging purposes.	
	12. The Company extended the line of credit for its subsidiary Standard Beverage Ltd. by applying to ANZ Bank.	

Date	Major resolution matters
	13. The Company extended the line of credit for its subsidiary Standard Beverage Ltd. by applying to Bank SinoPac. 14. The Company passed the proposal on the fund loan to subsidiary Dermalab. 15. The Company passed the application for the opening and establishment of overseas institution free trade non-resident (Free Trade Non-resident, FTN for short) and NRA (Non-Resident Account) NT\$ basic account through making an application to OCBC Wing Hang. 16. The Company passed the application for relevant banking businesses including group liquidity management and multi-functional cross-border two-way NT\$ capital pool through making application to OCBC Wing Hang. 17. Participation in the listing termination of the issuance of overseas depositary receipts (ODRs) of the Company was passed. 18. The Company approved the amendment of part of the items of the Company's "Articles of Incorporation".

(XIII) 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.

(XIV) 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 Chun	2017.05.01	2020.04.01	Transferred as the Investment Officer
Accounting Manager Financial Officer Corporate Governance Officer	Chris Hong	2015.09.30	2020.08.24	Retirement
R&D Manager	Young Wang	2019.09.01	2021.03.31	Retirement
Accounting Manager Financial Officer Corporate Governance Officer (Temporary)	Smart Hsu	2020.08.24	2021.02.28	Resignation
Accounting Manager	Jimmy Chen	2021.02.28	2021.03.05	Change of Position

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 Chen Jhih Yuan	2020.01-2020.12	

Unit: NTD

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) Disclosure of audit and non-audit fees as well as non-audit services where the non-audit fees paid to the certified public accountants, the independent certified public accounting firm and/or its affiliates account for 25% or more of the audit fees:

Unit: thousand NT\$

CPA firm	Name of CPAs	Audit fee	Non-audit fee					CPA audit period	Remarks
			System Design	Business registration	Human Resource	Others	Sub-total		
Deloitte & Touche	Tse-Li Kung	5,945	-	-	-	1,000	1,000	2020.01-2020.12	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 the 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. Information About Replacement of CPA:

(I) Former CPAs

Date of Replacement	January 2020			
Replacement Reasons and Explanations	Internal job adjustments of Deloitte & Touche			
Termination by the Company or the CPAs	Party		CPA	Client
	Condition		N/A	
	Termination by the Company			
	Termination by the CPAs			
Unqualified opinion of issuance in the latest 2 years Opinions and reasons other than the audit report	N/A			
Deviation from the Issuer	Yes		Accounting principles or practices	
			Disclosure of financial statements	
			Audit scope or steps	
			Others	
	None	V		
	Remark			
Other Revealed Matters (Additional Disclosures under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guideline)	None			

(II) Successive CPAs

Name of CPA Firm	Deloitte & Touche
Name of CPAs	CPAs Tse-Li Kung, Chen Jhih Yuan
Date of Appointment	January 2020
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

(III) Former CPAs' Reply to Disclosures under Items 1 and 2-3, Subparagraph 6, Article 10 of the Guidelines: N/A.

VI. Information About Chairman, General Manager, and Financial or Accounting Manager of the Company Who Has Worked with the CPA Firm or Affiliate to Said Firm in the Most Recent Year: None.

VII. Any Transfer of Equity Interests and Pledge of or Change in Equity Interests by a Director, Supervisor, Manager, or Shareholder with a Stake of More Than 10 Percent in the Most Recent Year and up to the Date of Publication of the Annual Report:

(I) Share changes by directors, supervisors, managers, and major shareholders

Unit: Share

Title	Name	2020		As of April 13 of the current year	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman	Mu Te Investment Co., Ltd. Representative: Ter-Fung Tsao	0	0	0	0
Directors	Mu Te Investment Co., Ltd. Representative: Jason Hsuan				
Directors	Mu Te Investment Co., Ltd. Representative: Wendy Tsao				
Directors	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
CEO & General Manager	Arthur Tsao	0	0	0	0
Chief Investment Officer	Yao Steven Yih Chun	0	0	0	0
Shareholders of 10% above	Ter-Fung Tsao	0	0	0	0
Shareholders of 10% above	Chia Chieh Investment Co., Ltd. Trust Property Account	0	0	0	0
Accounting Manager Financial Officer Corporate Governance Officer	Chris Hong (Retirement date: August 24, 2020)	(1000)	0	0	0
R&D Manager	Young Wang (Retirement date: March 31, 2021)	0	0	0	0
Accounting Manager Financial Officer Corporate Governance Officer (Temporary)	Smart Hsu (Inauguration date: August 24, 2020) (Termination date: February 28, 2021)	0	0	0	0
Corporate Governance Officer Accounting Manager	Jimmy Chen (Inauguration date: February 28, 2021) (Inauguration date: February 28, 2021) (Termination date: March 5, 2021)	0	0	0	0

Title	Name	2020		As of April 13 of the current year	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Financial Officer	Lynn Lee (Inauguration date: February 28, 2021)	0	0	0	0
Accounting Manager	Thomas Huang (Inauguration date: March 5, 2021)	0	0	0	0

(II) Information of Stock transfers to related parties: None.

(III) Information of pledge of stock rights to related parties: None.

VIII. Information About the Relationship Among the Company's 10 Largest Shareholders

April 13, 2021 Unit: Share, %

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Name and relationship among top ten shareholders with anyone who is a related party or the spouse, or a relative within the second degree of kinship (Note 3)		Remarks
	Shares	Shareholding ratio% (note 2)	Shares	Share-Holding Ratio %	Shares	Share-Holding Ratio %	Item	Nature of Relationships	
Mu Te Investment Co., Ltd. Trust Property Account Representative: Ter-Fung Tsao	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 Company is the director of Chia Yun Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	The chairman of Mu Te Company is the director of Chia Chieh Company	
							Mu Te Investment Co., Ltd.	Mu Te Company is the trustee	
	40,848,203	4.46	0	0	22,651,211	2.48	Chia Yun Investment Co., Ltd. Trust Property Account	Being the director of Chia Yun Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Being the director of Chia Chieh Company	
							Mu Te Investment Co., Ltd.	Being the chairman of Mu Te Company	
Chia Yun Investment Co., Ltd. Trust Property Account Representative: Ter-Fung Tsao	133,125,408	14.55	0	0	0	0	Ter-Fung Tsao	Being the director of Chia Yun Company	
							Mu Te Investment Co., Ltd. Trust Property Account	The chairman of Chia Yun Company is the director of Mu Te Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	The chairman of Chia Yun Company is the director of Chia Chieh Company	
							Mu Te Investment Co., Ltd.	The chairman of Chia Yun Company is the director of Mu Te Company	
	40,848,203	4.46	0	0	22,651,211	2.48	Chia Yun Investment Co., Ltd. Trust Property Account	Being the director of Chia Yun Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Being the director of Chia Chieh Company	
							Mu Te Investment Co., Ltd.	Being the chairman of Mu Te Company	

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Name and relationship among top ten shareholders with anyone who is a related party or the spouse, or a relative within the second degree of kinship (Note 3)		Remarks
	Shares	Shareholding ratio% (note 2)	Shares	Share-Holding Ratio %	Shares	Share-Holding Ratio %	Item	Nature of Relationships	
Chia Chieh Investment Co., Ltd. Trust Property Account	108,503,160	11.86	0	0	0	0	Ter-Fung Tsao	Being the director of Chia Chieh Company	
							Mu Te Investment Co., Ltd. Trust Property Account	The chairman of Chia Chieh Company is the director of Mu Te Company	
							Chia Yun Investment Co., Ltd. Trust Property Account	The chairman of Chia Chieh Company is the director of Chia Yun Company	
							Mu Te Investment Co., Ltd.	The chairman of Chia Chieh Company is the director of Mu Te Company	
Representative: Siao Siou Jhen	5,871	0.00	0	0	0	0	Mu Te Investment Co., Ltd. Trust Property Account	Being the director of Mu Te Company	
							Chia Yun Investment Co., Ltd. Trust Property Account	Being the director of Chia Yun Company	
							Mu Te Investment Co., Ltd.	Being the director of Mu Te Company	
Nan Shan Life Insurance Company, Ltd.	46,506,000	5.08	0	0	0	0	-	-	
Representative: Chen Tang	0	0.00	0	0	0	0	-	-	
Ter-Fung Tsao	40,848,203	4.46	0	0	22,651,211	2.48	Mu Te Investment Co., Ltd. Trust Property Account	Being the chairman of Mu Te Company	
							Chia Yun Investment Co., Ltd. Trust Property Account	Being the director of Chia Yun Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Being the director of Chia Chieh Company	
							Mu Te Investment Co., Ltd.	Being the chairman of Mu Te Company	

Name (Note 1)	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Name and relationship among top ten shareholders with anyone who is a related party or the spouse, or a relative within the second degree of kinship (Note 3)		Remarks
	Shares	Shareholding ratio% (note 2)	Shares	Share-Holding Ratio %	Shares	Share-Holding Ratio %	Item	Nature of Relationships	
Bright Investment Company Ltd.	33,039,081	3.61	0	0	0	0	-	-	
Representative: Tseng Chu Wun	163,822	0.02	0	0	0	0	-	-	
Mu Te Investment Co., Ltd.	22,650,057	2.48	0	0	0	0	Ter-Fung Tsao	Being the chairman of Mu Te Company	
							Mu Te Investment Co., Ltd. Trust Property Account	Mu Te Company is the trustee	
							Chia Yun Investment Co., Ltd. Trust Property Account	The chairman of Mu Te Company is the director of Chia Yun Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	The chairman of Mu Te Company is the director of Chia Chieh Company	
	40,848,203	4.46	0	0	22,651,211	2.48	Mu Te Investment Co., Ltd. Trust Property Account	Being the chairman of Mu Te Company	
							Chia Yun Investment Co., Ltd. Trust Property Account	Being the director of Chia Yun Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Being the director of Chia Chieh Company	
Lin Junyao	12,140,000	1.33	0	0	0	0	-	-	
Fubon Life Insurance Co., Ltd.	10,660,815	1.17	0	0	0	0	-	-	
Representative: Tsai Ming Hsing	0	0	0	0	0	0	-	-	
Dedicated investment account of Norges Bank in custody of CitiBank (Taiwan)	7,187,799	0.79	0	0	0	0	-	-	

Note 1: The top ten shareholders' names shall be identified separately (in the case of corporate shareholders, the corporate shareholders' names and representatives' names shall be identified separately).

Note 2: The ratio of shareholding is calculated in terms of own shareholdings, shares held by spouse & children under age or shareholdings under the title of a third party respectively.

Note 3: Relationship between the aforementioned shareholders (including juristic and natural persons) shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Shareholding Status of the Same Reinvestment Business by the Company, Directors, Supervisors, and Companies Directly or Indirectly Controlled by the Company:

April 30, 2021; Unit: Share

Reinvestment Businesses (Note 1)	Ownership by the Company		Investment by the directors, the supervisors, the managers, or another business that is controlled by the Company directly or indirectly		Total Ownership	
	Shares	Percentage of Ownership	Shares	Percentage of Ownership	Shares	Percentage of Ownership
Standard Dairy Products Taiwan Ltd.	30,000,000	100%	-	-	30,000,000	100%
Standard Beverage Ltd.	7,907,000	100%	-	-	7,907,000	100%
Charng Hui Ltd.	24,100,000	100%	-	-	24,100,000	100%
Domex Technology Corporation	10,374,399	52%	-	-	10,374,399	52%
Le Bonta Wellness International Corporation	N/A (Note 2)	100%	-	-	N/A (Note 2)	100%
Standards Foods, LLC.	N/A (Note 2)	100%	-	-	N/A (Note 2)	100%
Accession Ltd.	123,600,000	100%	-	-	123,600,000	100%
Dermalab S.A.	-	-	2,600	100%	2,600	100%
Shanghai Standard Foods Co., Ltd.	-	-	N/A (Note 2)	100%	N/A (Note 2)	100%
Shanghai Le Ben De Health Technology Co., Ltd.	-	-	N/A (Note 2)	100%	N/A (Note 2)	100%
Swissderma, SL	-	-	3,000	100%	3,000	100%
Standard Investment (Cayman) Ltd.	150,124,815	100%	-	-	150,124,815	100%
Standard Corporation (Hong Kong) Limited.	-	-	150,050,815	100%	150,050,815	100%
Standard Investment (China) Ltd.	-	-	N/A (Note 2)	99%	N/A (Note 2)	99%
Standard Foods (China) Ltd.	-	-	N/A (Note 2)	100%	N/A (Note 2)	100%
Shanghai Dermalab Corporation	-	-	N/A (Note 2)	100%	N/A (Note 2)	100%
Le Bonta Wellness Co., Ltd.	N/A (Note 2)	51%	N/A (Note 2)	49%	N/A (Note 2)	100%
Standard Foods (Xiamen) Co., Ltd.	-	-	N/A (Note 2)	100%	N/A (Note 2)	100%
Shanghai Le Ho Industrial Co., Ltd.	-	-	N/A (Note 2)	100%	N/A (Note 2)	100%
Shanghai Le Min Industrial Co., Ltd.	-	-	N/A (Note 2)	100%	N/A (Note 2)	100%

Note 1: Investment using the equity method by the Company.

Note 2: It is a limited company with no issued shares.

Chapter 4. Fund Raising Status

I. Capital and Shares

(I) Source of Capital

1. Source of Capital

Month / Year	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
June 1986	100	50,000	5,000,000	47,883	4,788,300	Establishment	None	June 6, 1986 J.T.S. (75) G.S.Z. No. 2799
June 1986	100	50,000	5,000,000	47,884	4,788,400	Capital increase by cash NT\$ 100	None	June 27, 1986 J.T.S. (75) G.S.Z. No.3149
September 1986	100	150,000	15,000,000	150,000	15,000,000	Capital increase by cash NT\$ 10,211,600	None	September 22, 1986 J.T.S (75) G.S.Z. No. 4718
April 1988	100	450,000	45,000,000	450,000	45,000,000	Earnings were transferred to capital increase of NT\$ 30,000,000	None	April 9, 1988 J.T.S. (77) G.S.Z. No. 1831
May 1990	10	16,200,000	162,000,000	16,200,000	162,000,000	Earnings were transferred to capital increase of NT\$ 117,000,000	None	May 16, 1990 J.T.S. (79) M.Z. No. 3425
July 1991	10	19,440,000	194,400,000	19,440,000	194,400,000	Earnings were transferred to capital increase of NT\$ 32,400,000	None	May 15, 1991 (1991) T.C.Z.(I) Letter of No. 00935
March 1992	10	30,715,200	307,152,000	30,715,200	307,152,000	Capital increase by cash NT\$ 48,600,000 Earnings were transferred to capital increase of NT\$ 64,152,000	None	February 17, 1992 (1992) T.C.Z. (I) Letter of No. 00269
July 1993	10	43,001,280	430,012,800	43,001,280	430,012,800	Earnings were transferred to capital increase of NT\$ 122,860,800	None	April 13, 1993 (1993) T.C.Z. (I) Letter of No. 00771
February 1994	10	60,201,792	602,017,920	60,201,792	602,017,920	Earnings were transferred to capital increase of NT\$ 172,005,120	None	January 14, 1994 (1994) T.C.Z. (I) Letter of No. 49242
March 1995	10	84,833,857	848,338,570	84,833,857	848,338,570	Earnings were transferred to capital increase of NT\$ 240,807,170 Employee bonus was transferred to capital increase of NT\$ 5,513,480	None	January 7, 1995 (1995) T.C.Z.(I) Letter of No. 52905
February 1996	10	119,116,843	1,191,168,430	119,116,843	1,191,168,430	Earnings were transferred to capital increase of NT\$ 339,335,420 Employee bonus was transferred to capital increase of NT\$ 3,494,440	None	December 4, 1995 (1995) T.C.Z.(I) Letter of No. 62578
March 1997	10	167,205,291	1,672,052,910	167,205,291	1,672,052,910	Earnings were transferred to capital increase of NT\$ 476,467,380 Employee bonus was transferred to capital increase of NT\$ 4,417,100	None	December 24, 1996 (1996) T.C.Z. (I) Letter of No. 74787

Month / Year	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
March 1998	10	330,000,000	3,300,000,000	209,470,236	2,094,702,360	Earnings were transferred to capital increase of NT\$ 418,013,220 Employee bonus was transferred to capital increase of NT\$ 4,636,230	None	December 16, 1997 (1997) T.C.Z.(I) Letter of No. 92147
February 1999	10	330,000,000	3,300,000,000	262,360,651	2,623,606,510	Earnings were transferred to capital increase of NT\$ 523,675,590 Employee bonuses were transferred to capital increase of NT\$ 5,228,560	None	December 28, 1998 (1998) T.C.Z. (I) Letter of No. 106085
February 2000	10	330,000,000	3,300,000,000	302,264,506	3,022,645,060	Earnings were transferred to capital increase of NT\$ 393,540,980 Employee bonuses were transferred to capital increase of NT\$ 5,497,570	None	December 24, 1999 (1999) T.C.Z. (I) Letter of No. 109947
February 2001	10	330,000,000	3,300,000,000	320,918,442	3,209,184,420	Earnings were transferred to capital increase of NT\$ 181,358,710 Employee bonuses were transferred to capital increase of NT\$ 5,180,650	None	January 2, 2001 (2001) T.C.Z. (I) Letter of No. 103971
August 2009	10	330,000,000	3,300,000,000	322,523,034	3,225,230,340	Earnings were transferred to capital increase of NT\$ 16,045,920	None	July 3, 2009 J.G.Z.F.Z. Letter of No. 0980033057
August 2010	10	380,000,000	3,800,000,000	370,901,489	3,709,014,890	Earnings were transferred to capital increase of NT\$ 483,784,550	None	July 5, 2010 J.G.Z.F.Z. Letter of No. 0990034588
August 2011	10	480,000,000	4,800,000,000	463,626,861	4,636,268,610	Earnings were transferred to capital increase of NT\$ 927,253,720	None	100.07.04 J.G.Z.F.Z. Letter of No. 1000030659
August 2012	10	580,000,000	5,800,000,000	574,897,307	5,748,973,070	Earnings were transferred to capital increase of NT\$ 1,112,704,460	None	June 26, 2012 J.G.Z.F.Z. Letter of No. 1010027983
July 2013	10	680,000,000	6,800,000,000	661,131,903	6,611,319,030	Earnings were transferred to capital increase of NT\$ 862,345,960	None	July 2, 2013 J.G.Z.F.Z. Letter of No. 1020025191
August 2014	10	740,000,000	7,400,000,000	720,633,774	7,206,337,740	Earnings were transferred to capital increase of NT\$ 595,018,710	None	July 11, 2014 J.G.Z.F.Z. Letter of No. 1030026432
August 2015	10	800,000,000	8,000,000,000	792,697,151	7,926,971,510	Earnings were transferred to capital increase of NT\$ 720,633,770	None	July 29, 2015 J.G.Z.F.Z. Letter of No. 1040028838
August 2016	10	880,000,000	8,800,000,000	879,893,837	8,798,938,370	Earnings were transferred to capital increase of NT\$ 871,966,860	None	September 1, 2016 J.S.S.Z. Letter of No. 10501215010
September 2017	10	920,000,000	9,200,000,000	915,089,591	9,150,895,910	Earnings were transferred to capital increase of NT\$ 351,957,540	None	September 4, 2017 J.S.S.Z. Letter of No. 10601126490

2. Share Type

Share Type	Authorized Capital			Remarks
	Issued Shares (Shares of listed companies)	Unissued Shares	Total	
Registered Common Shares	915,089,591	4,910,409	920,000,000	

3. Information for Declaration System: None.

(II) Status of Shareholders

Apr 13, 2021

Item \ Structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	20	193	61,313	276	61,802
Number of Shares Held	0	70,595,107	481,262,328	291,036,805	72,195,351	915,089,591
Percentage of Ownership	0.00%	7.71%	52.60%	31.80%	7.89%	100.00%

(III) Distribution of Shares

NT\$ 10 per share April 13, 2021

Range of Shares	Number of Shareholders	Number of Shares Held	Shareholding Ratio %
1-999	14,700	3,232,053	0.35%
1,000-5,000	37,621	76,062,952	8.32%
5,001-10,000	5,362	40,968,815	4.48%
10,001-15,000	1,524	19,253,792	2.10%
15,001-20,000	878	16,134,658	1.76%
20,001-30,000	658	16,731,126	1.83%
30,001-40,000	300	10,659,197	1.16%
40,001-50,000	189	8,664,775	0.95%
50,001-100,000	325	23,495,716	2.57%
100,001-200,000	128	17,519,992	1.91%
200,001-400,000	44	12,387,694	1.35%
400,001-600,000	19	9,643,797	1.05%
600,001-800,000	7	5,036,901	0.55%
800,001-1,000,000	8	7,298,256	0.80%
1,000,001 shares and above	39	647,999,867	70.82%
Total	61,802	915,089,591	100.00%

(IV) Major Shareholders

Apr 13, 2021

Name of Major Shareholder	Shares	Number of Shares Held	Percentage of Ownership %
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
Nan Shan Life Insurance Company, Ltd.		46,506,000	5.08
Ter-Fung Tsao		40,848,203	4.46
Bright Investment Company Ltd.		33,039,081	3.61
Mu Te Investment Co., Ltd.		22,650,057	2.48
Lin Junyao		12,140,000	1.33
Fubon Life Insurance Co., Ltd.		10,660,815	1.17
Dedicated investment account of Norges Bank in custody of CitiBank (Taiwan)		7,187,799	0.79

(V) Share market prices for the past two fiscal years, with company net worth per share, earnings per share, dividends per share, and related information

Item \ Year		2019	2020	As of March 31, 2021 (Note 5)
Market Price Per Share	Highest	73.00	73.70	61.5
	Lowest	48.05	51.20	53.6
	Average	58.52	63.96	56.9
Net Worth per Share	Before distribution	18.36	19.47	20.16
	After distribution	18.36	(Note 1)	(Note 1)
Earnings per Share	Weighted Average Shares	908,420,120	908,420,120	908,420,120
	Earnings per Share before Adjustment	3.76	3.54	0.62
	Earnings per Share after Adjustment	3.76	(Note 1)	(Note 1)
Dividends Per Share	Cash dividends	2.65	(Note 1)	-
	Stock dividends	Stock dividends appropriated from earnings	(Note 1)	-
		Stock dividends appropriated from capital surplus	-	-
	Cumulative unpaid dividends		-	-
Return on Investment	Price-to-earnings ratio (Note 2)	15.56	18.07	-
	Price-to-dividend ratio (Note 3)	22.08	(Note 1)	-
	Cash dividend yield (Note 4)	4.53	(Note 1)	-

Note 1: It shall be determined by the Shareholders' Meeting.

Note 2: P/E Ratio = Average Market Price per Share for the year/ Earnings per Share

Note 3: Price/Dividend Ratio = Average Market Price per Share for the year/ Cash Dividend per Share

Note 4: Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

Note 5: The net worth per share and earnings per share up to the quarter nearest to the date of publication of the Annual Report that has been audited by the CPAs shall be filled in; the remaining fields shall be

filled with the annual data up to the date of publication of the Annual Report.

(VI) Dividends policy and Implementation Status

1. Policies of Dividends:

As per the amendment to the Company Act in May 2015, the distribution of dividends and bonuses is limited to shareholders and does not cover employees. The Company has passed the amendments to the earnings allocation policy in the shareholders' meeting on June 15, 2016.

Under the amendments of the dividend policy as set forth in the Articles of Incorporation, where the Company made profits in a fiscal year, the profit shall be appropriated, less any paying taxes and deficit, 10% thereof as legal reserve, special reserve provided or reversed in accordance with the regulations, and 30% to 100% of the sum of the remainder and prior years' unappropriated earnings as dividends. The Company's Articles of Incorporation also prescribe that 30% to 100% of dividends shall be paid in cash; however, if the Company has major investment plans for which external funds are not available, the percentage may be lowered to 5% to 20%. The distribution plan shall be proposed by the Company's board of directors and resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

2. Allocation status of dividends proposed at the shareholders' meeting:

Through the resolution of the board of directors of this Company on March 22, 2021, the dividend allocation is NT\$ 2.5 per share of cash dividend, and it would be proposed for discussion at the general shareholders' meeting on June 11, 2021.

(VII) Effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed in the Most Recent Shareholders' Meeting: None.

(VIII) Compensation of Employees, Directors, and Supervisors

1. The percentages or ranges with respect to the remuneration of the employee, director, and supervisor, as set forth in the Company's Articles of Incorporation:

The Company shall appropriate no less than 0.5% of current year profit as employee compensation by cash or shares upon approval of the Board of Directors if it has pretax profits deducted from the remuneration distribution of employee and Director. Employee compensation may be issued to employees in affiliate companies that meet certain criteria. The Company may appropriate no more than 0.75% of the above profit as Directors' compensation upon approval of the Board of Directors if it has pretax profits deducted from the remuneration distribution of employee and Director. The proposal of distributing employees' and Directors' remuneration shall be reported to the shareholders' meeting. However, when the Company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate the remuneration of employees and directors according to the proportion mentioned above.

2. Estimated basis of the remuneration amount of the employee, director and supervisor, calculation basis of the number of shares of employee remuneration divided in shares and accounting treatments when differences occur between the estimated and actual distributed amount of employee, director, and supervisor compensation.

The estimated amount of employee remuneration in 2020 was NT\$ 49,920,653, and

the estimated amount of directors was NT\$ 21,965,087. The employee remuneration is calculated at 1.25% of pre-tax profits before deducting the distributed employee and director remuneration in 2020; the director remuneration is calculated at 0.55% of pre-tax profits before deducting the distributed employee and director remuneration in 2020.

If there is still any change in the amount after the issuance date of the annual fiscal report, the differences shall be treated as a change in accounting estimates and be recorded and adjusted in the following year.

If the Board of Directors resolves that remuneration to employees is to be distributed in stock and the number of shares is determined by dividing the resolution amount by the closing price of the shares on the day preceding the Board of Directors' meeting.

3. Information on any approval by the Board of Directors of distribution of compensation:

(1) Remuneration amount of employee and director in cash or stocks distribution:

1.1 Employee Cash Remuneration NT\$ 49,920,653.

1.2 Employee Stock Remuneration NT\$ 0.

1.3 Director Remuneration NT\$ 21,965,087.

No discrepancies are found between the amount distributed as relevant compensations for employees and Directors as approved by the Board of Directors and the amount recognized in the 2020 annual fiscal report.

(2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration: N/A

4. Actual allocation status of employee, director and supervisor remunerations for the previous fiscal year

The distribution of cash remunerations to employees in 2019 was NT\$ 52,013,000 and remunerations to directors were NT\$ 25,073,599. It had no difference with the employee and director remunerations in the 2019 annual fiscal report.

(IX) Buyback of Treasury Stock: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Issuance of Global Depositary Receipts (GDRs)

Date of Issuance (Processing)			June 19, 1997
Location of Issuance and Transaction N/A			Issued in U.S. and European Countries and listed in Euro MTF Market of Luxembourg Stock Exchange
Total dollar amount of issue			USD 29,070,000
Dollar amount per unit issued			USD 9.69
Total number of issued units			3,000,000 units
Source of underlying securities			Common shares of Standard Foods Corporation held by shareholders of this Company
Recognition of number of underlying securities (shares)			15,000,000 shares
Rights and obligations of depositary receipts holders			Same as ordinary shares
Trustee			None
Depositary institution			Bank of New York Mellon, U.S.
Custodian institution			Trust Department of Mega International Commercial Bank
Unreturned capital balance- As of March 31, 2020			6,908.4 units
Allocation method of relevant expenses during issuance and duration of the Agreement			The issuance expenses are charged by shareholders proposing to reduce its share and expenses in the duration period are charged by the Issuance Company.
Key covenants of the depositary and custodian contracts			Details of the depositary and custodian contracts
Market Price for Per Unit (USD)	2020	Highest	11.48
		Lowest	10.26
		Average	10.83
	As of March 31, 2021	Highest	10.87
		Lowest	9.81
		Average	10.22

V. Employee Stock Options: None.

VI. Employee Restricted Stock: None.

VII. Mergers and Acquisitions, or as Assignee of New Shares Issued by Another Company: N/A

VIII. Implementation of Capital Allocation Plans

(I) Contents of Plans

For the period as of the quarter preceding the date of publication of the Annual Report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: Not applicable.

(II) Implementation Situation

In terms of the implementation situation of previous financial plans: Not applicable.

Chapter 5. Operational Highlights

I. Business Activities

(I) Business Scope:

1. Standard Foods is mainly engaged in the production and sales of nutritious foods, edible oils, dairy products, drinks, etc.
2. Main product items and operating ratio

	2020
Product Category	Percentage
Nutritious Foods	35%
Cooking products Food	54%
Others	11%
Total	100%

(II) Industry Overview:

1. Current State and Development of the Industry

According to the statistics released by Taiwan's Executive Yuan, the annual economic growth rate of Taiwan was 3.11% in 2020. Related statistics also showed a low consumption level due to the pandemic.

Affected by the pandemic in 2020, prevention measures changed consumption habit, including (1) Frequency of dinner at home increased (2) Awareness of health orientation and immunity enhancement improved (3) Appeal for speed and convenience increased and consequently distribution and delivery services created a new high with Taiwan's annual average output exceeding 10 billion.

In the future, the consumption industry will continue booming due to "home economics" and provide a better choice. Upgrading digit technology, building exclusive marketing channels and providing differentiated products will be new opportunities for Taiwan's consumption industry.

2. Correlation with up-, mid-, and downstream sections of the industry

- (1) Upstream: agriculture, animal husbandry, food packaging materials industry and production materials, 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) Due to the change in population structure and consumption type of young small family, product design will develop to delicate small packaging and small and elegant product will become the mainstream of the younger generation.
- (2) Facing the difficulties in food safety and the pandemic, consumers value nutrition, health and product function more. Except for basic nutrition, health-oriented functional products arouse sympathy among consumers.
- (3) With the increasing awareness of environmental protection and healthy diet, pure, natural, additive-free and environmental products have been well-received among consumers. Meanwhile, the use of environment-friendly packing material is a part of civic responsibility.

4. Competitive situation

- (1) As many food companies put their resources into the production of healthy and nutritious products, the Company catches the consumer needs, expands new consumer groups, sustains innovation, pursues food safety and quality and develops effective and convenient nutritious and healthy food to maintain competitiveness.
- (2) The Company carries out differentiated analysis of product and consumption habits according to channel characteristics to maximize the combination of channel, product and consumer. We also develop individualized and differentiated consumer groups in terms of flexible marketing strategy.

(III) Technology and R&D Overview

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

Unit: NT\$ thousand

	2020	As of April 30, 2021
Amount	166,035	52,186

2. R&D expenses of technologies and products in the most recent year and up to the date of publication of the annual report:

(1) Product upgrade

Standard Foods understands convenience, taste and promptness, except consumer needs for nutrition and health, in the hope that consumer enjoys the best and safest food.

We keep innovation and R&D, pursue quality, improve taste and dedicate to natural and additive-free foods, such as nutrition upgrade of grain products and taste improvement of brewing oat products. Besides, we launch canned grain sugar-free formula and improve a series of low-residue and low-nitrogen products so that consumers with special needs have more choices.

(2) New product launch

Standard Foods devotes to the development and research of new product using innovative technology based on consumer need and science.

Except for satisfying consumer need for nutrition and health, we also develop new products consistent with modern family structure and youth's need and preference, such as EXX digestive bacteria powder, BB capsules (protection of eye, heart and joint), and oat and grain series featured by balanced nutrition and caloric control.

(3) Process improvement

Standard Foods persists in pursuing high Standard Foods and high quality. We continuously improve innovative technology, study key material, strengthen design and energy efficiency of packing material and devote to systematic management to ensure process quality and safety and continuously optimize the production process.

We improve post-fermentation yogurt cooling process to achieve a better cooling effect. We also upgrade equipment and eliminate wastewater equipment to continuously improve efficiency, reduce wastewater sources and improve both quality and efficiency.

(4) Quality improvement

Standard Foods promises to provide the consumers with high quality from

material, process and finished product to service. We attach great importance to product function and strictly control product quality to ensure consumers' safety and satisfaction.

Standard Foods' professional team improves quality by innovative technology and its products have obtained several safety certificates upon supervision by third-party testing organizations and been highly recognized. High quality is trustworthy and worthy to be affirmed.

3. R&D plans in the most recent year:

Specific to R&D plans, the professional R&D team carried out some plans as follows:

- (1) R&D of functional products.
- (2) Improvement of the flavor of grain products.
- (3) Research and development of new packaging.
- (4) Upgrading and elimination of machinery and equipment.
- (5) Upgrading of nutritional ingredients of existing products.
- (6) Discussion and study of innovative technology.
- (7) Establishment and utilization of analysis method.

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

1. Long-term Business Development Plans

- (1) Standard Foods focuses on continuous brand building, consolidating main consumer groups, injecting new image and new vigor and attracting young consumer groups.
- (2) The R&D team, on a scientific basis, adheres to the innovative spirit, promotes the development of new products and upgrade and improvement of existing products and provides consumers with more effective and convenient products.
- (3) Adhere to sustainable operation philosophy, we continue to take a deep root in Taiwan and continuously expand the overseas market.

2. Short-term Business Development Plans

- (1) Standard Foods continuously develop new products to adapt to market change and satisfy various consumer needs for nutritious and healthy products.
- (2) We also stick to high quality and good nutrition, and devote to upgrading nutritional ingredients and enhancing product functions to provide consumers with better choices.
- (3) we fulfill social responsibilities and carry out public benefit activities. Standard Foods plans evergreen/children care activities in the long run and provides people in rural areas and vulnerable groups with nutritious and healthy products.

II. Overview of Marketing and Production & Sales

(I) Market Analysis

1. Sales areas of major commodities: mainly in China and Taiwan.
2. Market condition of major products:

Grains

(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. High-standard and high-quality cereal products of Quaker are tasty,

convenient and nutritious, and they obtain several certificates for healthy food and have been well-received among consumers. They take a leading position in the Taiwanese cereal market.

(2) Future market demand & supply status and growth

The Taiwanese cereal market develops sustainably and steadily and promotes market demand and competition as lifestyle changes and consumer's awareness of food safety and health rises. Convenience, nature, nutrition and taste diversity are consumer's major appeals and the market will satisfy consumer needs through the development of more new products and technologies.

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

The Company launched a series of cereal products such as oat broth, five-cereal product and canned cereal powder by innovative technology in 2020, which not only satisfied consumer need for balanced nutrition but also attracts young consumer groups and enlarges the popularity rate of cereal products through improving flavor and adapting to such appeals as caloric control. In the future, we will continue to develop better cereal products to satisfy different consumers' needs for healthy products, see through consumer needs clearly, launch new products and strengthen the brand value and achieve business growth through various marketing channels.

Healthcare products

(1) Market share

A series of products such as ginseng, glucosamine drinks, live lucid Ganoderma, rose drinks and chicken powder launched by the Company take a leading position in the healthcare product market and are the top choice for many consumers.

(2) Future market demand & supply status and growth

Taiwanese consumer's health awareness improves, the population structure is aged and the healthcare and nutritious foods markets show a growth trend; growing in an environment with rising health awareness, young people attach high importance to health and healthcare products are widely used in the young era and become an industry with great development potential for the need of convenience and effectiveness.

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

The Company devotes itself to providing consumers with better, innovative and effective products and satisfies the needs in different stages by additive-free, less-burden, absorbable and nutritious products.

To comply with the rising usage rate of 3C products and strengthen immunity in 2020, the Company launched new and convenient lutein and echinacea lucid Ganoderma drinks and provided new products such as EXX digestive bacteria powder and BB capsule to satisfy young people's need for product function, instantaneousness and effectiveness.

The Company devotes itself to innovation and development of healthcare foods, complies with consumer needs for different functions, expands young

consumer groups and further improve popularity rate to continuously become the best choice of the healthcare product.

Adult milk powder

(1) Market share

To satisfy the need for nutrition and health, Quaker enters the adult skim milk powder market by functional product. Launch family series, women's milk powder series and functional milk powder and provide consumers with products with different nutritional ingredients. With market share pioneering other competitive brands in the long run, these products lead the skim milk powder market of Taiwan.

(2) Future market demand & supply status and growth

In the busy modern society, milk powder is a widespread and convenient nutritious accessory food and a great variety of adult milk powder grows continually and steadily in the market.

With adult's increasing need for product function, manufacturers actively launch new products and produce functional products with a higher value from nutritional ingredient to flavor.

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

Main products high-calcium skim milk powder and high-calcium cholesterol-lowering milk powder of Quaker passed the certification first in China; glucosamine milk powder of Standard Foods satisfied adult's need by exclusive triple effect formula and showed steady business growth since launch; family high-calcium nutritious milk powder of Standard Foods is a hot-sale product of functional milk powder with balanced nutrition as the main appeal and suitable for all people regardless of age and sex, so it is high-quality functional milk powder for the whole family.

Standard Foods devotes to pursuing good nutrition and high quality. National certification of healthy food is the highest recognition of Standard Foods' high-quality products and our commitment to the best quality.

Special nutritious product

(1) Market share

Quaker's nutrient products are honorably awarded special nutritious products by the Ministry of Health, which have the flavor of vanilla, low sugar and no sugar. Product with anti-diabetes formula is a domestic leading brand and recommended by professional physicians and diabetes patients.

(2) Future market demand & supply status and growth

With the population aging, the ratio of people aged 65 or above increases rapidly. They are the main consumers of special nutritious products who are not only jejune and need a special nutrition formula due to chronic and special diseases, so fast and effective special nutrient supplements have great prospects.

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

Quaker launches healthcare products against diabetes, nephrosis and tumor, whose nutrition is accurately calculated by professionals and which are nutritious and effective. Sugar-free and vegetable protein products comply with Chinese people's need for low sugar and vegetarian diet; new formula of product series against diabetes and tumor is launched to satisfy the need of specific groups. Quaker's professional team continuously innovates R&D and upgrades formula in the hope that consumers with special needs become relaxed and vigorous and improve their lives.

Edible oils:

(1) Market share

Edible oil is a source of Chinese people's diet and a very important element of diet. "Great Day" edible oil series provide Taiwanese families with healthy "Eating" by high-quality and less-burden R&D concept. A series of products such as sunflower oil, olive oil, canola oil and blended oil has been well-received among consumers by healthy and high-quality image for years and is the top choice for Taiwanese families with the highest market share.

In the Chinese market, "Mighty" adheres to high quality and has developed the market for years with steady business growth and top market share of sunflower seed oil.

(2) Future market supply & demand status and growth

As consumer's dietary habit was affected by pandemic prevention in 2020, people are more willing to cook at home and the increasing awareness of food safety and healthy diet also make the food safety and quality become consumers' important criteria when buying edible oil. Products that are in line with these criteria would receive more attention and recognition from the consumers.

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

Standard Foods understood consumer's need for healthy, safe and nutritious edible oil. "Great Day" product series are high-quality, pure and additive-free and many products passed the certification of "SQF Food Safety and Quality Standard" and Monde Selection, which represented our commitment and guarantee for safety, health and quality to consumers.

In the future, we will still focus on quality first and product upgrade, continuously innovate and develop consumer groups at different levels and provide Taiwanese families with better and various choices of edible oil.

Baby Food

(1) Market share

Quaker understands parents' care for babies and wants to give babies the best. The Company, on a healthy and scientific basis, continuously develops leading technologies and provides babies with nutrition and protection in all aspects; growth mild powder three probiotics formula, organic rice flour and organic malt extract series win trust from many parents.

(2) Future market demand & supply status and growth

Despite a low fertility rate, parents are willing to allocate more resources into more secure and high-quality formula products, thus promoting the

improvement of the nutritious value of formulas in the future market and development of products closer to breast milk to satisfy modern parents' need for safety, quality and nutritious value.

- (3) Favorable factors and unfavorable factors of competitive niches and development prospect as well as countermeasures
Quaker devotes to pursuing high-quality and good nutrition and continuously develops new technologies for mother's concern and baby's nutrition and health. With the unique certification for products imported from Denmark with original packaging, growth three probiotics milk powder that protects baby's intestinal health becomes the top choice; organic rice flour produced using organic rice of Taiwan provides babies with the first pure and additive-free non-staple food; love series products of Quaker provide babies with the best nutrition in different stages to fulfill the commitment of the best formula.

Refrigerated Food (Fresh Delight)

- (1) Market share
Fresh Delight series products have been used by nearly 70% of Taiwanese families and its functional milk and yogurt rank first in market share. Fresh Delight dairy products are secure, diversified high-quality dairy products that satisfy the whole family's need for nutrition.
- (2) Future market demand & supply status and growth
As more and more consumers attach importance to health and practice what they preach, their willingness to absorb balanced nutrition from functional dairy products improves.
There are a great variety of functional dairy products in the market and demand increases steadily. Facing different choices, high-quality, tasty and safe products are the main appeal of consumers.
- (3) Favorable factors and unfavorable factors of competitive niches and development prospect as well as countermeasures
We deeply believe that "Natural, additive-free and secure dairy products are best for health". Fresh Delight products series such as milk, functional milk, blended drinks, yogurt drinks and yogurt retain the richest nutritional ingredients and protect the health of the whole family by the most advanced technology.
Fresh Delight milk source is controlled strictly to ensure the quality of every process. Fresh Delight 100% milk has passed the inspection from material purchase and production to delivery. Pure, additive-free, nutritious and tasty, it obtained the ITQI Superior Taste Award and provides consumers with the best choice for daily health; Fresh Delight yoghurt is nutritious, natural and secure. With a lactoprotein content of 50%, top-level Greek yogurt attracts yogurt lovers; natural zero product series and YXS yogurt products have high assurance and pass "SQF Food Safety and Quality Standard".

Agent product

- (1) Adult milk powder:
In 2020, the adult milk powder market was stable and Fernleaf whole milk powder series had the best performance. After the product and packaging

upgrade, market share was maintained through media communication and marketing channels.

(2) Sliced cheese:

CHESDALE is the first cheese brand, which carries out sales promotion through media advertising and marketing channel and stresses nutrition and health to maintain market share and popularity rate.

(3) Candies:

Despite a great many candy brands, fierce competition, consumer's concern about calories and challenge in market expansion, agent products Mentos and Chupa Chups maintain growth in the competitive candy market.

In the future, we will continuously carry forward the brand spirit Who says no to Mentos of Mentos' series and devote to marketing planning; Chupa Chups, the first brand of lollipop, stabilizes consumer groups, launches new products and new packaging quarterly or yearly and carries out theme activities to develop consumer groups and adapt to consumers' buying habit.

EMS service (subsidiary-Domex Corp.):

(1) Market share

EMS is a professional electronic manufacturer. Presently, other electronic products than the self-produced are manufactured by EMS and Domex Corp.' EMS market share is lower than 1%.

(2) Future market supply & demand status and growth

As manufacturers expanded the capacity through factory building or M&A in recent years across the world, horizontal competition became tenser. In the future, EMS will enter a meager profit era and show a "bigger and bigger" trend with the structural change of the science and technology industry.

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

Due to a small size, Domex Corp. can improve processes and production lines to adapt to different consumer needs, which are important factors of competition and development. EMS is a growing industry. Domex Corp. will avoid direct competition with large OEMs by small volume and wide variety strategy.

(II) Usage and Manufacturing Processes for Main Products

1. Usage of main products

Major products	Product usage
Nutritious Foods	Provide high-fiber cereal and functional products to satisfy the health need.
Cooking products Food	Provide for cooking.
Other foods	Leisure foods.
EMS service (Subsidiary-Domex Corp.)	Most existing products are communication and medical products.

2. Production process of main products

Oatmeal production process: Raw material → slicing → rolling → cooling → screening → packaging

Oat powder production process: Raw material → soaking → pasting → drying → grinding → sieving → packaging

Healthcare drinks production process: Raw material → extracting → filtering → blending → filling → packaging

Dairy product production process: Raw material → homogenizing → high-temperature sterilization → cold storage → filling → packaging

Refined oil production process: Raw oil → degumming, deacidification → decoloration → deodorization → winterization → packaging

Three-treasure oat production process: Raw material → extrusion forming → drying → cooling → packaging

EMS service production process (subsidiary-Domex Corp.): Component->SMT->DIP->assembly->test->packaging

(III) Supply situation for the major raw materials

Major Raw Materials	Supply Situation
Oat	Imported from Australia
Raw oil of sunflower oil	Imported from Ukraine
Raw oil of canola oil	Imported from Australia
Flour	Supplied by domestic suppliers
Cane sugar	Supplied by Taiwanese suppliers
Raw milk	Supplied by Taiwanese suppliers
Milk powder	Imported from New Zealand, Australia and Europe and supplied by domestic suppliers
Electronic components (subsidiary-Domex Corp.)	Supplied by domestic agents of international manufacturers and domestic suppliers

(IV) Information of main customers in the past two years**1. Information of main customers in the past two years**

Unit: NT\$ thousand

	2019				2020				As of March 31, 2021 (Note 2)			
Item	Name	Amount	Percent in annual net sales (%)	Relationship with the Issuer	Name	Amount	Percent in annual net sales (%)	Relationship with the Issuer	Name	Amount	Percent in net sales up to the previous quarter (%)	Relationship with the Issuer
	Company A (Note 1)	4,858,711	15.5		Company A (Note 1)	5,055,541	14.7		Company A (Note 1)	1,161,495	14.1	
	Others	26,407,521	84.5		Others	29,410,703	85.3		Others	7,103,121	85.9	
	Net sales	31,266,232	100.0		Net sales	34,466,244	100.0		Net sales	8,264,616	100.0	

Note 1: Name of the customer with more than 10% of the total sales amount in the last two years and the amount and proportion of the sales. Due to the contractual agreement, the name of the sales or the object of the transaction may not be disclosed, and individuals and non-related parties may be disclosed in code names.

Note 2: For a public company whose stocks are listed on a stock exchange (a "listed" company) or by an OTC company, if, before the date of publication of the annual report, there is any financial data for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

2. Information of main customers in the past two years

Unit: NT\$ thousand

	2019				2020				As of March 31, 2021 (Note 2)			
Item	Name	Amount	Percent in annual net sales (%)	Relationship with the Issuer	Name	Amount	Percent in annual net sales (%)	Relationship with the Issuer	Name	Amount	Percent in net sales up to the previous quarter (%)	Relationship with the Issuer
	Company A (Note 1)	2,549,510	13.1		Company A (Note 1)	3,021,695	12.3		Company A (Note 1)	1,625,247	26.5	
	Others	16,853,752	86.9		Others	21,477,632	87.7		Others	4,515,184	73.5	
	Net purchase	19,403,262	100.0		Net purchase	24,499,327	100.0		Net purchase	6,140,431	100.0	

Note 1: A list of any suppliers accounting for 10 percent or more of the Company's total procurement amount in either of the 2 most recent fiscal years, the amounts bought from each. Where the Company is prohibited by contract from revealing the name of a client, or where a trading counterpart is a person who is not a related party, it may use a code in place of the actual name:

Note 2: For a public company whose stocks are listed on a stock exchange (a "listed" company) or by an OTC company, if, before the date of publication of the annual report, there is any financial data for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

(V) Table of Production for the Two Most Recent Years

Unit: Tonne/NT\$ thousand

Production Volume/Value Main Products	Year	2019			2020		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Nutritious Foods		131,854.00	114,182.51	12,496,443	131,854.00	112,556.79	11,985,350
Cooking products Food		669,676.00	342,060.92	15,824,251	669,676.00	393,116.27	18,045,428
Others	(Note 1)		10,996.08	438,072	(Note 1)	9,512.70	425,265
	-		1,310,671.00 (Note 2)	2,143,977	-	1,500,731.00 (Note 2)	3,018,787
Total		801,530.00	467,239.51	30,902,743	801,530.00	515,185.76	33,474,830
			1,310,671.00 (Note 2)			1,500,731.00 (Note 2)	

Note 1: Produced by nutritious product production line.

Note 2: Unit: Pcs.

(VI) Sales Quantity and Value in the Past 2 Years

Unit: Tonne/NT\$ thousand

Sales Volume/Value Main Products	Year	2019				2020			
		Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Nutritious Foods		108,778.30	11,900,230	723.30	83,921	111,744.50	11,897,604	657.50	71,263
Cooking products Food		23,435.90	1,916,463	312,727.70	13,634,969	24,112.30	1,989,468	378,460.30	16,490,039
Others		10,831.60	2,515,680	0.00	1,214,969	9,245.80	3,504,934	0.00	512,936
	0.00 (Note 1)			486,785.00 (Note 1)		0.00 (Note 1)		445,558.00 (Note 1)	
	763,877.00 (Note 2)			327,207.00 (Note 2)		1,083,129.00 (Note 2)		248,192.00 (Note 2)	
Total		143,045.80	16,332,373	313,451.00	14,933,859	145,102.60	17,392,006	379,117.80	17,074,238
	0.00 (Note 1)			486,785.00 (Note 1)		0.00 (Note 1)		445,558.00 (Note 1)	
	763,877.00 (Note 2)			327,207.00 (Note 2)		1,083,129.00 (Note 2)		248,192.00 (Note 2)	

Note 1: in bottles

Note 2: Unit: Pcs.

III. Information of employees in the Past 2 Years and up to the Report Printing Date

Year		2019	2020	As of April 30, 2021
Number of Employees	Employees	2,717	2,699	2,644
	Employees	945	1,057	1,045
	Total	3,662	3,756	3,689
Average Age		36.76	37.38	37.43
Average Service Year		6.42	6.28	6.46
Academic distribution ratio	PhD	18	15	13
	Master	232	244	237
	Bachelor	1,869	1,977	1,952
	High school	1,321	1,322	1,291
	Below high school	222	198	196

Note: Including foreign workers

IV. Information on Environmental Protection Expenditure

The Company cooperates with the government in practicing environmental protection policies and spares no efforts to protect the environment. In addition to the implementation of environmental management inspection and the introduction of a comprehensive TPM system in the plant, the responsible units are guided to engage in comprehensive independent maintenance, operation monitoring and continuous improvement plans of various pollution prevention and control equipment, so as to maximize the comprehensive efficiency of the equipment.

Standard Foods has passed ISO14001 environmental management system certification since 2014, 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 2020 and up to the date of publication of the annual report, unusual environmental penalty cases of Standard Foods:
1. A few wastes (empty bottles of waste chemicals in the library) were disposed of centrally, and those stored for more than 1 year violated Paragraph 1, Article 36 of the Waste Disposal Method and a fine of NT\$ 60,000 was given.
 2. Diesel trucks did not undergo exhaust inspection within the specified time due to ignorance, which violated Article 33 of Autonomous Regulations on the Development of Low-carbon Green City of Taoyuan City and a fine of NT\$ 20,000 was given.
 3. The abovementioned events were caused due to management ignorance and no substantial damage was caused to the environment; the Company has adopted relevant measures, carried out educational training on the abovementioned managerial staffs in 2020, strengthened description and training on essentials and processes of environmental protection and prepared environmental protection tracking and inspection sheet to prevent reoccurrence of ignorance.
- (II) Environmental protection equipment expenditure
- In September 2020, increased dust collecting equipment of the slicing room of the oat production line and completed application and check of operator license with costs of NT\$ 2.086 million.

(III) Estimated environmental protection expenses in the next three years

For environmental protection requirements and increase in the cost of waste disposal, environmental protection budget increased, net profit was slightly affected and competitiveness was not affected.

Year	2021	2022	2023
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	NT\$ 17,300 thousand	NT\$ 19,640 thousand	NT\$ 19,640 thousand

(IV) Influence after improvement

Year	2021	2022	2023
Impact on net profit	Little	Little	Little
Impact on competitive position	None	None	None

V. Labor Relations

(I) Existing Major Labor Relations and implementation

1. Employee Benefits.

The Company's benefit items are as follows:

- (1) Handle labor and health insurance as stipulated. If employees pay for various insurances, notify them actively and help them apply for payment to protect their rights and interests.
- (2) Buy collective insurances for all regular employees (including spouses and children), including life insurance, accident insurance, medical insurance and cancer insurance. The Company pays for these insurances in full amount.
- (3) Annual bonus and annual bonus issued according to company's operation and performance.
- (4) Regular physical examination for employees.
- (5) Gifts distributed for Mid-Autumn Festival, Dragon Boat Festival, Spring Festival and Labor Day.

The Employee Welfare Committee mainly handles the following items:

- (1) Cash gift distributed for Mid-Autumn Festival, Dragon Boat Festival and Spring Festival.
- (2) Birthday gifts.
- (3) Subsidies for marriage, childbirth, funeral, or permanent disability.

- (4) Travel subsidies.
- (5) Subsidies for club activities.
- (6) Organization of festival activities.

The Company is equipped with the Employee Welfare Committee, which has been ratified and registered as per document FU-SHE-LAO-ZI 148470 of Taoyuan County Government and document BEI-SHI-LAO-SAN-ZI No. 12761 of the Labor Department of Taipei Municipal Government. The committee was selected and appointed by employees, welfare funds were appropriated monthly and employee benefit was handled.

2.Retirement system

The Company has drafted retirement methods for managerial officers and regular employees.

For employees selected new retirement pension systems from July 1, 2005, the Company has allocated retirement pension to personal accounts of workers of the Bureau of Labor Insurance monthly; for employees who selected old retirement pension systems, the Company allocated retirement funds monthly according to "Labor Standards Act" and actuaries' results, which were managed by the Employee Retirement Reserve Supervision Committee, and deposited them in special accounts of Bank of Taiwan in their name; the Company withdrew welfare and liabilities for managerial officers according to actuaries' results.

3.Educational training

Educational training fees for 2020 were NT\$ 10,684 thousand. Talent is a major asset of Standard Foods. We believe that the Company grows with employee growth. Standard Foods persists in and improves talent quality as planned and builds an outstanding team and competitive advantage to achieve sustainable operation objectives. According to function and skill requirements as well as training plans and essentials of all departments, we publicize technical experience and develop core knowledge through internal training system and supervisor training to satisfy employee needs and employee's personal development needs and cultivate professional skills of employees. The marketing team receives a series of training on skills and a collaborative visit to cultivate their professional skills; the annual marketing meeting enables employees to fully understand the company's marketing strategy and actively participate in major activities.

To improve product quality and efficiency, the supply chain center continuously carries out training and guidance of total productive maintenance (TPM) and puts learning outcomes into practice through annual theme formulation, plan implementation and achievement display.

Assist new employees in getting involved as quickly as possible and understanding that the Company is the foundation, so knowledge training, new employee guidance, factory visit and professional course are arranged to help new employees get started quickly and adapt to the organization's culture.

We hope with employees and the Company could grow together, so we check

professional skills together with employees so that they can not only understand their working conditions but also develop their learning ability. To build a diversified learning environment, except existing learning methods, online resource learning and professional skill training are conducted so that the Company and employees can plan to learn contents more flexibly. In the future, we will devote ourselves to building a professional and operable learning team based on this!

4. Protective measures for the work environment and employees' safety:

To improve the work environment and employee's safety, the factory introduces occupational safety and health management systems ISO-45001:2018 and CNS 45001:2018 and environmental protection system ISO-14001: 2015 to verify and standardize safety and health system plans developed as stipulated, in line with "planning (P)", "Do (D)", "Check (C)" and "Audit (A)", under environment integration, safety and health matters and holistic management system and through reference with the external situation and legal development in order to effectively implement an environmental safety management system and improve ESH performance.

5. The top management shall demonstrate its leadership and commitment to the ESH Management System in the following ways:

- (1) Prevent damage and insalubrity events; provide safe and healthy workplaces and carry out relevant activities to assume absolute responsibility for the effectiveness of ESH management systems.
- (2) Ensure that the ESH policy and ESH objectives are established, and are compatible with the organization's strategic direction and context;
- (3) Ensure that the requirements of the ESH Management System are integrated into the organization's business processes.
- (4) Ensure that the resources required for the ESH Management System are available.
- (5) Communicate the importance of effectively implementing environment, safety and health management and complying with ESH Management System requirements.
- (6) Ensure that the ESH Management System can achieve its expected outcomes.
- (7) Guide and support staff to contribute to the effectiveness of the ESH Management System.
- (8) Ensure and promote continual improvement.
- (9) Support other relevant management roles to show their leadership in own responsible areas.
- (10) Develop, guide and promote an internal organizational culture that supports the expected outcomes of the OSH Management System.
- (11) While reporting events, harms, risks and opportunities, protect workers from revenge.
- (12) Ensure that the organization establishes and implements consultation and participation procedures for its workers.
- (13) Support the establishment and operation of the Safety and Health Committee.

6. Employee Code of Practice

To specify rights and obligations of employee and employer, improve the operating management system and encourage employees to make concerted efforts, employee working rules are developed according to the Labor Standards Act and relevant decrees, which specify the code of practice as follows:

- (1) Employees should be devoted to their duties, comply with company rules and follow supervisors' reasonable guidance and management and should not perform their duties in a perfunctory manner or shuffle and disobey. Supervisors should give guidance to employees kindly.
- (2) Employees should work seriously and protect public properties inside the Company to reduce losses and improve quality and production and keep business or occupational secrets confidential outside the Company.
- (3) The Company's employees shall report their duties and business to supervisors from the first level up and shall not bypass mid-level supervisors and directly report to higher-level supervisors unless it is an emergency or a special circumstance.
- (4) Without permission, employees should not take relatives and friends to workplaces.
- (5) Employees shall not use their power for their interests or others.
- (6) Without the Company's written permission, employees should not engage in similar services outside the Company in order not to affect performance of the labor contract.
- (7) Employees shall not receive treats, gifts, rebates, or other illegal benefits in their duties or the violation of their duties.
- (8) Employees should not carry ammunitions, weapons, dangerous goods (articles and other chemicals and inflammable products that are not needed for work and can cause personal damage or may cause a disaster easily), prohibited goods, articles unrelated to production and illegal articles to workplaces.
- (9) Without permission, employees should not take public properties out of workplaces or lend them to other units or individuals.
- (10) Employee and employer should negotiate about changes in labor contracts; if necessary, the employer should mobilize employees according to the following principles:
 - For the need of business management and without malignant motives. If the law or regulation has provided otherwise, the laws shall prevail.
 - Employee's salaries and other labor conditions are not changed in a malignant way.
 - Employees are eligible for work in physical condition and skill.
 - If the workplace is too far, the employer should provide necessary assistance.
 - Consider employee's and their family's life benefits.

7. Labor contract

The Company selects an employee representative according to labor meeting implementation methods drafted by the labor committee and employer representative is recommended by the Company. The term of employee representative and employer representative is three years, the successively selected employee representative should

be reappointed, the successively appointed employer representative should be reappointed, the labor meeting should be convened every three months with employee representative and employer representative participating to coordinate labor relations, promote labor cooperation and prevent labor disputes; employee and employer should discuss matters concerning laborer's welfare, labor safety and health, productivity improvement and annual plan and reach a consensus for both parties' benefits.

- (II) **Loss Resulting from Labor-management Relations in the Most Recent Fiscal Year and the Current Fiscal Year up to the Date of Publication of the Annual Report:** None.

VI. Major Agreements

April 30, 2021

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Technical cooperation	Quaker Oats Company	1994.07-2034.07.11 (Note 1)	Produce Quaker oatmeal and oat flour for babies with Quaker brand in Taiwan	(Note 2)
Distributor/ General Agent	Fonterra Brands (Far East) Limited	2008.04.28-2021.04.27 (Note 3)	Exclusive agency in Taiwan Fonterra Brands products	(Note 3)
Supply and Sales Contract	Welfare Division of the Ministry of National Defense	2020.10.23-2021.10.22 (Note 4)	Provide welfare for officers and soldiers and their family dependents of the National Revolutionary Army	None

Note 1: Contracts should be renewed on a basis of five years and both parties should negotiate about renewal of contracts six months before expiration.

Note 2: Net sales of Quaker products decreased by above 18% for consecutive two quarters compared with the preceding year and the Company failed to explain the reason to Quaker Oats Company. If it was not because the Company did not perform the obligations hereunder, Quaker Oats Company shall terminate the contract by issuing a written notice to the Company six months in advance.

Note 3: The sole distributor contract was consent not to be renewed by both parties after it expired on April 27, 2021.

Note 4: Renewal of contract per year.

Chapter 6. Financial Information

I. Condensed balance sheet, income statement, external auditor's name and audit opinion for the most recent five years

(1) Condensed Balance Sheets and Statements of Comprehensive Income - International Financial Reporting Standards (IFRS)

Abbreviated Consolidated Balance Sheet-IFRS-Consolidated

Unit: NT\$ thousand

Year Item		Most-Recent 5-Year Financial Information					As of March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Current assets		15,127,876	15,496,940	17,107,047	18,513,185	21,125,786	19,777,311
Property, plant and equipment		4,684,441	5,676,084	5,478,238	5,125,312	4,201,645	4,147,750
Intangible assets		144,702	78,066	73,050	68,087	106,208	104,227
Other assets		1,862,067	1,458,398	1,339,321	1,781,681	2,390,223	2,798,536
Total asset value		21,819,086	22,709,488	23,997,656	25,488,265	27,823,862	26,827,824
Current liabilities	Before distribution	6,865,895	7,137,271	7,510,934	7,682,083	8,955,895	7,391,076
	After distribution	8,273,725	8,967,450	9,798,658	10,107,070	(Note 2)	(Note 2)
Non-current liabilities		535,430	548,609	446,397	855,491	852,340	758,998
Total liabilities	Before distribution	7,401,325	7,685,880	7,957,331	8,537,574	9,808,235	8,150,074
	After distribution	8,809,155	9,516,059	10,245,055	10,962,561	(Note 2)	(Note 2)
Equity attributable to owners of parent company		14,217,975	14,785,740	15,806,926	16,678,127	17,684,488	18,310,660
Share capital		8,798,939	9,150,897	9,150,897	9,150,897	9,150,897	9,150,897
Capital surplus		72,397	83,124	93,045	109,718	127,392	127,392
Retained earnings	Before distribution	5,449,618	5,833,327	6,915,111	8,016,188	8,782,873	9,347,842
	After distribution	3,689,830	4,003,148	4,627,387	5,591,201	(Note 2)	(Note 2)
Other equity		(81,797)	(260,426)	(330,945)	(577,494)	(355,492)	(294,289)
Treasury stock		(21,182)	(21,182)	(21,182)	(21,182)	(21,182)	(21,182)
Non-controlling Interests		199,786	237,868	233,399	272,564	331,139	367,090
Total equity	Before distribution	14,417,761	15,023,608	16,040,325	16,950,691	18,015,627	18,677,750
	After distribution	13,009,931	13,193,429	13,752,601	14,525,704	(Note 2)	(Note 2)

Note 1: Reviewed by independent auditors.

Note 2: Determined by resolutions of the Annual General Shareholders' Meeting.

Abbreviated Consolidated Income Statement -IFRS-Consolidated

Unit: NTD thousands (EPS: NTD)

Item \ Year	Most-Recent 5-Year Financial Information					Financial information as of March 31, 2021 (Note 1)
	2016	2017	2018	2019	2020	
Operating revenue	27,073,564	26,477,924	27,340,587	31,266,232	34,466,244	8,269,002
Gross profit	8,005,049	7,399,955	8,254,345	9,631,013	9,609,454	2,105,534
Operating profit (loss)	3,011,552	2,794,878	3,149,836	4,423,873	4,044,179	720,185
Non-operating revenue and expenses	268,253	(49,475)	526,396	124,661	244,532	5,001
Profit before income tax	3,279,805	2,745,403	3,676,232	4,548,534	4,288,711	725,186
Net income from continuing operations	2,637,756	2,209,909	2,968,307	3,454,836	3,255,830	571,436
Loss from discontinued operations	-	-	-	-	-	-
Net Income (Loss)	2,637,756	2,209,909	2,968,307	3,454,836	3,255,830	571,436
Other comprehensive income for the period (after tax)	(438,072)	(214,628)	(138,749)	(256,189)	240,351	90,687
Total comprehensive income for the period	2,199,684	1,995,281	2,829,558	3,198,647	3,496,181	662,123
Net Income Attributable to Shareholders of the Parent	2,606,544	2,173,044	2,949,089	3,416,097	3,212,801	564,969
Net Income Attributable to Non-controlling Interests	31,212	36,865	19,218	38,739	43,029	6,467
Comprehensive Income Attributable to Owners of the Parent	2,170,889	1,964,868	2,813,107	3,142,252	3,413,674	626,172
Comprehensive Income Attributable to Non-controlling Interests	28,795	30,413	16,451	56,395	82,507	35,951
Earnings per Share (Note 2)	2.87	2.39	3.25	3.76	3.54	0.62

Note 1: Reviewed by independent auditors.

Note 2: Weighted average shares shall be calculated based on the ratio of capital increased by surplus after adjustment.

Abbreviated Parent-Company-Only Balance Sheet-IFRS-Individual

Unit: NT\$ thousand

Item \ Year		Most-Recent 5-Year Financial Information				
		2016	2017	2018	2019	2020
Current assets		5,048,559	5,266,070	6,625,406	7,306,207	7,566,635
Property, plant and equipment		1,363,441	1,409,677	1,420,548	1,372,629	1,352,887
Intangible assets		3,558	3,375	1,672	2,943	13,660
Other assets		10,097,381	10,295,641	10,308,831	10,914,409	11,651,568
Total asset value		16,512,939	16,974,763	18,356,457	19,596,188	20,584,750
Current liabilities	Before distribution	1,914,283	1,790,235	2,220,075	2,384,532	2,326,250
	After distribution	3,322,113	3,620,414	4,507,799	4,809,519	(Note 1)
Non-current liabilities		380,681	398,788	329,456	533,529	574,012
Total liabilities	Before distribution	2,294,964	2,189,023	2,549,531	2,918,061	2,900,262
	After distribution	3,702,794	4,019,202	4,837,255	5,343,588	(Note 1)
Share capital		8,798,939	9,150,897	9,150,897	9,150,897	9,150,897
Capital surplus		72,397	83,124	93,045	109,718	127,392
Retained earnings	Before distribution	5,449,618	5,833,327	6,915,111	8,016,188	8,782,873
	After distribution	3,689,830	4,003,148	4,627,387	5,591,201	(Note 1)
Other equity		(81,797)	(260,426)	(330,945)	(577,494)	(355,492)
Treasury stock		(21,182)	(21,182)	(21,182)	(21,182)	(21,182)
Total equity	Before distribution	14,217,975	14,785,740	15,806,926	16,678,127	17,684,488
	After distribution	12,810,145	12,955,561	13,519,202	14,253,140	(Note 1)

Note 1: Determined by resolutions of the Annual General Shareholders' Meeting.

Abbreviated Parent-Company-Only Income Statement-IFRS-Individual

Unit: NTD thousands (EPS: NTD)

Item \ Year	Most-Recent 5-Year Financial Information				
	2016	2017	2018	2019	2020
Operating revenue	11,655,791	11,259,683	12,187,907	13,139,944	13,184,535
Gross profit	3,835,072	3,689,421	4,082,297	4,670,008	4,729,064
Operating profit (loss)	2,191,994	2,136,045	2,370,064	2,955,225	2,847,983
Non-operating revenue and expenses	883,742	427,729	1,117,097	1,228,861	1,073,384
Profit before income tax	3,075,736	2,563,774	3,487,161	4,184,086	3,921,367
Net income from continuing operations	2,606,544	2,173,044	2,949,089	3,416,097	3,212,801
Loss from discontinued operations	-	-	-	-	-
Net Income (Loss)	2,606,544	2,173,044	2,949,089	3,416,097	3,212,801
Other comprehensive income for the period (after tax)	(435,655)	(208,176)	(135,982)	(273,845)	200,873
Total comprehensive income for the period	2,170,889	1,964,868	2,813,107	3,142,252	3,413,674
Earnings per share (Note 1)	2.87	2.39	3.25	3.76	3.54

Note 1: Weighted average shares shall be calculated based on the ratio of capital increased by surplus after adjustment.

(2) Name of CPAs and Audit Opinions for the Most Recent 5 Years

Year	Accounting Firm	Name of CPAs	Opinion
2020	Deloitte & Touche	Tse-Li Lung, Chih-Yuan Chen	Unmodified opinion
2019	Deloitte & Touche	Tse-Li Lung, Yang Ching-Chiang	Unmodified opinion
2018	Deloitte & Touche	Tse-Li Lung, Yang Ching-Chiang	Unmodified opinion
2017	Deloitte & Touche	Ting-Chen Hsü, Tse-Li Kung	Unmodified opinion
2016	Deloitte & Touche	Ting-Chen Hsü, Tse-Li Kung	Unmodified opinion

II. Financial Analysis in the Most Recent Five Years

(1) Consolidated Financial Analysis -IFRS (Consolidated)

Analysis Item (Note 1)		Financial Analysis in the Most Recent Five Years					As of March 31, 2021 (Note)
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debt-to-asset ratio (%)	33.92	33.84	33.16	33.50	35.25	30.38
	Ratio of long-term capital to property, plant, and equipment (%)	319.21	274.35	300.95	347.42	449.06	468.61
Debt service ability	Current ratio (%)	220.33	217.13	227.76	240.99	235.89	267.58
	Quick ratio (%)	127.07	129.47	150.05	175.10	160.32	170.41
	Interest coverage ratio (%)	62.24	37.26	46.53	98.03	84.54	63.92
Operating Ability	Accounts receivable turnover rate (times)	5.57	5.11	4.86	4.96	5.41	5.75
	Average days for cash receipts	65.52	71.42	75.10	73.58	67.46	63.47
	Inventory turnover rate (times)	4.80	4.31	4.36	5.51	5.67	4.65
	Accounts payable turnover rate (times)	9.40	9.96	9.76	9.28	10.87	12.80
	Average days for sale of goods	76.04	84.68	83.71	66.24	64.37	78.49
	Property, plant, and equipment turnover rate (times)	6.39	5.11	4.90	5.90	7.39	7.92
	Total assets turnover rate (times)	1.28	1.19	1.17	1.26	1.29	1.21
Profitability	Return on total assets (%)	12.67	10.21	12.99	14.11	12.37	8.50
	Return on equity (%)	18.89	15.01	19.11	20.94	18.62	12.46
	Pre-tax profit to paid-in capital (%) (Note 7)	37.28	30.00	40.17	49.71	46.87	31.70
	Net profit margin (%)	9.74	8.35	10.86	11.05	9.45	6.91
	Earnings per share (NT\$)	2.87	2.39	3.25	3.76	3.54	0.62
Cash Flows	Cash flow ratio (%)	32.99	35.62	35.14	65.43	27.13	(9.32)
	Cash flow adequacy ratio (%)	91.42	88.34	101.02	118.09	97.00	97.46
	Cash reinvestment ratio (%)	5.41	5.88	3.93	13.12	-	(3.09)
Leverage	Operating leverage	1.45	1.49	1.47	1.46	1.57	1.73
	Financial leverage	1.02	1.03	1.03	1.01	1.01	1.02

Reasons for changes in financial ratios in the most recent two years:

1. The ratio of long-term capital to fixed assets increased in 2020 due to an increase in legal surplus in total equity and a decrease in net amount of property, plant and equipment.
2. The turnover rate for property, plant and equipment increased in 2020 due to an increase in revenue and a decrease in net amount of property, plant and equipment.
3. Increase in cash flow ratio in 2020: due to an increase in net cash flow from operating activities.
4. Decrease in cash reinvestment ratio in 2020: due to a decrease in net cash flow from operating activities.

Note: Reviewed by CPAs.

Financial analysis - International Financial Reporting Standards (Individual)

<div> <div></div> <div>Year</div> <div>Analysis Item (Note 1)</div> </div>		Financial Analysis in the Most Recent Five Years				
		2016	2017	2018	2019	2020
Financial Structure (%)	Debt-to-asset ratio (%)	13.90	12.90	13.89	14.89	14.09
	Ratio of long-term capital to property, plant, and equipment (%)	1,070.72	1,077.16	1,135.93	1,253.92	1,349.60
Debt service ability	Current ratio (%)	263.73	294.16	298.43	306.40	325.27
	Quick ratio (%)	146.95	170.75	202.26	214.80	238.03
	Interest coverage ratio (%)	1,382.73	-	5,091.75	3,125.78	3,618.50
Operating Ability	Accounts receivable turnover rate (times)	5.99	5.74	5.97	5.91	5.98
	Average days for cash receipts	60.93	63.58	61.13	61.75	61.03
	Inventory turnover rate (times)	4.02	4.05	4.36	4.51	4.50
	Accounts payable turnover rate (times)	9.01	9.39	9.90	9.35	9.65
	Average days for sale of goods	90.79	90.12	83.71	80.93	81.11
	Property, plant, and equipment turnover rate (times)	8.67	8.12	8.61	9.41	9.67
	Total assets turnover rate (times)	0.71	0.67	0.69	0.69	0.66
Profitability	Return on total assets (%)	15.91	12.98	16.70	18.01	16.00
	Return on equity (%)	18.94	14.98	19.28	21.03	18.70
	Ratio of Pre-tax Net Income to Paid-in Capital Ratio (%) (Note 5)	34.96	28.02	38.11	45.72	42.85
	Net profit margin (%)	22.36	19.30	24.20	26.00	24.37
	Earnings per share (NT\$)	2.87	2.39	3.25	3.76	3.54
Cash Flows	Cash flow ratio (%)	106.59	107.93	79.67	105.51	54.96
	Cash flow adequacy ratio (%)	137.07	129.44	119.95	114.28	92.15
	Cash reinvestment ratio (%)	4.74	3.09	(0.34)	1.18	(5.58)
Leverage	Operating leverage	1.40	1.40	1.35	1.29	1.34
	Financial leverage	1.00	1.00	1.00	1.00	1.00
Reasons for changes in financial ratios in the most recent two years: 1. The decrease in the cash flow ratio in 2020 was mainly due to a decrease in net cash flows generated from operating activities. 2. The cash reinvestment ratio decreased in 2020 due to a decrease in net cash flows from operating activities, increase in working capital (increase in other receivables-related people in current assets) and increase in investments by the equity method.						

Note 1: The following formulas should be outlined at the end of the annual report:

1. Financial structure

(1) Debt ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.

2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
 - (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
 - (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold/Average inventories.
 - (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
 - (5) Average days for sale of goods = 365/Inventory turnover rate.
 - (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
 - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
 - (1) Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.
 - (2) Return on equity = Income after tax/Average total equity.
 - (3) Net profit margin = Income after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of the parent - preferred stock dividends)/Weighted average number of shares issued. (Note 2)
5. Cash flows
 - (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
 - (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital). (Note 3)
6. Leverage
 - (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income (Note 4).
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 2: Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. Shares outstanding is based on weighted average shares, and not based on year-end shares outstanding.
2. Cash offerings or treasury stock transactions are considered in calculating weighted average shares.
3. Earnings appropriation or reserves to paid-in capital shall be calculated and adjusted accordingly.
4. If preferred shares are cumulative non-convertible preferred shares, dividends shall be subtracted (regardless of whether they are paid out in dividends), from after-tax net profit. If preferred shares are non-cumulative, in the event of net profits, preferred shares shall be subtracted after tax, but no adjustments needed if there are losses.

Note 3: Special attention should be paid to the following when measuring cash flow analysis:

1. Cash flows from operating activities refer to operating cash flows.
2. Capital expenditures are from the annual cash flow statements on capital expenditure outflows.
3. Inventory increases are from period-end balance greater than period beginning balances, if inventories are less, then zero is applied.
4. Cash dividends include common stock and preferred shares dividends.
5. Property, plant, and machinery balance is after subtracting accumulative depreciation.

Note 4: The issuer shall classify the operating costs and operating expenses as fixed or variable as per their nature. If it involves estimation or subjective judgment, they are classified based on rationality and consistency.

Note 5: Where Corporation shares have no par value or where the par value per share is not NTD 10, any calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio belonging to the owner of the parent Corporation of the asset balance sheet.

III. Audit Committee's Audit Report on the Financial Statement for the Most Recent Year

Standard Foods Corporation
Audit Committee Review Report

The Board of Directors has prepared and submitted the Company's 2020 Business Report, Consolidated Financial Statements, Individual Financial Statements, and earnings distribution plans, of which the Consolidated Financial Statements and Individual Financial Statements have been audited and certified by the independent auditors of Deloitte & Touche and Chih-Yuan Chen, and an audit report has been issued. The abovementioned Business Report, Consolidated Financial Statements, Individual Financial Statements, and earnings distribution plans have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

Shareholders' Meeting of Standard Foods Co., Ltd. in 2021

Standard Foods Corporation

Convener of the Audit Committee: Ben Chang

March 23, 2021

IV. Consolidated Financial Statements for the Most Recent Fiscal Year

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, 2020 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 22, 2021

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, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, 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, 2020 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. 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. 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, 2020. 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, 2020 is stated as follows:

Estimate of Return Liability

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

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

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

Other Matter

We have also audited the parent company only financial statements of Standard Foods Corporation as of and for the years ended December 31, 2020 and 2019, 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tza-Li Gung and Zhi-Yuan Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 4,332,018	16	\$ 3,705,903	15
Financial assets at fair value through profit or loss - current (Note 7)	1,490,336	5	667,673	3
Financial assets at fair value through other comprehensive income - current (Note 8)	249,485	1	186,711	1
Financial assets at amortized cost - current (Note 9)	1,728,070	6	2,206,805	9
Notes receivable (Notes 10 and 25)	3,154	-	2,977	-
Trade receivables (Notes 10 and 25)	6,295,581	23	6,439,550	25
Trade receivable from related parties (Notes 25 and 33)	9,011	-	-	-
Finance lease receivables - current (Note 11)	2,917	-	2,775	-
Other receivables (Note 10)	224,370	1	193,083	1
Current tax assets (Note 27)	23,063	-	46,114	-
Inventories (Note 12)	5,124,648	18	3,646,984	14
Prepayments (Note 13)	1,579,289	6	1,385,226	5
Other current assets (Notes 19 and 34)	63,844	-	29,384	-
Total current assets	21,125,786	76	18,513,185	73
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	10,666	-	7,575	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	267,178	1	189,695	1
Property, plant and equipment (Notes 15 and 34)	4,201,645	15	5,125,312	20
Right-of-use assets (Note 16)	626,440	2	699,679	3
Investment properties (Notes 17 and 34)	844,797	3	122,492	-
Goodwill	817	-	818	-
Other intangible assets (Note 18)	105,391	-	67,269	-
Deferred tax assets (Note 27)	417,127	2	473,398	2
Finance lease receivables - non-current (Note 11)	24,031	-	26,948	-
Net defined benefit assets - non-current (Note 23)	3,521	-	919	-
Other non-current assets (Notes 19 and 34)	196,463	1	260,975	1
Total non-current assets	6,698,076	24	6,975,080	27
	<u>\$ 27,823,862</u>	<u>100</u>	<u>\$ 25,488,265</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 34)	\$ 1,846,767	7	\$ 1,382,955	6
Short-term bills payable (Note 20)	129,869	1	99,968	1
Contract liabilities - current (Note 25)	748,044	3	326,644	1
Notes payable (Note 21)	90,333	-	316,444	1
Trade payables (Note 21)	2,107,188	8	2,014,619	8
Trade payables to related parties (Note 33)	20,526	-	26,141	-
Other payables (Note 22)	3,442,258	12	2,850,674	11
Current tax liabilities (Note 27)	399,020	1	547,018	2
Lease liabilities - current (Note 16)	77,782	-	83,119	-
Current portion of long-term borrowings (Notes 20 and 34)	-	-	6,000	-
Other current liabilities (Note 5 and 22)	94,108	-	28,501	-
Total current liabilities	8,955,895	32	7,682,083	30
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 27)	351,328	1	268,813	1
Lease liabilities - non-current (Note 16)	200,191	1	264,496	1
Net defined benefit liabilities - non-current (Note 23)	280,701	1	299,204	2
Other non-current liabilities (Note 22)	20,120	-	22,978	-
Total non-current liabilities	852,340	3	855,491	4
Total liabilities	9,808,235	35	8,537,574	34
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Ordinary shares	9,150,897	33	9,150,897	36
Capital surplus	127,392	-	109,718	-
Retained earnings				
Legal reserve	3,287,022	12	2,945,412	11
Special reserve	577,494	2	330,945	1
Unappropriated earnings	4,918,357	18	4,739,831	19
Total retained earnings	8,782,873	32	8,016,188	31
Other equity	(355,492)	(1)	(577,494)	(2)
Treasury shares	(21,182)	-	(21,182)	-
Total equity attributable to owners of the Company	17,684,488	64	16,678,127	65
NON-CONTROLLING INTERESTS (Note 24)	331,139	1	272,564	1
Total equity	18,015,627	65	16,950,691	66
TOTAL	<u>\$ 27,823,862</u>	<u>100</u>	<u>\$ 25,488,265</u>	<u>100</u>

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 25 and 33)	\$ 34,466,244	100	\$ 31,266,232	100
OPERATING COSTS				
Cost of goods sold (Notes 12, 26 and 33)	<u>24,856,790</u>	<u>72</u>	<u>21,635,219</u>	<u>69</u>
GROSS PROFIT	<u>9,609,454</u>	<u>28</u>	<u>9,631,013</u>	<u>31</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	4,232,068	12	3,967,158	13
General and administrative expenses	1,152,067	3	1,078,836	4
Research and development expenses	166,035	1	148,384	-
Expected credit loss	<u>15,105</u>	<u>-</u>	<u>12,762</u>	<u>-</u>
Total operating expenses	<u>5,565,275</u>	<u>16</u>	<u>5,207,140</u>	<u>17</u>
OPERATING INCOME	<u>4,044,179</u>	<u>12</u>	<u>4,423,873</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 26)	119,907	-	74,819	-
Other income (Note 26)	39,862	-	35,918	-
Other gains (Notes 26 and 29)	136,100	1	60,803	-
Finance costs (Note 26)	<u>(51,337)</u>	<u>-</u>	<u>(46,879)</u>	<u>-</u>
Total non-operating income and expenses	<u>244,532</u>	<u>1</u>	<u>124,661</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	4,288,711	13	4,548,534	14
INCOME TAX EXPENSE (Note 27)	<u>1,032,881</u>	<u>3</u>	<u>1,093,698</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>3,255,830</u>	<u>10</u>	<u>3,454,836</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(26,831)	-	(36,667)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	140,235	-	54,764	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>5,347</u>	<u>-</u>	<u>7,671</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>118,751</u>	<u>-</u>	<u>25,768</u>	<u>-</u>

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 151,809	-	\$ (351,999)	(1)
Income tax relating to the items that may be reclassified subsequently to profit or loss (Note 27)	<u>(30,209)</u>	<u>-</u>	<u>70,042</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>121,600</u>	<u>-</u>	<u>(281,957)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>240,351</u>	<u>-</u>	<u>(256,189)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,496,181</u>	<u>10</u>	<u>\$ 3,198,647</u>	<u>10</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,212,801	10	\$ 3,416,097	11
Non-controlling interests	<u>43,029</u>	<u>-</u>	<u>38,739</u>	<u>-</u>
	<u>\$ 3,255,830</u>	<u>10</u>	<u>\$ 3,454,836</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,413,674	10	\$ 3,142,252	10
Non-controlling interests	<u>82,507</u>	<u>-</u>	<u>56,395</u>	<u>-</u>
	<u>\$ 3,496,181</u>	<u>10</u>	<u>\$ 3,198,647</u>	<u>10</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 3.54</u>		<u>\$ 3.76</u>	
Diluted	<u>\$ 3.53</u>		<u>\$ 3.76</u>	

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

(Concluded)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity	Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE AT JANUARY 1, 2019	\$ 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
Appropriation of 2019 earnings													
Legal reserve	-	-	341,610	-	(341,610)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	246,549	(246,549)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(2,424,987)	(2,424,987)	-	-	-	-	(2,424,987)	-	(2,424,987)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	17,674	-	-	-	-	-	-	-	-	17,674	-	17,674
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(23,932)	(23,932)
Net profit for the year ended December 31, 2020	-	-	-	-	3,212,801	3,212,801	-	-	-	-	3,212,801	43,029	3,255,830
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(21,129)	(21,129)	120,832	101,170	222,002	-	200,873	39,478	240,351
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	3,191,672	3,191,672	120,832	101,170	222,002	-	3,413,674	82,507	3,496,181
BALANCE AT DECEMBER 31, 2020	\$ 9,150,897	\$ 127,392	\$ 3,287,022	\$ 577,494	\$ 4,918,357	\$ 8,782,873	\$ (572,206)	\$ 216,714	\$ (355,492)	\$ (21,182)	\$ 17,684,488	\$ 331,139	\$ 18,015,627

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,288,711	\$ 4,548,534
Adjustments for:		
Depreciation expenses	596,990	574,798
Amortization expenses	65,479	54,237
Expected credit loss recognized on trade receivables	15,105	12,762
Net gain loss on fair value changes of financial assets and financial liabilities at fair value through profit or loss	(929)	(7,812)
Finance costs	51,337	46,879
Interest income	(119,907)	(74,819)
Dividend income	(9,809)	(11,231)
Loss on disposal of property, plant and equipment	2,959	37,346
Loss on disposal of investment properties	-	4,268
Others	-	(19)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as fair value through profit or loss	(823,078)	(42,330)
Notes receivable	(134)	(204)
Trade receivables	172,746	(418,070)
Trade receivables from related parties	(9,011)	-
Other receivables	(21,040)	30,739
Inventories	(1,427,914)	490,995
Prepayments	(172,766)	185,019
Other current assets	(34,073)	(7,472)
Accrued pension assets	(2,602)	1,645
Contract liabilities	409,533	(21,368)
Notes payable	(227,045)	196,093
Trade payables	85,049	(121,831)
Trade payables - related parties	(5,615)	17,540
Other payables	562,724	298,026
Other current liabilities	64,643	(5,242)
Net defined benefit liabilities	(46,228)	(3,124)
Cash generated from operations	3,415,125	5,785,359
Interest received	110,023	72,781
Interest paid	(51,777)	(50,799)
Income tax paid	(1,043,196)	(780,867)
Net cash generated from operating activities	<u>2,430,175</u>	<u>5,026,474</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(3,929,027)	(3,588,919)
Refund of financial assets at amortized cost	4,412,156	2,879,221
Payments for property, plant and equipment	(281,891)	(405,804)
Proceeds from disposal of property, plant and equipment	20,943	20,095
Payments for intangible assets	(42,768)	(7,564)
		(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Decrease in finance lease receivables	\$ 2,775	\$ 2,640
Increase in other financial assets	-	(13,000)
Decrease in other financial assets	83,674	-
Increase in other non-current assets	(73,606)	-
Decrease in other non-current assets	-	2,296
Other dividends received	<u>9,809</u>	<u>11,006</u>
Net cash generated from (used in) investing activities	<u>202,065</u>	<u>(1,100,029)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	440,344	-
Decrease in short-term borrowings	-	(301,316)
Increase in short-term bills payable	29,901	-
Decrease in short-term bills payable	-	(19,936)
Payments for long-term borrowings	(6,000)	(21,000)
Repayment of the principal portion of lease liabilities	(88,207)	(73,714)
Increase in other financial liabilities	-	705
Decrease in other financial liabilities	(286)	-
Decrease in other non-current liabilities	(2,851)	(1,757)
Dividends paid to owners of the Company	<u>(2,431,245)</u>	<u>(2,288,281)</u>
Net cash used in financing activities	<u>(2,058,344)</u>	<u>(2,705,299)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>52,219</u>	<u>(105,195)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	626,115	1,115,951
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,705,903</u>	<u>2,589,952</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,332,018</u>	<u>\$ 3,705,903</u>

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

(Concluded)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (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 22, 2021.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

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

The Group applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. 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 that together significantly contribute to the ability to create outputs. To determine whether an acquired process is substantive, different criteria apply, depending on whether there are outputs at the acquisition date. 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 Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to “could reasonably be expected to influence”. Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”	June 1, 2020

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 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

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

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

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

recorded at weighted-average cost on the balance sheet date.

g. Property, plant and equipment

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

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

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

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

h. Investment properties

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

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

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

i. Goodwill

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Revenue recognition

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

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

• Revenue from the sale of goods

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

n. Leases

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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

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

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

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

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

o. Borrowing costs

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

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

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

p. Government grants

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

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

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

profit or loss in the period in which they become receivable.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current tax and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimate of Return Liability

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 2,336	\$ 2,940
Checking accounts and demand deposits	4,258,398	3,198,093
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	71,284	184,478
Repurchase agreements collateralized by bonds	-	320,392
	<u>\$ 4,332,018</u>	<u>\$ 3,705,903</u>

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

	December 31	
	2020	2019

Bank balance	0.001%-3.220%	0.001%-3.220%
Repurchase agreements collateralized by bonds	-	0.550%-0.560%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 1,461,304	\$ 667,673
Note cash	<u>29,032</u>	<u>-</u>
	<u>\$ 1,490,336</u>	<u>\$ 667,673</u>

(Continued)

	December 31	
	2020	2019
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	<u>\$ 10,666</u>	<u>\$ 7,575</u>

(Concluded)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
<u>Current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	<u>\$ 249,485</u>	<u>\$ 186,711</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 267,178</u>	<u>\$ 189,695</u>

a. Investments in equity instruments at FVTOCI

	December 31	
	2020	2019
<u>Current</u>		
Listed shares and emerging market shares		
Ordinary shares - Far Eastern International Bank	\$ 15,374	\$ 16,479
Ordinary shares - Chunghwa Telecom Co., Ltd	5,297	5,346

Ordinary shares - Formosa Plastics Corporation	8,815	9,126
Ordinary shares - China Steel Corporation	19,881	19,198
Ordinary shares - Polytronics Technology Corp.	152,418	106,772
Ordinary shares - Taiwan Semiconductor Manufacturing Co., Ltd.	<u>47,700</u>	<u>29,790</u>
	<u>\$ 249,485</u>	<u>\$ 186,711</u>
<u>Non-current</u>		
Listed shares and emerging market shares		
Ordinary shares - GeneFerm Biotechnology Co., Ltd.	\$ 62,423	\$ 65,640
Unlisted shares		
Ordinary shares - Dah Chung Bills Finance Corp.	14,918	15,702
Ordinary shares - InnoComm Mobile Technology Corp.	188,784	107,424
Ordinary shares - AsiaVest Liquidation Co.	<u>1,053</u>	<u>929</u>
	<u>\$ 267,178</u>	<u>\$ 189,695</u>

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

Dividends of \$9,809 thousand and \$11,231 thousand were recognized during 2020 and 2019, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ <u>1,728,070</u>	\$ <u>2,206,805</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.35%-4.13% and 0.65%-2.85% per annum as of December 31, 2020 and 2019, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2020	2019
<u>Notes receivable</u>		
Operating	\$ <u>3,154</u>	\$ <u>2,977</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 6,328,068	\$ 6,460,483
Less: Allowance for impairment loss	<u>(32,487)</u>	<u>(20,933)</u>
	\$ <u>6,295,581</u>	\$ <u>6,439,550</u>
<u>Other receivables</u>		
Accrued interest	\$ 19,033	\$ 8,912
Payments on behalf of others	3,259	595
Subsidy receivable	19,543	3,118
Others	<u>182,535</u>	<u>180,458</u>
	\$ <u>224,370</u>	\$ <u>193,083</u>

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

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

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

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

December 31, 2020

	Not Past Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.01%	0.44%	2.97%	51.56%	96.04%	
Gross carrying amount	\$ 5,855,491	\$ 353,466	\$ 74,259	\$ 40,270	\$ 7,736	\$ 6,331,222
Loss allowance (Lifetime ECL)	<u>(537)</u>	<u>(1,549)</u>	<u>(2,207)</u>	<u>(20,764)</u>	<u>(7,430)</u>	<u>(32,487)</u>
Amortized cost	<u>\$ 5,854,954</u>	<u>\$ 351,917</u>	<u>\$ 72,052</u>	<u>\$ 19,506</u>	<u>\$ 306</u>	<u>\$ 6,298,735</u>

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)	<u>(733)</u>	<u>(906)</u>	<u>(1,242)</u>	<u>(2,582)</u>	<u>(15,470)</u>	<u>(20,933)</u>
Amortized cost	<u>\$ 6,339,712</u>	<u>\$ 53,124</u>	<u>\$ 35,689</u>	<u>\$ 4,135</u>	<u>\$ 9,867</u>	<u>\$ 6,442,527</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 20,933	\$ 8,792
Add: Net remeasurement of loss allowance	15,105	12,762
Less: Amounts written off	(4,206)	-
Foreign exchange translation gains and losses	<u>655</u>	<u>(621)</u>
Balance at December 31	<u>\$ 32,487</u>	<u>\$ 20,933</u>

11. FINANCE LEASE RECEIVABLES

	December 31	
	2020	2019
<u>Undiscounted lease payments</u>		
Year 1	\$ 4,200	\$ 4,200
Year 2	4,700	4,200
Year 3	4,800	4,700
Year 4	4,800	4,800
Year 5	4,800	4,800
Year 6 onwards	<u>8,600</u>	<u>13,400</u>
	31,900	36,100
Less: Unearned finance income	<u>(4,952)</u>	<u>(6,377)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 26,948</u>	<u>\$ 29,723</u>

As of December 31, 2020, 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	
	2020	2019
Merchandise	\$ 640,373	\$ 578,324
Finished goods	1,977,416	1,544,663
Work in progress	350,629	354,748
Raw materials	2,092,141	1,101,188
Packing materials	<u>64,089</u>	<u>68,061</u>
	<u>\$ 5,124,648</u>	<u>\$ 3,646,984</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 included reversals of inventory writ-downs of \$12,132 thousand and loss on abandoned inventories of \$44,415 thousand. 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.

13. PREPAYMENTS

	December 31	
	2020	2019
Prepayments for purchases	\$ 1,025,145	\$ 884,193
Prepayments for rent	5,274	6,215
Prepayments for insurance	980	1,139
Excess business tax paid	212,798	255,952
Prepayments for advertisements	19,490	13,578
Others	<u>315,602</u>	<u>224,149</u>
	<u>\$ 1,579,289</u>	<u>\$ 1,385,226</u>

14. SUBSIDIARIES

Subsidiaries included in consolidated financial statements.

Investor	Investee	Main Business	Proportion of Ownership		Remark
			2020	2019	
The Company	Standard Dairy Products Taiwan Limited (“Standard Dairy Products”)	Manufacture and sale of dairy products and beverages	100.0	100.0	-
The Company	Chang Hui Ltd. (“Chang Hui”)	Investing	100.0	100.0	-
The Company	Domex Technology Corporation (“Domex Technology”)	Manufacture and sale of computer peripherals and computer appliances	52.0	52.0	-
The Company	Standard Beverage Company Limited (“Standard Beverage”)	Manufacture and sale of beverages	100.0	100.0	-
The Company	Accession Limited	Investing	100.0	100.0	-
The Company	Standard Investment (“Cayman”) Limited (“Cayman Standard”)	Investing	100.0	100.0	-
The Company	Le Bonta Wellness International Corporation (“Le Bonta Wellness”)	Sale of health food	100.0	100.0	-
The Company	Standard Foods, LLC.	Sale of health food	100.0	-	In June 2020, the Company invested US\$300 thousand and established Standard Foods, LLC.
Accession Limited	Shanghai Standard Foods Co., Ltd. (“Shanghai Standard”)	Manufacture and sale of edible oils and nutritious foods	100.0	100.0	-
Accession Limited	Shanghai Le Ben De Health Technology Co., Ltd. (“Shanghai Le Ben De”)	Technical consultant on health technology, technical transfer and technical service	100.0	100.0	-
Accession Limited	Dermalab S.A. (“Dermalab”)	Development and sale of cosmetics	100.0	100.0	-
Dermalab	Swissdema SL (“Swissdema”)	Sale of cosmetics	100.0	100.0	-
Cayman Standard	Standard Corporation (Hong Kong) Limited (“Hong Kong Standard”)	Investing	100.0	100.0	-
Hong Kong Standard	Standard Investment (China) Co., Ltd. (“China Standard Investment”)	Investing and sale of edible oils and nutritious foods	99.0	99.0	-
Hong Kong Standard	Shanghai Le Ming Industrial Co., Ltd. (“Shanghai Le Ming”)	Management of properties	100.0	100.0	-
Hong Kong Standard	Shanghai Le Ho Industrial Co., Ltd. (“Shanghai Le Ho”)	Management of properties	100.0	100.0	-
China Standard Investment	Standard Foods (China) Co., Ltd. (“China Standard Foods”)	Manufacture and sale of edible oils and nutritious foods	100.0	100.0	-
China Standard Investment	Shanghai Dermalab Corporation (“Shanghai Dermalab”)	Sale of nutritional foods, cosmetic and engage in import and export business	100.0	100.0	-
The Company and China Standard Investment	Le Bonta Wellness Co., Ltd. (“Shanghai Le Bonta”)	Sale of nutritional foods and engage in import and export business	100.0	100.0	-
China Standard Investment	Standard Foods (Xiamen) Co., Ltd. (“Xiamen Standard”)	Manufacture and sale of edible oils and nutritious foods	100.0	100.0	-

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Other Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 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	<u>\$ 702,405</u>	<u>\$ 4,078,150</u>	<u>\$ 4,069,198</u>	<u>\$ 561,938</u>	<u>\$ 138,888</u>	<u>\$ 9,550,579</u>

(Continued)

	Freehold Land	Buildings	Equipment	Other Equipment	Property in Construction	Total
<u>Accumulated depreciation and impairment</u>						
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	<u>\$ -</u>	<u>\$ 1,269,679</u>	<u>\$ 2,730,217</u>	<u>\$ 425,371</u>	<u>\$ -</u>	<u>\$ 4,425,267</u>
Carrying amount at December 31, 2019	<u>\$ 702,405</u>	<u>\$ 2,808,471</u>	<u>\$ 1,338,981</u>	<u>\$ 136,567</u>	<u>\$ 138,888</u>	<u>\$ 5,125,312</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 702,405	\$ 4,078,150	\$ 4,069,198	\$ 561,938	\$ 138,888	\$ 9,550,579
Additions	-	324	16,303	4,434	260,830	281,891
Disposals	-	(9,510)	(104,134)	(34,845)	(13,512)	(162,001)
Reclassified	2,940	48,874	167,842	39,470	(259,126)	-
Transfers to investment properties	-	(748,948)	-	-	-	(748,948)
Effects of foreign currency exchange differences	-	23,825	18,984	3,831	(77)	46,563
Balance at December 31, 2020	<u>\$ 705,345</u>	<u>\$ 3,392,715</u>	<u>\$ 4,168,193</u>	<u>\$ 574,828</u>	<u>\$ 127,003</u>	<u>\$ 8,968,084</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 1,269,679	\$ 2,730,217	\$ 425,371	\$ -	\$ 4,425,267
Disposals	-	(9,171)	(95,763)	(33,165)	-	(138,099)
Depreciation expenses	-	171,841	271,391	46,004	-	489,236
Transfers to investment properties	-	(29,475)	-	-	-	(29,475)
Effects of foreign currency exchange differences	-	7,891	8,908	2,711	-	19,510
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 1,410,765</u>	<u>\$ 2,914,753</u>	<u>\$ 440,921</u>	<u>\$ -</u>	<u>\$ 4,766,439</u>
Carrying amount at December 31, 2020	<u>\$ 705,345</u>	<u>\$ 1,981,950</u>	<u>\$ 1,253,440</u>	<u>\$ 133,907</u>	<u>\$ 127,003</u>	<u>\$ 4,201,645</u>

(Concluded)

No impairment assessment was performed for the years ended December 31, 2020 and 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 34 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings granted to the Group.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Land	\$ 399,166	\$ 404,964
Buildings	218,696	286,147
Office equipment	444	390
Transportation equipment	<u>8,134</u>	<u>8,178</u>
	<u>\$ 626,440</u>	<u>\$ 699,679</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 15,812</u>	<u>\$ 176,972</u>
Depreciation charge for right-of-use assets		
Land	\$ 12,314	\$ 12,381
Buildings	77,501	61,539
Office equipment	76	29
Transportation equipment	<u>3,633</u>	<u>2,975</u>
	<u>\$ 93,524</u>	<u>\$ 76,924</u>

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 77,782</u>	<u>\$ 83,119</u>
Non-current	<u>\$ 200,191</u>	<u>\$ 264,496</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.07%-1.49%	1.07%-1.49%
Buildings	1.07%-4.35%	1.07%-4.35%
Office equipment	1.07%	1.07%
Transportation equipment	1.07%-3.77%	1.07%-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.

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	\$ 92,994	\$ 96,334
Expenses relating to low-value asset leases	\$ 1,144	\$ 881
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 77	\$ -
Total cash outflow for leases	\$ (192,131)	\$ (178,717)

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

17. INVESTMENT PROPERTIES

	Completed Investment Properties	Right-of-use Assets	Total
<u>Cost</u>			
Balance at January 1, 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	<u>\$ 241,711</u>	<u>\$ 5,548</u>	<u>\$ 247,259</u>
<u>Accumulated depreciation and impairment</u>			
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	<u>\$ 124,434</u>	<u>\$ 333</u>	<u>\$ 124,767</u>
Carrying amount at December 31, 2019	<u>\$ 117,277</u>	<u>\$ 5,215</u>	<u>\$ 122,492</u>

(Continued)

<u>Cost</u>	Completed Investment Properties	Right-of-use Assets	Total
Balance at January 1, 2020	\$ 241,711	\$ 5,548	\$ 247,259
Transfers from property, plant and equipment	748,948	-	748,948
Effects of foreign currency exchange differences	<u>19,081</u>	<u>87</u>	<u>19,168</u>
Balance at December 31, 2020	<u>\$ 1,009,740</u>	<u>\$ 5,635</u>	<u>\$ 1,015,375</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 124,434	\$ 333	\$ 124,767
Depreciation expenses	13,796	434	14,230
Transfers from property, plant and equipment	29,475	-	29,475
Effects of foreign currency exchange differences	<u>2,092</u>	<u>14</u>	<u>2,106</u>
Balance at December 31, 2020	<u>\$ 169,797</u>	<u>\$ 781</u>	<u>\$ 170,578</u>
Carrying amount at December 31, 2020	<u>\$ 839,943</u>	<u>\$ 4,854</u>	<u>\$ 844,797</u> (Concluded)

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

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

The fair values of the investment properties were \$1,146,959 thousand and \$212,653 thousand as of December 31, 2020 and 2019, respectively. The management of the Group determined the fair value with reference to market transaction prices of similar properties.

All of the Group's investment properties are held under freehold interests. The carrying amounts of investment properties pledged by the Group to secure borrowings granted to the Group are disclosed in Note 34.

18. INTANGIBLE ASSETS

<u>Cost</u>	Trademark	Computer Software	Total
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	<u>20,187</u>	<u>(1,120)</u>	<u>19,067</u>
Balance at December 31, 2019	<u>\$ 227,260</u>	<u>\$ 239,713</u>	<u>\$ 466,973</u> (Continued)

	Trademark	Computer Software	Total
<u>Accumulated amortization and impairment</u>			
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	<u>21,092</u>	<u>(1,096)</u>	<u>19,996</u>
Balance at December 31, 2019	<u>\$ 163,442</u>	<u>\$ 236,262</u>	<u>\$ 399,704</u>
Carrying amount at December 31, 2019	<u>\$ 63,818</u>	<u>\$ 3,451</u>	<u>\$ 67,269</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 227,260	\$ 239,713	\$ 466,973
Additions	28,747	14,021	42,768
Disposals	-	(28,456)	(28,456)
Effects of foreign currency exchange differences	<u>5,730</u>	<u>(39)</u>	<u>5,691</u>
Balance at December 31, 2020	<u>\$ 261,737</u>	<u>\$ 225,239</u>	<u>\$ 486,976</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2020	\$ 163,442	\$ 236,262	\$ 399,704
Disposals	-	(28,456)	(28,456)
Amortization expenses	4,822	3,158	7,980
Effects of foreign currency exchange differences	<u>2,401</u>	<u>(44)</u>	<u>2,357</u>
Balance at December 31, 2020	<u>\$ 170,665</u>	<u>\$ 210,920</u>	<u>\$ 381,585</u>
Carrying amount at December 31, 2020	<u>\$ 91,072</u>	<u>\$ 14,319</u>	<u>\$ 105,391</u> (Concluded)

No impairment assessment was performed for the year ended December 31, 2020 and 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:

Trademark	10-20 years
Computer software	2-3 years

19. OTHER ASSETS

	December 31	
	2020	2019
<u>Current</u>		
Pledge time deposits (Note 34)	\$ 4,016	\$ 4,013
Advances to officers	24,291	15,570
Temporary payments	10,094	9,683
Right to recover a product	25,320	-
Others	<u>123</u>	<u>118</u>
	<u>\$ 63,844</u>	<u>\$ 29,384</u>

Non-current

Prepayments for equipment	\$ 24,737	\$ 6,984
Refundable deposits	56,259	53,615
Pledge time deposits (Note 34)	-	85,950
Others	<u>115,467</u>	<u>114,426</u>
	<u>\$ 196,463</u>	<u>\$ 260,975</u>

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
<u>Secured borrowings (Note 34)</u>		
Bank loans	\$ 180,000	\$ 150,000
<u>Unsecured borrowings</u>		
Bank loans	1,650,614	1,232,955
Others	<u>16,153</u>	<u>-</u>
	<u>\$ 1,846,767</u>	<u>\$ 1,382,955</u>

The range of interest rates on bank loans was 0.95%-3.20% and 1.05%-4.35% per annum as of December 31, 2020 and 2019, respectively.

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	\$ 130,000	\$ 100,000
Less: Unamortized discount on bills payable	<u>(131)</u>	<u>(32)</u>
	<u>\$ 129,869</u>	<u>\$ 99,968</u>

Outstanding short-term bills payable were as follows:

December 31, 2020

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

\$ 130,000	\$ (131)	\$ 129,869	\$ -
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December 31, 2019

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

c. Long-term borrowings

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Secured borrowings (Note 34)</u>		
Bank loans*	\$ -	\$ 6,000
Less: Current portions	<u>-</u>	<u>(6,000)</u>
Long-term borrowings	<u>\$ -</u>	<u>\$ -</u>

* As of December 31, 2020, the interest rate of the bank borrowings secured by the Group's equipment (see Note 34) was 1.91% per annum. The bank borrowings will be repayable quarterly from March 2018. The bank borrowing was repayable at the end of February 2020.

21. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Notes payable</u>		
Operating	\$ 90,288	\$ 316,444
Non-operating	<u>45</u>	<u>-</u>
	<u>\$ 90,333</u>	<u>\$ 316,444</u>
<u>Trade payables</u>		
Operating	<u>\$ 2,107,188</u>	<u>\$ 2,014,619</u>

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

22. OTHER LIABILITIES

	December 31	
	2020	2019
<u>Current</u>		
Other payables		
Payable for salaries or bonuses	\$ 368,144	\$ 306,728
Payable for compensation of employees	49,921	52,013
Payable for remuneration of directors	21,965	25,073
Payable for commission and rebates	1,234,532	963,712
Advertisement payable	226,393	199,232
Payable for royalties	23,682	25,668
Payable for freight	116,854	100,658
Payable for equipment	86,794	113,698
Others	<u>1,313,973</u>	<u>1,063,892</u>
	<u>\$ 3,442,258</u>	<u>\$ 2,850,674</u>
Other liabilities		
Advance receipts from customers	\$ 2,430	\$ 1,337
Return liability	41,596	13,055
Others	<u>50,082</u>	<u>14,109</u>
	<u>\$ 94,108</u>	<u>\$ 28,501</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	\$ 19,990	\$ 20,044
Others	<u>130</u>	<u>2,934</u>
	<u>\$ 20,120</u>	<u>\$ 22,978</u>

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

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan of the Company and domestic subsidiaries of the Group are operated by the government of the Republic of China ("ROC") in accordance with the Labor Standards Act. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and domestic subsidiaries of the Group make monthly contributions to their respective pension funds administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next

year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

Dermalab of the Group also adopted a defined benefit plan.

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

	December 31	
	2020	2019
Present value of funded defined benefit obligation	\$ 719,471	\$ 719,306
Fair value of plan assets	<u>(442,291)</u>	<u>(421,021)</u>
Net defined benefit liabilities	<u>\$ 277,180</u>	<u>\$ 298,285</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	<u>\$ 700,665</u>	<u>\$ (437,458)</u>	<u>\$ 263,207</u>
Service cost			
Current service cost	9,845	-	9,845
Net interest expense (income)	<u>7,701</u>	<u>(4,918)</u>	<u>2,783</u>
Recognized in profit or loss	<u>17,546</u>	<u>(4,918)</u>	<u>12,628</u>
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	<u>15,853</u>	<u>-</u>	<u>15,853</u>
Recognized in other comprehensive income	<u>50,894</u>	<u>(14,227)</u>	<u>36,667</u>
Contributions from the employer	<u>-</u>	<u>(14,102)</u>	<u>(14,102)</u>
Contributions from plan participants	<u>2,279</u>	<u>(2,279)</u>	<u>-</u>
Benefits paid	<u>(41,409)</u>	<u>41,409</u>	<u>-</u>
Exchange differences	<u>(479)</u>	<u>364</u>	<u>(115)</u>
Others	<u>(10,190)</u>	<u>10,190</u>	<u>-</u>
Balance at December 31, 2019	<u>719,306</u>	<u>(421,021)</u>	<u>298,285</u>
Service cost			
Current service cost	10,442	-	10,442
Net interest expense (income)	<u>5,126</u>	<u>(3,002)</u>	<u>2,124</u>
Recognized in profit or loss	<u>15,568</u>	<u>(3,002)</u>	<u>12,566</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(14,827)	(14,827)
Actuarial loss - changes in demographic assumptions	3,162	-	3,162
Actuarial gain - changes in financial assumptions	24,179	-	24,179
Actuarial loss - experience adjustments	<u>14,317</u>	<u>-</u>	<u>14,317</u>
Recognized in other comprehensive income	<u>41,658</u>	<u>(14,827)</u>	<u>26,831</u>
Contributions from the employer	<u>-</u>	<u>(61,367)</u>	<u>(61,367)</u>
Contributions from plan participants	<u>2,590</u>	<u>(2,590)</u>	<u>-</u>

Benefits paid	<u>(62,523)</u>	<u>62,523</u>	<u>-</u>
Exchange differences	<u>2,872</u>	<u>(2,007)</u>	<u>865</u>
Balance at December 31, 2020	<u>\$ 719,471</u>	<u>\$ (442,291)</u>	<u>\$ 277,180</u>

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

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

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

	December 31	
	2020	2019
Discount rates	0.150%-0.500%	0.300%-0.800%
Expected rates of salary increase	0.500%-3.000%	0.500%-3.000%

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

	December 31	
	2020	2019
Discount rates		
0.250% increase	<u>\$ (21,920)</u>	<u>\$ (21,945)</u>
0.250% decrease	<u>\$ 22,771</u>	<u>\$ 22,800</u>
Expected rates of salary increase		
0.250% increase	<u>\$ 19,705</u>	<u>\$ 20,102</u>
0.250% decrease	<u>\$ (19,192)</u>	<u>\$ (19,758)</u>

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

	December 31	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 46,456</u>	<u>\$ 22,248</u>
The average duration of the defined benefit obligation	1.0-16.7 years	19-16.5 years

24. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	920,000	920,000
Shares authorized	<u>\$ 9,200,000</u>	<u>\$ 9,200,000</u>
Number of shares issued and fully paid (in thousands)	915,089	915,089
Shares issued	<u>\$ 9,150,897</u>	<u>\$ 9,150,897</u>

2) Global depositary receipts

As of December 31, 2020, 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	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Recognized from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 1	\$ 1
Recognized from treasury share transactions	126,925	109,251
<u>May be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	466	466
	<u>\$ 127,392</u>	<u>\$ 109,718</u>

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

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

c. Retained earnings and dividend policy

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

- 1) 10% thereof as legal reserve;
- 2) Special reserve provided or reversed in accordance with the regulations;
- 3) 30% to 100% of this the sum of the remainder and prior years' unappropriated earnings as dividends. The Company's Articles of Incorporation also prescribe that 30% to 100% of dividends shall be paid in cash; however, if the Company has major investment plans for which external funds are not available, the percentage may be lowered to 5% to 20%. The distribution plan shall be proposed by the Company's board of directors and resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of the compensation of employees and remuneration of directors after amendment, refer to Note 26(i) compensation of employees and remuneration of directors".

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

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 2019 and 2018 approved in the shareholders' meetings on June 16, 2020 and June 13, 2019, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2019	2018
Legal reserve	\$ 341,610	\$ 294,909
Special reserve	\$ 246,549	\$ 70,519
Cash dividends	\$ 2,424,987	\$ 2,287,724
Cash dividends per share (NT\$)	\$2.65	\$2.50

The appropriations of earnings for 2020 had been proposed by the Company's board of directors on March 22, 2021. The appropriations and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	\$ 319,167
Special reserve	\$ 2,287,724
Cash dividends	\$2.50

The appropriations of earnings for 2020 are subject to the resolution of the shareholders in their meeting to be held on June 11, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Beginning at January 1	\$ 330,945	\$ 260,426
Appropriation in respect of:		

Debit to other equity items	<u>246,549</u>	<u>70,519</u>
Balance at December 31	<u>\$ 577,494</u>	<u>\$ 330,945</u>

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

e. Other equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (693,038)	\$ (412,869)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>120,832</u>	<u>(280,169)</u>
Other comprehensive income recognized for the year	<u>120,832</u>	<u>(280,169)</u>
Balance at December 31	<u>\$ (572,206)</u>	<u>\$ (693,038)</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 115,544	\$ 81,924
Recognized for the year		
Unrealized gain (loss) - equity instruments	<u>101,170</u>	<u>33,620</u>
Other comprehensive income recognized for the year	<u>101,170</u>	<u>33,620</u>
Balance at December 31	<u>\$ 216,714</u>	<u>\$ 115,544</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 272,564	\$ 233,399
Share in profit for the year	43,029	38,739
Other comprehensive income (loss) during the year		
Exchange difference on translation of the financial statements of foreign operations	768	(1,788)
Unrealized gain (loss) on financial assets at FVTOCI	39,045	21,147
Remeasurement on defined benefit plans	(419)	(2,129)
Related income tax	84	426
Cash dividends distributed by subsidiaries to non-controlling interests	<u>(23,932)</u>	<u>(17,230)</u>
Balance at December 31	<u>\$ 331,139</u>	<u>\$ 272,564</u>

g. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at December 31, 2019 and January 1, 2019	<u>6,669</u>
Number of shares at December 31, 2020 and January 1, 2020	<u>6,669</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2020</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 408,839</u>
<u>December 31, 2019</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 464,195</u>

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

25. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 34,466,244</u>	<u>\$ 31,266,232</u>

a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (Note 10)	<u>\$ 3,154</u>	<u>\$ 2,977</u>	<u>\$ 2,887</u>
Trade receivables (Note 10)	<u>\$ 6,295,581</u>	<u>\$ 6,439,550</u>	<u>\$ 6,161,079</u>
Trade receivables from related parties (Note 10)	<u>\$ 9,011</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities - current			
Sale of goods	<u>\$ 748,044</u>	<u>\$ 326,644</u>	<u>\$ 360,115</u>

b. Disaggregation of revenue

	Reportable Segments			
	Nutritious Foods	Cooking Products	Others	Total
<u>For the year ended December 31, 2020</u>				
Types of goods or services				
Sale of goods	<u>\$ 11,968,867</u>	<u>\$ 18,479,507</u>	<u>\$ 4,017,870</u>	<u>\$ 34,466,244</u>
<u>For the year ended December 31, 2019</u>				
Types of goods or services				
Sale of goods	<u>\$ 11,984,151</u>	<u>\$ 15,551,432</u>	<u>\$ 3,730,649</u>	<u>\$ 31,266,232</u>

26. NET PROFIT

Net profit includes:

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	\$ 68,516	\$ 51,405
Financial assets at amortized cost	49,530	21,459
Repurchase agreements collateralized by bonds	515	569
Others	<u>1,346</u>	<u>1,386</u>
	<u>\$ 119,907</u>	<u>\$ 74,819</u>

b. Other income

	For the Year Ended December 31	
	2020	2019
Rental income		
Operating lease rental income		
Investment properties	\$ 28,978	\$ 23,824
Others	<u>1,075</u>	<u>863</u>
	<u>30,053</u>	<u>24,687</u>
Dividends		
Investments in equity instruments at FVTOCI	<u>9,809</u>	<u>11,231</u>
	<u>\$ 39,862</u>	<u>\$ 35,918</u>

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Fair value changes of financial assets and financial liabilities		
Financial assets held for trading	\$ 929	\$ 7,812
Net foreign exchange gains (losses)	(3,753)	(26,043)
Net loss on disposal of property, plant and equipment	(2,959)	(41,828)
Government grants	110,649	65,423
Others	<u>31,234</u>	<u>55,439</u>
	<u>\$ 136,100</u>	<u>\$ 60,803</u>

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 40,535	\$ 37,982
Interest on short-term bills payable	1,044	1,060
Interest on lease liabilities	9,709	7,788
Other interest expense	<u>49</u>	<u>49</u>
	<u>\$ 51,337</u>	<u>\$ 46,879</u>

e. Impairment losses recognized (reversed)

For the Year Ended December 31
2020 2019

Trade receivables	\$ 15,105	\$ 12,762
Inventories (included in operating costs)	<u>\$ (12,132)</u>	<u>\$ 2,307</u>

f. Depreciation and amortization

For the Year Ended December 31
2020 2019

An analysis of depreciation by function		
Operating costs	\$ 397,766	\$ 399,640
Operating expenses	184,994	172,623
Non-operating revenue and expenses	<u>14,230</u>	<u>2,535</u>
	<u>\$ 596,990</u>	<u>\$ 574,798</u>
An analysis of amortization by function		
Operating costs	\$ 20,311	\$ 20,977
Operating expenses	<u>45,168</u>	<u>33,260</u>
	<u>\$ 65,479</u>	<u>\$ 54,237</u>

g. Operating expenses directly related to investment properties

For the Year Ended December 31
2020 2019

Direct operating expenses of investment properties that generated rental income	\$ 705	\$ 702
Direct operating expenses of investment properties that did not generated rental income	<u>576</u>	<u>572</u>
	<u>\$ 1,281</u>	<u>\$ 1,274</u>

h. Employee benefits expense

For the Year Ended December 31
2020 2019

Post-employment benefits		
Defined contribution plans	\$ 59,992	\$ 127,502
Defined benefit plans (see Note 23)	<u>12,566</u>	<u>12,628</u>
	72,558	140,130
Other employee benefits	<u>2,719,686</u>	<u>2,338,177</u>
Total employee benefits expense	<u>\$ 2,792,244</u>	<u>\$ 2,478,307</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 799,830	\$ 846,191
Operating expenses	<u>1,992,414</u>	<u>1,632,116</u>
	<u>\$ 2,792,244</u>	<u>\$ 2,478,307</u>

i. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates of no less than 0.5% and no higher than 0.75%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on March 22, 2021 and March 18, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	1.25%	1.22%
Remuneration of directors	0.55%	0.59%

Amount

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	\$ 49,921	\$ 52,013
Remuneration of directors	21,965	25,073

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

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

j. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	\$ 143,729	\$ 75,308
Foreign exchange losses	<u>(147,482)</u>	<u>(101,351)</u>
Net gains (losses)	<u>\$ (3,753)</u>	<u>\$ (26,043)</u>

27. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 907,556	\$ 982,224
Income tax on unappropriated earnings	19,115	12,941
Adjustments for prior years	<u>(8,697)</u>	<u>(37,010)</u>
	<u>917,974</u>	<u>958,155</u>
Deferred tax		
In respect of the current year	<u>114,907</u>	<u>135,543</u>
Income tax expense recognized in profit or loss	<u>\$ 1,032,881</u>	<u>\$ 1,093,698</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	<u>\$ 4,288,711</u>	<u>\$ 4,548,534</u>
Income tax expense calculated at the statutory rate	\$ 1,098,861	\$ 1,193,055
Nondeductible expenses in determining taxable income	21,721	24,491
Tax-exempt income	(212,783)	(161,430)
Unrecognized deductible temporary differences and loss carryforwards	114,664	61,651
Income tax on unappropriated earnings	19,115	12,941
Adjustments for prior years' tax	<u>(8,697)</u>	<u>(37,010)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,032,881</u>	<u>\$ 1,093,698</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 30,209	\$ (70,042)
Fair value changes of financial assets at FVTOCI	20	(3)
Remeasurement of defined benefit plans	<u>(5,367)</u>	<u>(7,668)</u>
Total income tax recognized in other comprehensive income	<u>\$ 24,862</u>	<u>\$ (77,713)</u>

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	\$ <u>23,063</u>	\$ <u>46,114</u>
Current tax liabilities		
Income tax payable	\$ <u>399,020</u>	\$ <u>547,018</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 82,086	\$ (32,205)	\$ -	\$ -	\$ 49,881
Exchange differences on translation of the financial statements of foreign operations	173,258	-	(30,209)	-	143,049
Defined benefit plans	84,118	(423)	5,390	166	89,251
Advertisement payable	52,600	-	-	825	53,425
Deferred sales returns and allowances	8,774	2,451	-	-	11,225
Allowance for inventory loss	10,060	(1,490)	-	-	8,570
Financial assets measured at cost	43,889	-	(20)	-	43,869
Others	<u>18,613</u>	<u>(788)</u>	<u>-</u>	<u>32</u>	<u>17,857</u>
	<u>\$ 473,398</u>	<u>\$ (32,455)</u>	<u>\$ (24,839)</u>	<u>\$ 1,023</u>	<u>\$ 417,127</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 232,185	\$ 75,435	\$ -	\$ -	\$ 307,620
Reserve for land value increment tax	33,685	-	-	-	33,685
Defined benefit plans	2,263	598	23	-	2,884
Others	<u>680</u>	<u>6,419</u>	<u>-</u>	<u>40</u>	<u>7,139</u>
	<u>\$ 268,813</u>	<u>\$ 82,452</u>	<u>\$ 23</u>	<u>\$ 40</u>	<u>\$ 351,328</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 91,100	\$ (9,014)	\$ -	\$ -	\$ 82,086
Exchange differences on translation of 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	<u>14,345</u>	<u>4,279</u>	<u>-</u>	<u>(11)</u>	<u>18,613</u>
	400,651	(2,502)	77,455	(2,206)	473,398
Loss carryforwards	<u>95</u>	<u>(95)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 400,746</u>	<u>\$ (2,597)</u>	<u>\$ 77,455</u>	<u>\$ (2,206)</u>	<u>\$ 473,398</u>
<u>Deferred tax liabilities</u>					
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	<u>1,238</u>	<u>(560)</u>	<u>-</u>	<u>2</u>	<u>680</u>
	<u>\$ 136,123</u>	<u>\$ 132,946</u>	<u>\$ (258)</u>	<u>\$ 2</u>	<u>\$ 268,813</u>

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Loss carryforwards		
Expiry in 2019	\$ -	\$ 10,400
Expiry in 2020	23,686	24,285
Expiry in 2021	37,139	38,080
Expiry in 2022	63,361	65,118
Expiry in 2023	74,401	78,603
Expiry in 2024	<u>94,067</u>	<u>-</u>
	<u>\$ 292,654</u>	<u>\$ 216,846</u>
Deductible temporary differences	<u>\$ 657,317</u>	<u>\$ 317,448</u>

- f. Income tax assessments

The income tax returns of the Company, Standard Dairy Products, Charng Hui, Standard Beverage, Le Bonta Wellness and Domex Technology for the year ended December 31, 2018 had been assessed by the tax authorities.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	<u>\$ 3.54</u>	<u>\$ 3.76</u>
Diluted earnings per share	<u>\$ 3.53</u>	<u>\$ 3.76</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Earnings used in the computation of basic earnings per share	<u>\$ 3,212,801</u>	<u>\$ 3,416,097</u>

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

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in computation of basic earnings per share	908,420	908,420
Effects of potentially dilutive ordinary shares:		
Compensation of employees	<u>1,070</u>	<u>709</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>909,490</u>	<u>909,129</u>

The Company may settle compensation paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. GOVERNMENT GRANTS

The Group received government grants, and recognized \$110,649 thousand and \$65,423 thousand as other gains during 2020 and 2019, respectively.

30. CASH FLOWS INFORMATION

Changes in liabilities from financing activities:

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes Exchanging Rate Adjustments	Closing Balance
Short-term borrowings	\$ 1,382,955	\$ 440,344	\$ 23,468	\$ 1,846,767
Short-term bills payable	99,968	29,901	-	129,869
Long-term borrowings	6,000	(6,000)	-	-
Lease liabilities	347,615	(88,207)	18,565	277,973
Guarantee deposits received	20,044	(286)	232	19,990
Other non-current liabilities	<u>2,934</u>	<u>(2,851)</u>	<u>47</u>	<u>130</u>
	<u>\$ 1,859,516</u>	<u>\$ 372,901</u>	<u>\$ 42,312</u>	<u>\$ 2,274,729</u>

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	<u>4,734</u>	<u>(1,757)</u>	<u>(43)</u>	<u>2,934</u>
	<u>\$ 2,042,187</u>	<u>\$ (417,018)</u>	<u>\$ 234,347</u>	<u>\$ 1,859,516</u>

31. 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.

32. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 10,666	\$ 10,666
Mutual fund beneficiary certification	1,461,304	-	-	1,461,304
Note cash	<u>-</u>	<u>29,032</u>	<u>-</u>	<u>29,032</u>
	<u>\$ 1,461,304</u>	<u>\$ 29,032</u>	<u>\$ 10,666</u>	<u>\$ 1,501,002</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares and emerging market shares	\$ 311,908	\$ -	\$ -	\$ 311,908
Unlisted shares	<u>-</u>	<u>-</u>	<u>204,755</u>	<u>204,755</u>
	<u>\$ 311,908</u>	<u>\$ -</u>	<u>\$ 204,755</u>	<u>\$ 516,663</u>

December 31, 2019

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

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

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

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2020	\$ 7,575	\$ 124,055	\$ 131,630
Acquisition	3,993	-	3,993
Recognized in profit or loss (included in other gains and losses)	(902)	-	(902)
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	80,684	80,684
Impact of exchange rates	-	16	16
Balance at December 31, 2020	<u>\$ 10,666</u>	<u>\$ 204,755</u>	<u>\$ 215,421</u>
Recognized in other gains and losses - unrealized	<u>\$ (621)</u>		<u>\$ (621)</u>

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	\$ 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	<u>\$ 7,575</u>	<u>\$ 124,055</u>	<u>\$ 131,630</u>
Recognized in other gains and losses - unrealized	<u>\$ 260</u>		<u>\$ 260</u>

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

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

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

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

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

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

b. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 1,501,002	\$ 675,248
Financial assets at amortized cost (1)	12,652,479	12,691,896
Financial assets at FVTOCI		
Equity instruments	516,663	376,406
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	4,304,650	3,983,402

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents 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 36.

Sensitivity analysis

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

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

	RMB Impact		USD Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Profit or loss	\$ 27,134 (i)	\$ 1,310 (i)	\$ 10,875 (ii)	\$ 28,367 (ii)
	EUR Impact		AUD Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Profit or loss	\$ - (iii)	\$ 2,349 (iii)	\$ 1,038 (iv)	\$ 817 (iv)
	CHF Impact		SGD Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Profit or loss	\$ 1,083 (v)	\$ 1,792 (v)	\$ - (vi)	\$ (348) (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 in EUR which were not hedged at the end of the reporting period.
- iv. This was mainly attributable to the exposure of bank deposits in AUD which were not hedged at the end of the reporting period.
- v. This was mainly attributable to the exposure of bank deposits 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	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 1,136,118	\$ 1,658,861
Financial liabilities	2,147,609	1,791,538
Cash flow interest rate risk		
Financial assets	694,200	1,172,500
Financial liabilities	107,000	45,000

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, 2020 and 2019 would have increased (decreased) by \$5,872 thousand and \$11,275 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, 2020 would have increased/decreased by \$15,010 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2020 would have increased/decreased by \$5,167 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

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.

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, 2020

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by		
		Collateral	Other Credit Enhancements	Total
Receivables	\$ 6,298,735	\$ 57,655	\$ 2,632	\$ 60,287

December 31, 2019

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

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, 2020 and 2019, the Group had available unutilized bank loan facilities in the amounts of \$5,296,868 thousand and \$5,186,434 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, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 741,613	\$ 1,498,132	\$ 66,711	\$ 19,990
Lease liabilities	23,864	12,939	47,976	212,012
Variable interest rate liabilities	-	33,911	73,126	-
Fixed interest rate liabilities	721,695	961,677	193,263	-
Contract liabilities	<u>249,348</u>	<u>498,696</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,736,520</u>	<u>\$ 3,005,355</u>	<u>\$ 381,076</u>	<u>\$ 232,002</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 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	<u>108,881</u>	<u>217,763</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,540,309</u>	<u>\$ 2,613,265</u>	<u>\$ 232,430</u>	<u>\$ 303,072</u>

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

33. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships

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

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
The Company is one of the directors GeneFerm	\$ 26,058	\$ -

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

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
The Company is one of the directors GeneFerm	\$ 72,095	\$ 48,186

Purchases from related parties were conducted on normal commercial terms.

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2020	2019
Trade receivables	The Company is one of the directors GeneFerm	\$ 9,011	\$ -

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2020	2019
Trade payables	The Company is one of the directors GeneFerm	\$ 20,526	\$ 26,141

The outstanding payables from related parties were unsecured.

f. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 40,383	\$ 45,293
Post-employment benefits	326	522
	\$ 40,709	\$ 45,815

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

34. 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	
	2020	2019
Pledge time deposits (included in other current assets)	\$ 4,016	\$ 4,013
Pledge time deposits (included in other non-current assets)	-	85,950
Property, plant and equipment, net	121,362	137,554
Investment properties, net	<u>55,122</u>	<u>56,909</u>
	<u>\$ 180,500</u>	<u>\$ 284,426</u>

35. 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, 2020 were as follows:

- The Company has entered into a license agreement with The Quaker Oats Company (Quaker) for a period ending July 11, 2034. The agreement provides that the Company may use Quaker's trademark, and process, manufacture, market and sell Quaker baby cereal, oatmeal, fruit cereal, ready-to-eat cereal, sesame paste, milk powder and other cereal products in the ROC. In consideration of the above, the Company shall pay Quaker royalties at an agreed percentage of net sales (as defined).
- Unused letters of credit of approximately US\$1,344 thousand.
- Unrecognized commitments for acquisition of property, plant and equipment of approximately \$216,721 thousand.
- Unrecognized commitments for acquiring approximately 30,666 tons of colostrum from dairymen.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,230	28.48 (USD:NTD)	\$ 348,298
USD	2,785	6.52 (USD:RMB)	79,539
RMB	206,642	4.38(RMB:NTD)	904,473
AUD	1,576	21.95 (AUD:NTD)	34,585
CHF	1,450	32.31 (CHF:NTD)	46,842
CHF	754	7.38 (CHF:RMB)	<u>24,355</u>
			<u>\$ 1,438,092</u>

(Continued)

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

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
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
CHF	1,341	30.93 (CHF:NTD)	41,470
CHF	591	7.18 (CHF:RMB)	<u>18,272</u>
			<u>\$ 1,200,596</u>

Financial liabilities

Monetary items			
USD	1,003	29.98 (USD:NTD)	\$ 30,087
AUD	762	21.01 (AUD:NTD)	16,006
SGD	520	22.28 (SGD:NTD)	<u>11,586</u>
			<u>\$ 57,679</u>

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

For the Year Ended December 31				
Foreign Currencies	Exchange Rate	2020	Exchange Rate	2019
		Net Foreign Exchange Gains (Losses)		Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ 2,855	1 (NTD:NTD)	\$ (27,536)
RMB	4.28 (RMB:NTD)	(6,161)	4.48 (RMB:NTD)	1,483
CHF	31.47 (CHF:NTD)	<u>(447)</u>	31.10 (CHF:NTD)	<u>10</u>
		<u>\$ (3,753)</u>		<u>\$ (26,043)</u>

37. 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.
- m. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

38. SEGMENT INFORMATION

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

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

a. Operating segment information

	Standard Foods Segment	Standard Dairy Products Segment	China Standard Segment	Other Segments	Adjustments and Eliminations	Consolidated
<u>For the year ended December 31, 2020</u>						
Sales from external customers	\$ 11,742,523	\$ 2,628,594	\$ 16,550,135	\$ 3,544,992	\$ -	\$ 34,466,244
Sales among intersegments	<u>1,442,012</u>	<u>900,852</u>	<u>286</u>	<u>11,871</u>	<u>(2,355,021)</u>	<u>-</u>
Total sales	<u>\$ 13,184,535</u>	<u>\$ 3,529,446</u>	<u>\$ 16,550,421</u>	<u>\$ 3,556,863</u>	<u>\$ (2,355,021)</u>	<u>\$ 34,466,244</u>
Interest income	\$ 21,974	\$ 5,876	\$ 93,002	\$ 7,913	\$ (8,858)	\$ 119,907
Financial cost	<u>\$ 1,084</u>	<u>\$ 28</u>	<u>\$ 48,410</u>	<u>\$ 10,673</u>	<u>\$ (8,858)</u>	<u>\$ 51,337</u>
Depreciation expense	\$ 225,981	\$ 48,967	\$ 232,684	\$ 92,900	\$ (3,542)	\$ 596,990
Amortization expense	<u>\$ 8,105</u>	<u>\$ 3,580</u>	<u>\$ 39,492</u>	<u>\$ 14,302</u>	<u>\$ -</u>	<u>\$ 65,479</u>
Operating segment income (loss)	<u>\$ 2,930,569</u>	<u>\$ 506,002</u>	<u>\$ 873,173</u>	<u>\$ 22,171</u>	<u>\$ (43,204)</u>	<u>\$ 4,288,711</u>
Unallocated amount						<u>-</u>
Income before income tax						<u>\$ 4,288,711</u>
<u>For the year ended December 31, 2019</u>						
Sales from external customers	\$ 11,668,690	\$ 2,657,213	\$ 14,334,709	\$ 2,605,620	\$ -	\$ 31,266,232
Sales among intersegments	<u>1,471,254</u>	<u>917,346</u>	<u>412</u>	<u>14,273</u>	<u>(2,403,285)</u>	<u>-</u>
Total sales	<u>\$ 13,139,944</u>	<u>\$ 3,574,559</u>	<u>\$ 14,335,121</u>	<u>\$ 2,619,893</u>	<u>\$ (2,403,285)</u>	<u>\$ 31,266,232</u>
Interest income	\$ 22,823	\$ 4,946	\$ 42,255	\$ 9,667	\$ (4,872)	\$ 74,819
Financial cost	<u>\$ 1,339</u>	<u>\$ 12</u>	<u>\$ 37,186</u>	<u>\$ 13,214</u>	<u>\$ (4,872)</u>	<u>\$ 46,879</u>
Depreciation expense	\$ 222,087	\$ 44,583	\$ 234,190	\$ 78,508	\$ (4,570)	\$ 574,798
Amortization expense	<u>\$ 11,998</u>	<u>\$ 2,428</u>	<u>\$ 29,117</u>	<u>\$ 10,694</u>	<u>\$ -</u>	<u>\$ 54,237</u>
Operating segment income (loss)	<u>\$ 2,992,110</u>	<u>\$ 564,292</u>	<u>\$ 999,415</u>	<u>\$ 35,557</u>	<u>\$ (42,840)</u>	<u>\$ 4,548,534</u>
Unallocated amount						<u>-</u>
Income before income tax						<u>\$ 4,548,534</u>

b. Geographical information:

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

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

	Revenue from External Customers	
	For the Year Ended December 31	
	2020	2019
Taiwan	\$ 17,660,448	\$ 16,675,005
Mainland China	16,697,133	14,470,605
Others	<u>108,663</u>	<u>120,622</u>
	<u>\$ 34,466,244</u>	<u>\$ 31,266,232</u>
	Non-current Assets	
	December 31	
	2020	2019
Taiwan	\$ 2,207,407	\$ 2,269,496
Mainland China	2,806,758	3,711,638
Others	<u>59,516</u>	<u>32,538</u>
	<u>\$ 5,073,681</u>	<u>\$ 6,013,672</u>

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

TABLE 1

STANDARD FOODS CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Standard Foods Corporation	Dermalab S.A.	Financing receivables - related parties	Y	\$ 48,893	\$ 48,458	\$ 46,842	1.000%	b.	\$ -	- Need for operation	\$ -	-	\$ -	\$ 6,717,380 (Note 3)	\$ 6,717,380 (Note 3)	Note 12
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	350,368	349,184	349,184	1.000%	b.	-	- Need for operation	-	-	-	3,358,690 (Note 4)	6,717,380 (Note 5)	Note 12
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	525,552	523,776	523,776	1.000%	b.	-	- Need for operation	-	-	-	3,358,690 (Note 4)	6,717,380 (Note 5)	Note 12
		Standard Beverage Company Limited	Financing receivables - related parties	Y	50,000	50,000	20,000	0.950%	b.	-	- Need for operation	-	-	-	6,717,380 (Note 3)	6,717,380 (Note 3)	Note 12
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Y	175,184	174,592	43,827	2.500%	b.	-	- Need for operation	-	-	-	1,909,350 (Note 6)	1,909,350 (Note 6)	Note 12
		Le Bonta Wellness Co., Ltd.	Financing receivables - related parties	Y	175,184	174,592	21,553	2.500%	b.	-	- Need for operation	-	-	-	1,909,350 (Note 6)	1,909,350 (Note 6)	Note 12
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	701,312	523,776	189,904	2.500%	b.	-	- Need for operation	-	-	-	1,909,350 (Note 6)	1,909,350 (Note 6)	Note 12
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	438,320	436,480	408,065	2.500%	b.	-	- Need for operation	-	-	-	1,909,350 (Note 6)	1,909,350 (Note 6)	Note 12
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	635,564	611,072	79,413	2.500%	b.	-	- Need for operation	-	-	-	1,246,764 (Note 7)	1,246,764 (Note 7)	Note 12
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	460,236	458,304	458,304	1.000%	b.	-	- Need for operation	-	-	-	1,246,764 (Note 7)	1,246,764 (Note 7)	Note 12
3	Le Bonta Wellness Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	21,916	-	-	2.500%	b.	-	- Need for operation	-	-	-	74,696 (Note 8)	74,696 (Note 8)	Note 12
4	Shanghai Le Ben De Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	10,949	10,912	10,912	1.000%	b.	-	- Need for operation	-	-	-	11,618 (Note 9)	11,618 (Note 9)	Note 12
5	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	175,328	8,730	5,063	2.500%	b.	-	- Need for operation	-	-	-	195,848 (Note 10)	195,848 (Note 10)	Note 12
6	Shanghai Le Min Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	87,664	8,730	4,775	2.500%	b.	-	- Need for operation	-	-	-	122,266 (Note 11)	122,266 (Note 11)	Note 12

- 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 \$6,717,380 thousand (the net value per financial statements of \$16,793,451 thousand x 40% as of September 30, 2020).
- Note 4: The total amount shall not exceed 20% of net value of Standard Foods Corporation, which was calculated to be \$3,358,690 thousand (the net value per financial statements of \$16,793,451 thousand x 20% as of September 30, 2020).
- Note 5: The total amount shall not exceed 40% of net value of Standard Foods Corporation, which was calculated to be \$6,717,380 thousand (the net value per financial statements of \$16,793,451 thousand x 40% as of September 30, 2020).
- Note 6: The total amount shall not exceed 40% of net value of Standard Investment (China) Co., Ltd., which was calculated to be \$1,909,350 thousand (the net value per financial statements of \$4,773,375 thousand x 40% as of September 30, 2020).
- Note 7: The total amount shall not exceed 40% of net value of Shanghai Standard Foods Co., Ltd., which was calculated to be \$1,246,764 thousand (the net value per financial statements of \$3,116,909 thousand x 40% as of September 30, 2020).
- Note 8: The total amount shall not exceed 40% of net value of Le Bonta Wellness Co., Ltd., which was calculated to be \$74,696 thousand (the net value per financial statements of \$186,739 thousand x 40% as of September 30, 2020).
- Note 9: The total amount shall not exceed 40% of net value of Shanghai Le Ben De Health Technology Co., Ltd., which was calculated to be \$11,618 thousand (the net value per financial statements of \$29,045 thousand x 40% as of September 30, 2020).(Continued)
- Note 10: The total amount shall not exceed 40% of net value of Shanghai Le Ho Industrial Co., Ltd., which was calculated to be \$195,848 thousand (the net value per financial statements of \$489,619 thousand x 40% as of September 30, 2020).
- Note 11: The total amount shall not exceed 40% of net value of Shanghai Le Min Industrial Co., Ltd., which was calculated to be \$122,266 thousand (the net value per financial statements of \$305,665 thousand x 40% as of September 30, 2020).
- Note 12: The amounts presented above were eliminated upon consolidation.

(Concluded)

TABLE 2**STANDARD FOODS CORPORATION AND SUBSIDIARIES**
**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount	Guarantee Provided by Parent Company (Note 5)	Guarantee Provided by Subsidiary (Note 5)	Guarantee Provided to Subsidiaries in Mainland China (Note 5)	Note
		Name	Nature of Relationship (Note 2)											
0	Standard Foods Corporation	Standard Beverage Company Limited	b.	\$ 13,434,761 (Note 3)	\$ 208,150	\$ 202,400	\$ -	\$ -	1.21%	\$ 16,793,451 (Note 4)	Y	-	-	

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

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

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

Note 3: The total amount shall not exceed 80% of the net value in the financial statements of Standard Foods Corporation; the amount was calculated at \$13,434,761 thousand (the net value per financial statements of \$16,793,451 thousand x 80% as of September 30, 2020).

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 \$16,793,451 thousand (the net value per financial statements of \$16,793,451 thousand x 100% as of September 30, 2020).

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, 2020

(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, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Foods Corporation	<u>Shares</u> Far Eastern International Commercial Bank Co., Ltd.	The Company is one of the directors	Financial assets at fair value through other comprehensive income - current	1,416,950	\$ 15,374	-	\$ 15,374	
	Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - current	48,600	5,297	-	5,297	
	GeneFerm Biotechnology Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	2,145,110	62,423	7.7	62,423	
	Dah Chung Bills Finance Corp.		Financial assets at fair value through other comprehensive income - non-current	1,243,213	14,918	0.3	14,918	
	<u>Mutual funds</u> Mega Diamond Money Market Fund		Financial assets at fair value through profit or loss - current	12,512,356	158,280	-	158,280	
	Jih Sun Money Market Fund		Financial assets at fair value through profit or loss - current	4,019,723	60,095	-	60,095	
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	21,258,392	290,090	-	290,090	
	CTBC Hua Win Money Market Fund		Financial assets at fair value through profit or loss - current	9,276,464	103,038	-	103,038	
	FSITC Taiwan Money Market Fund		Financial assets at fair value through profit or loss - current	30,989,574	478,278	-	478,278	
	<u>Note cash</u> CODEIS Smart Cash Note		Financial assets at fair value through profit or loss - current	10,000	29,032	-	29,032	
	<u>Shares</u> Techgains Pan-Pacific Corporation		Financial assets at fair value through profit or loss - non-current	500,000	-	0.9	-	
	Authenex, Inc.		Financial assets at fair value through profit or loss - non-current	2,424,242	-	5.5	-	
	Paradigm Venture Capital Corporation		Financial assets at fair value through profit or loss - non-current	180,376	1,894	7.0	1,894	
	U-Teck Environment Corporation, Ltd.		Financial assets at fair value through profit or loss - non-current	11,200	-	0.2	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Dairy Products Taiwan Limited	Octamer, Inc. - Series E Preference Shares		Financial assets at fair value through profit or loss - non-current	800,000	\$ -	7.8	\$ -	
	Octamer, Inc. - Series F Preference Shares		Financial assets at fair value through profit or loss - non-current	107,815	-	1.0	-	
	Fortemedia, Inc. - Series D Preference Shares		Financial assets at fair value through profit or loss - non-current	3,455	-	1.2	-	
	Fortemedia, Inc. - Series E Preference Shares		Financial assets at fair value through profit or loss - non-current	71,397	-	1.2	-	
	Fortemedia, Inc. - Series F Preference Shares		Financial assets at fair value through profit or loss - non-current	29,173	-	1.2	-	
	Fortemedia, Inc. - Series G Preference Shares		Financial assets at fair value through profit or loss - non-current	31,135	-	1.3	-	
	Fortemedia, Inc. - Series I Preference Shares		Financial assets at fair value through profit or loss - non-current	29,102	-	1.3	-	
	Fortemedia, Inc. - Series - Ordinary Shares		Financial assets at fair value through profit or loss - non-current	12,938	-	1.2	-	
	<u>Mutual funds</u>							
	Mega Diamond Money Market Fund		Financial assets at fair value through profit or loss - current	3,963,725	50,141	-	50,141	
	Jih Sun Money Market Fund		Financial assets at fair value through profit or loss - current	5,866,056	87,698	-	87,698	
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	5,091,164	69,473	-	69,473	
	FSITC Diamond Money Market		Financial assets at fair value through profit or loss - current	1,594,265	24,605	-	24,605	
Charng Hui Ltd.	<u>Shares</u>	Parent of Charng Hui Ltd.						
	Standard Foods Corporation		Financial assets at fair value through other comprehensive income - current	6,669,471	408,839	0.7	408,839	Note
	Formosa Plastics Corporation		Financial assets at fair value through other comprehensive income - current	91,440	8,815	-	8,815	
	China Steel Corporation	Charng Hui Ltd. is one of the directors	Financial assets at fair value through other comprehensive income - current	803,258	19,881	-	19,881	
	Polytronics Technology Corp.		Financial assets at fair value through other comprehensive income - current	1,596,000	152,418	2.0	152,418	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through other comprehensive income - current	90,000	47,700	-	47,700	
	<u>Mutual funds</u>							
	Fuh Hwa Global Strategic Allocation FoF		Financial assets at fair value through profit or loss - current	1,000,000	12,280	-	12,280	
	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds-Accu.		Financial assets at fair value through profit or loss - current	1,453,360	19,034	-	19,034	
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	73,310	1,000	-	1,000	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Beverage Company Limited	<u>Shares</u> Global Strategic Investment Co., Ltd.	Charng Hui Ltd. is one of the directors	Financial assets at fair value through profit or loss - non-current	850,500	\$ 4,338	1.9	\$ 4,338	
	Hong Da Leasing & Finance Co., Ltd.		Financial assets at fair value through profit or loss - non-current	8,297,000	-	23.7	-	
	CNEX Co., Ltd.		Financial assets at fair value through profit or loss - non-current	1,000,000	-	6.0	-	
	Amphastar Pharmaceuticals Inc. (AMPH)		Financial assets at fair value through profit or loss - non-current	7,742	4,434	-	4,434	
	<u>Mutual funds</u> Fuh Hwa Greater China Mid & Small Cap		Financial assets at fair value through profit or loss - current	225,000	3,625	-	3,625	
	Franklin Templeton SinoAm Global Bd Acc		Financial assets at fair value through profit or loss - current	282,988	3,706	-	3,706	
	<u>Shares</u> InnoComm Mobile Technology Corp.		Financial assets at fair value through other comprehensive income - non-current	3,600,000	188,784	13.4	188,784	
	<u>Shares</u> AsiaVest Liquidation Co.		Financial assets at fair value through other comprehensive income - non-current	200	1,053	0.7	1,053	
	<u>Mutual funds</u> Term Liquidity Fund		Financial assets at fair value through profit or loss - current	33,453	99,961	-	99,961	

Note: The amounts presented above were eliminated upon consolidation.

(Concluded)

TABLE 4**STANDARD FOODS CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable (Receivable)		Note
			Purchases (Sales)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Sales	\$ (1,442,012)	10.94	55 days after month end closing (net of receivables and payables)	-	-	\$ 127,574	6.02	Note
			Purchases	900,852	12.35	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	1,442,012	57.34	55 days after month end closing (net of receivables and payables)	-	-	(127,574)	37.40	Note
			Sales	(900,852)	25.52	55 days after month end closing (net of receivables and payables)	-	-	-	-	Note
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Sales	(2,014,629)	72.98	60 days after month-end closing	-	-	551,912	98.91	Note
			Purchases	447,874	18.11	60 days after month-end closing	-	-	(56,376)	56.17	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	2,014,629	15.18	60 days after month-end closing	-	-	(551,912)	15.57	Note
			Sales	(447,874)	2.91	60 days after month-end closing	-	-	56,376	1.96	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(6,492,434)	99.64	60 days after month-end closing	-	-	1,683,690	99.95	Note
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	6,492,434	48.90	60 days after month-end closing	-	-	(1,683,690)	47.50	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Purchases	558,960	9.00	60 days after month-end closing	-	-	(183,694)	36.46	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	(558,960)	8.99	60 days after month-end closing	-	-	183,694	12.48	Note
	Standard Investment (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Sales	(4,753,380)	76.42	60 days after month-end closing	-	-	1,288,201	87.52	Note
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	4,753,380	35.80	60 days after month-end closing	-	-	(1,288,201)	36.34	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, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationships	Ending Balance for Account Receivable - Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Note
					Amount	Actions Taken			
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Trade receivables \$127,574	10.72	\$ -		\$ 127,574 (Note 1)	\$ -	(Note 2)
			Other receivables 2,761		-		2,761 (Note 1)	-	(Note 2)
			\$ 130,335		\$ -		\$ 130,335 (Note 1)	\$ -	
	Standard Foods (China) Co., Ltd.	The Company's subsidiary	Financing receivables\$349,184		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables 2,162		-		- (Note 1)	-	(Note 2)
			\$ 351,346		\$ -		\$ - (Note 1)	\$ -	
	Standard Foods (Xiamen) Co., Ltd.	The Company's subsidiary	Financing receivables\$523,776		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables 2,703		-		- (Note 1)	-	(Note 2)
			\$ 526,479		\$ -		\$ - (Note 1)	\$ -	
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables\$ 551,912	3.86	\$ -		\$ 551,912 (Note 1)	\$ -	(Note 2)
			Financing receivables79,413		-		- (Note 1)	-	(Note 2)
			Other receivables 17,123		-		17,123 (Note 1)	-	(Note 2)
	Standard Foods (Xiamen) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	\$ 648,448		\$ -		\$ 569,035 (Note 1)	\$ -	
			Trade receivables\$ -	1.61	\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Financing receivables458,304		-		- (Note 1)	-	(Note 2)
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods	Other receivables 11,750		-		11,649 (Note 1)	-	(Note 2)
			\$ 470,054		\$ -		\$ 11,649 (Note 1)	\$ -	
			Trade receivables\$ 1,683,690	3.88	\$ -		\$ 1,683,690 (Note 1)	\$ -	(Note 2)

Standard Investment (China) Co., Ltd.	(China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Other receivables	22,323		-	22,323	-	(Note 2)
							(Note 1)		
				<u>\$ 1,706,013</u>		<u>\$ -</u>	<u>\$ 1,706,013</u>	<u>\$ -</u>	
							(Note 1)		
	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Trade receivables	\$ 5	10.18	\$ -	\$ 5	\$ -	(Note 2)
			Financing receivables	408,065		-	-	-	(Note 2)
			Other receivables	<u>14,381</u>		-	<u>14,381</u>	-	(Note 2)
				<u>\$ 422,451</u>		<u>\$ -</u>	<u>\$ 14,386</u>	<u>\$ -</u>	
							(Note 1)		
	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Trade receivables	\$ 3	23.68	\$ -	\$ 3	\$ -	(Note 2)
			Financing receivables	189,904		-	-	-	(Note 2)
			Other receivables	<u>9,894</u>		-	<u>9,894</u>	-	(Note 2)
				<u>\$ 199,801</u>		<u>\$ -</u>	<u>\$ 9,897</u>	<u>\$ -</u>	
							(Note 1)		
	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Trade receivables	\$ 56,376	4.10	\$ -	\$ 56,369	\$ -	(Note 2)
			Other receivables	<u>47,592</u>		-	<u>47,592</u>	-	(Note 2)
				<u>\$ 103,968</u>		<u>\$ -</u>	<u>\$ 103,961</u>	<u>\$ -</u>	
							(Note 1)		
Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	\$ 1,288,201	3.98	\$ -	\$ 1,288,201	\$ -	(Note 2)
			Other receivables	<u>6,363</u>		-	<u>6,363</u>	-	(Note 2)
				<u>\$ 1,294,564</u>		<u>\$ -</u>	<u>\$ 1,294,564</u>	<u>\$ -</u>	
							(Note 1)		
	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	\$ 183,694	2.75	\$ -	\$ 183,694	\$ -	(Note 2)
			Other receivables	<u>2,303</u>		-	-	-	(Note 2)
				<u>\$ 185,997</u>		<u>\$ -</u>	<u>\$ 183,694</u>	<u>\$ -</u>	
							(Note 1)		

Note 1: Amounts received before March 22, 2021.

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, 2020

(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	\$ 127,574	According to the general conditions	0.5
		Standard Dairy Products Taiwan Limited	a	Other receivables - related parties	2,761	According to the general conditions	-
		Standard Dairy Products Taiwan Limited	a	Sales	1,442,012	According to the general conditions	4.2
		Standard Dairy Products Taiwan Limited	a	Purchases	900,852	According to the general conditions	2.6
		Standard Dairy Products Taiwan Limited	a	Royalty revenue	9,577	According to the general conditions	-
		Standard Beverage Company Limited	a	Other receivables - related parties	116	According to the general conditions	-
		Standard Beverage Company Limited	a	Financing receivables - related parties	20,000	Interest rate 0.950%	0.1
		Standard Beverage Company Limited	a	Purchases	1,015	According to the general conditions	-
		Standard Beverage Company Limited	a	Interest income	15	Interest rate 0.950%	-
		Standard Beverage Company Limited	a	Service revenue	1,320	According to the general conditions	-
		Dermalab	a	Financing receivables - related parties	46,842	Interest rate 1.000%	0.2
		Standard Foods (China) Co., Ltd.	a	Other receivables - related parties	2,162	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Financing receivables - related parties	349,184	Interest rate 1.000%	1.3
		Standard Foods (China) Co., Ltd.	a	Interest income	2,128	Interest rate 1.000%	-
		Standard Foods (Xiamen) Co., Ltd.	a	Other receivables - related parties	2,703	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Financing receivables - related parties	523,776	Interest rate 1.000%	1.9
		Standard Foods (Xiamen) Co., Ltd.	a	Interest income	2,669	Interest rate 1.000%	-
1	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	c	Trade receivables - related parties	551,912	According to the general conditions	2.0
		Standard Investment (China) Co., Ltd.	c	Financing receivables - related parties	79,413	Interest rate 2.500%	0.3
		Standard Investment (China) Co., Ltd.	c	Other receivables - related parties	17,123	According to the general conditions	0.1
		Standard Investment (China) Co., Ltd.	c	Trade payables - related parties	56,376	According to the general conditions	0.2
		Standard Investment (China) Co., Ltd.	c	Other payables - related parties	47,592	According to the general conditions	0.2
		Standard Investment (China) Co., Ltd.	c	Sales	2,014,629	According to the general conditions	5.8
		Standard Investment (China) Co., Ltd.	c	Purchases	447,874	According to the general conditions	1.3
		Standard Investment (China) Co., Ltd.	c	Interest income	2,546	Interest rate 2.500%	-
		Standard Investment (China) Co., Ltd.	c	Other expenses	327	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c	Research and development expenses	7,337	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c	Trade receivables - related parties	6,044	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c	Sales	26,906	According to the general conditions	0.1
		Standard Foods (China) Co., Ltd.	c	Purchases	13,933	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	c	Trade receivables - related parties	6	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	c	Purchases	513	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	c	Other expenses	10	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Other receivables - related parties	11,750	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Financing receivables - related parties	458,304	Interest rate 1.000%	1.6
		Standard Foods (Xiamen) Co., Ltd.	c	Sales	5,343	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Interest income	11,295	Interest rate 1.000%	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Total Sales or Assets (Note 3)
2	Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	a	Trade receivables - related parties	\$ 5	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Other receivables - related parties	14,381	According to the general conditions	0.1
		Standard Foods (China) Co., Ltd.	a	Financing receivables - related parties	408,065	Interest rate 2.500%	1.5
		Standard Foods (China) Co., Ltd.	a	Trade payables - related parties	1,683,690	According to the general conditions	6.1
		Standard Foods (China) Co., Ltd.	a	Other payables - related parties	22,323	According to the general conditions	0.1
		Standard Foods (China) Co., Ltd.	a	Sales	499	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Purchases	6,492,434	According to the general conditions	18.8
		Standard Foods (China) Co., Ltd.	a	Interest income	3,832	Interest rate 2.500%	-
		Standard Foods (China) Co., Ltd.	a	Other revenue	14,133	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Rental expenses	94	According to the general conditions	-
		Shanghai Dermalab Corporation	a	Other receivables - related parties	2,092	According to the general conditions	-
		Shanghai Dermalab Corporation	a	Financing receivables - related parties	43,827	Interest rate 2.500%	0.2
		Shanghai Dermalab Corporation	a	Interest income	2,065	Interest rate 2.500%	-
		Shanghai Dermalab Corporation	a	Expense	56	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Trade receivables - related parties	3	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Other receivables - related parties	9,894	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Financing receivables - related parties	189,904	Interest rate 2.500%	0.7
		Standard Foods (Xiamen) Co., Ltd.	a	Trade payables - related parties	1,288,201	According to the general conditions	4.6
		Standard Foods (Xiamen) Co., Ltd.	a	Other payables - related parties	6,363	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Sales	367	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Purchases	4,753,380	According to the general conditions	13.8
		Standard Foods (Xiamen) Co., Ltd.	a	Interest income	17,608	Interest rate 2.500%	0.1
		Standard Foods (Xiamen) Co., Ltd.	a	Other revenue	9,725	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	a	Other receivables - related parties	1,669	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	a	Financing receivables - related parties	21,553	Interest rate 2.500%	0.1
		Le Bonta Wellness Co., Ltd.	a	Trade payables - related parties	2,049	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	a	Sales	8	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	a	Purchases	8,223	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	a	Interest income	1,673	Interest rate 2.500%	-
		Shanghai Le Ho Industrial Co., Ltd.	c	Other payables - related parties	89	According to the general conditions	-
		Shanghai Le Ho Industrial Co., Ltd.	c	Financing payables - related parties	5,063	Interest rate 2.500%	-
		Shanghai Le Ho Industrial Co., Ltd.	c	Interest expenses	87	Interest rate 2.500%	-
		Shanghai Le Min Industrial Co., Ltd.	c	Other payables - related parties	91	According to the general conditions	-
		Shanghai Le Min Industrial Co., Ltd.	c	Financing payables - related parties	4,775	Interest rate 2.500%	-
		Shanghai Le Min Industrial Co., Ltd.	c	Interest expenses	89	Interest rate 2.500%	-
		Shanghai Le Ben De Co., Ltd.	c	Other payables - related parties	2	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c	Financing payables - related parties	10,912	Interest rate 1.000%	-
		Shanghai Le Ben De Co., Ltd.	c	Purchases	1,063	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c	Interest expenses	132	Interest rate 1.000%	-
3	Shanghai Dermalab Corporation	Dermalab	c	Trade payables - related parties	35,090	According to the general conditions	0.1
		Dermalab	c	Purchases	76,384	According to the general conditions	0.2
		Le Bonta Wellness Co., Ltd.	c	Sales	14	According to the general conditions	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Total Sales or Assets (Note 3)
4	Standard Foods (China) Co., Ltd.	Le Bonta Wellness Co., Ltd.	c	Trade receivables - related parties	\$ 130	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	c	Other receivables - related parties	1,205	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	c	Sales	278	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	c	Purchases	13	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	c	Rental revenue	3,542	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	c	Other expenses	4,304	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Trade payables - related parties	183,694	According to the general conditions	0.7
		Standard Foods (Xiamen) Co., Ltd.	c	Other payables - related parties	2,303	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Sales	43	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Purchases	558,960	According to the general conditions	1.6
5	Le Bonta Wellness Co., Ltd.	Shanghai Le Ben De Co., Ltd.	c	Trade payables - related parties	435	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c	Sales	1,878	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c	Purchases	953	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Sales	9	According to the general conditions	-

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

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

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

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

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

Note 4: The amount was eliminated upon consolidation.

(Concluded)

TABLE 7**STANDARD FOODS CORPORATION AND SUBSIDIARIES**
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	\$ 3,936,267	\$ 3,936,267	123,600,000	100	\$ 3,623,593	\$ 189,679	\$ 180,564	Subsidiary (Note 1) (Note 6)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	4,710,865	4,710,865	150,124,815	100	5,685,589	377,175	377,175	Subsidiary (Note 6)
	Standard Dairy Products Taiwan Limited	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100	1,006,590	405,319	404,208	Subsidiary (Note 2) (Note 6)
	Chang Hui Ltd.	Taipei, Taiwan	Investment business	230,000	230,000	24,100,000	100	354,881	20,415	2,741	Subsidiary (Note 3) (Note 6)
	Domex Technology Corporation	Hsinchu, Taiwan	Manufacture and sale of computer peripherals and computer and information products	114,116	114,116	10,374,399	52	305,990	80,935	42,095	Subsidiary (Note 6)
	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	83,597	3,356	3,380	Subsidiary (Note 4) (Note 6)
	Le Bonta Wellness International Corporation	Taipei, Taiwan	Sale of health foods	14,350	14,350	Note 5	100	8,958	177	177	Subsidiary (Note 6)
	Standard Foods, LLC.	U.S.A.	Sale of health foods	9,056	-	Note 5	100	8,544	-	-	Subsidiary (Note 6)
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	335,215	266,587	2,600	100	188,116	10,103	-	Indirect subsidiary (Note 6)
Dermalab S.A.	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100	-	-	-	Indirect subsidiary (Note 6)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investment business	4,708,566	4,708,566	150,050,815	100	5,685,017	377,452	-	Indirect subsidiary (Note 6)

Note 1: This amount was the share of profit of the investee of \$189,679 thousand minus the unrealized gain on sidestream transactions of \$9,115 thousand.

Note 2: This amount was the share of profit of the investee of \$405,319 thousand minus the unrealized gain on sidestream transactions of \$1,111 thousand.

Note 3: This amount was the share of profit of the investee of \$20,415 thousand minus the Standard Foods Corporation Cash dividends paid of \$17,674 thousand.

Note 4: This amount was the share of profit of the investee of \$3,356 thousand plus the unrealized gain on upstream transactions of \$23 thousand.

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

Note 6: The amounts presented above were eliminated upon consolidation.

TABLE 8

STANDARD FOODS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	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)	\$ 197,080	100.0	\$ 194,031 (Note 9)	\$ 3,236,959	\$ -	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)	418,759	99.0	571 414, (Note 9)	4,882,005	-	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)	143,748	99.0	134,895 (Note 9)	2,000,127	-	Note 11
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetics and international trading	93,989	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	(17,342)	99.0	(17,169) (Note 9)	8,311	-	Note 11
Le Bonta Wellness Co., Ltd.	Sale of nutritional foods and international trading	380,418	a. and c. (Note 7)	181,048 (Note 7)	-	-	181,048 (Note 7)	(38,271)	99.5	(38,084) (Note 9)	175,748	-	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)	719	100.0	719 (Note 9)	29,830	-	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)	112,671	99.0	103,630 (Note 9)	1,455,322	-	Note 11
Shanghai Le Ho Industrial Co., Ltd.	Property management	607,717	b. (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	(22,828)	100.0	(22,828) (Note 9)	494,056	-	Note 11
Shanghai Le Min Industrial Co., Ltd.	Property management	378,009	b. (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	(14,000)	100.0	(14,000) (Note 9)	308,367	-	Note 11

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	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.

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, 2019; the investment remained at \$4,034,074 thousand. Of the \$4,034,074 thousand, \$53,279 thousand has been retained in Accession Limited. The remaining balance of thereof, amounting to \$3,980,795 thousand, was originally the outward remittance of the investment of Shanghai Standard Foods Co., Ltd. in 2015. However, as of July 2015, of the \$3,980,795 thousand, \$31,220 thousand was invested in Shanghai Le Ben De Health Technology Co., Ltd. by Shanghai Standard Foods Co., Ltd. In aggregate, the outward remittance of the investments of Shanghai Standard Foods Co., Ltd. and Shanghai Le Ben De Health Technology Co., Ltd. was \$3,949,575 thousand and \$31,220 thousand, respectively.

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

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

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

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

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

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

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

(Concluded)

STANDARD FOODS CORPORATION AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Mu Te Investment Co., Ltd. Trust Property Account	157,008,400	17.15
Chia Yun Investment Co., Ltd. Trust Property Account	133,125,408	14.54
Chia Chieh Investment Co., Ltd. Trust Property Account	108,503,160	11.85

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

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

V. Individual Financial Statements for the Most Recent Fiscal Year

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, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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, 2020 and 2019, 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, 2020 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. 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. 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 financial statements for the year ended December 31, 2020. 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, 2020 is stated as follows:

Estimate of Return Liability

The Company mainly manufactures and sells nutritious foods, edible oils, dairy products and beverages. Taking into account the historical experience of its sales in the past, the Company estimates the probable amount of each product's return liability. Refer to Notes 5 and 19 to the financial statements for detailed information related to return liability. Because the assessment of return liability involves management's critical accounting estimates and judgments, we considered the assessment of return liability to be a key audit matter.

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

1. We obtained an understanding and tested the design and operating effectiveness of the key controls over the estimates of the return liability.

2. We selected samples from the sales return transactions and inspected the correctness of the sales returns in current year.
3. We obtained the relevant reports of estimates of sales return liability, and we recalculated and reviewed that the assessment results were adequate.

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 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 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 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 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tza-Li Gung and Zhi-Yuan Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

Notice to Readers

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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 205,747	1	\$ 624,431	3
Financial assets at fair value through profit or loss - current (Note 7)	1,118,813	5	556,393	3
Financial assets at fair value through other comprehensive income - current (Note 8)	20,671	-	21,825	-
Financial assets at amortized cost - current (Note 9)	1,092,961	5	1,610,195	8
Notes receivable (Notes 10 and 22)	5	-	-	-
Trade receivables from unrelated parties (Notes 10 and 22)	1,980,474	10	2,148,846	11
Trade receivables from related parties (Notes 22 and 28)	136,585	1	141,484	1
Other receivables (Note 10)	34,420	-	15,523	-
Other receivables from related parties (Note 28)	947,545	5	3,242	-
Inventories (Note 11)	1,834,330	9	1,926,771	10
Prepayments (Note 12)	167,706	1	242,149	1
Other current assets (Notes 17 and 19)	27,378	-	15,348	-
Total current assets	7,566,635	37	7,306,207	37
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	1,894	-	7,575	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	77,341	-	81,342	-
Investments accounted for using the equity method (Note 13)	11,167,932	54	10,339,942	53
Property, plant and equipment (Note 14)	1,352,887	7	1,372,629	7
Right-of-use assets (Note 15)	63,174	-	84,295	1
Other intangible assets (Note 16)	13,660	-	2,943	-
Deferred tax assets (Note 24)	321,299	2	378,132	2
Other non-current assets (Note 17)	19,928	-	23,123	-
Total non-current assets	13,018,115	63	12,289,981	63
TOTAL	<u>\$ 20,584,750</u>	<u>100</u>	<u>\$ 19,596,188</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 22)	\$ 21,440	-	\$ 15,035	-
Notes payable (Note 18)	289	-	577	-
Trade payables (Note 18)	827,945	4	876,262	5
Trade payables to related parties (Note 28)	20,526	-	26,141	-
Other payables (Note 19)	1,110,589	5	1,041,136	5
Current tax liabilities (Note 24)	299,812	2	391,748	2
Lease liabilities - current (Note 15)	20,979	-	25,349	-
Other current liabilities (Notes 5 and 19)	24,670	-	8,284	-
Total current liabilities	2,326,250	11	2,384,532	12
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 24)	347,410	2	265,870	2
Lease liabilities - non-current (Note 15)	38,059	-	56,304	-
Net defined benefit liabilities (Note 20)	188,393	1	211,205	1
Other non-current liabilities (Note 19)	150	-	150	-
Total non-current liabilities	574,012	3	533,529	3
Total liabilities	2,900,262	14	2,918,061	15
EQUITY (Note 21)				
Ordinary shares	9,150,897	44	9,150,897	47
Capital surplus	127,392	1	109,718	-
Retained earnings				
Legal reserve	3,287,022	16	2,945,412	15
Special reserve	577,494	3	330,945	2
Unappropriated earnings	4,918,357	24	4,739,831	24
Total retained earnings	8,782,873	43	8,016,188	41
Other equity	(355,492)	(2)	(577,494)	(3)
Treasury shares	(21,182)	-	(21,182)	-
Total equity	17,684,488	86	16,678,127	85
TOTAL	<u>\$ 20,584,750</u>	<u>100</u>	<u>\$ 19,596,188</u>	<u>100</u>

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

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 22 and 28)	\$ 13,184,535	100	\$ 13,139,944	100
OPERATING COSTS				
Cost of goods sold (Notes 11, 23 and 28)	<u>8,455,471</u>	<u>64</u>	<u>8,469,936</u>	<u>64</u>
GROSS PROFIT	<u>4,729,064</u>	<u>36</u>	<u>4,670,008</u>	<u>36</u>
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	1,340,048	10	1,223,016	9
General and administrative expenses	453,697	3	397,433	3
Research and development expenses	87,553	1	94,429	1
Expected credit gain	<u>(217)</u>	<u>-</u>	<u>(95)</u>	<u>-</u>
Total operating expenses	<u>1,881,081</u>	<u>14</u>	<u>1,714,783</u>	<u>13</u>
OPERATING INCOME	<u>2,847,983</u>	<u>22</u>	<u>2,955,225</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 23 and 28)	21,974	-	22,823	-
Other income (Notes 23 and 28)	11,298	-	11,933	-
Other gains (Note 23)	50,398	-	3,468	-
Finance costs (Note 23)	(1,084)	-	(1,339)	-
Share of the profit of subsidiaries	<u>990,798</u>	<u>8</u>	<u>1,191,976</u>	<u>9</u>
Total non-operating income and expenses	<u>1,073,384</u>	<u>8</u>	<u>1,228,861</u>	<u>9</u>
PROFIT BEFORE INCOME TAX	3,921,367	30	4,184,086	32
INCOME TAX EXPENSE (Note 24)	<u>708,566</u>	<u>6</u>	<u>767,989</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>3,212,801</u>	<u>24</u>	<u>3,416,097</u>	<u>26</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(20,575)	-	(20,000)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(5,155)	-	(18,658)	-

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Share of the other comprehensive income of subsidiaries accounted for using the equity method	\$ 101,676	1	\$ 40,644	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>4,095</u>	<u>-</u>	<u>4,338</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>80,041</u>	<u>1</u>	<u>6,324</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	151,041	1	(350,212)	(3)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	<u>(30,209)</u>	<u>-</u>	<u>70,043</u>	<u>1</u>
Total items that may be reclassified subsequently to profit or loss	<u>120,832</u>	<u>1</u>	<u>(280,169)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income (loss) tax	<u>200,873</u>	<u>2</u>	<u>(273,845)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,413,674</u>	<u>26</u>	<u>\$ 3,142,252</u>	<u>24</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 3.54</u>		<u>\$ 3.76</u>	
Diluted	<u>\$ 3.53</u>		<u>\$ 3.76</u>	

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

							Other Equity		Total	Treasury Shares	Total Equity
	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income									
	Ordinary Shares	Capital Surplus	Retained Earnings								
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2019	\$ 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
Appropriation of 2019 earnings											
Legal reserve	-	-	341,610	-	(341,610)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	246,549	(246,549)	-	-	-	-	-	-
Share dividends to shareholders	-	-	-	-	(2,424,987)	(2,424,987)	-	-	-	-	(2,424,987)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	17,674	-	-	-	-	-	-	-	-	17,674
Net profit for the year ended December 31, 2020	-	-	-	-	3,212,801	3,212,801	-	-	-	-	3,212,801
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(21,129)	(21,129)	120,832	101,170	222,002	-	200,873
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	3,191,672	3,191,672	120,832	101,170	222,002	-	3,413,674
BALANCE AT DECEMBER 31, 2020	\$ 9,150,897	\$ 127,392	\$ 3,287,022	\$ 577,494	\$ 4,918,357	\$ 8,782,873	\$ (572,206)	\$ 216,714	\$ (355,492)	\$ (21,182)	\$ 17,684,488

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

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,921,367	\$ 4,184,086
Adjustments for:		
Depreciation expenses	225,981	222,087
Amortization expenses	8,105	11,998
Expected credit loss reversed on trade receivables	(217)	(95)
Net gain on fair value changes of financial assets and liabilities designated as at fair value through profit or loss	(3,063)	(4,098)
Finance costs	1,084	1,339
Interest income	(21,974)	(22,823)
Dividend income	(1,721)	(2,787)
Share of the profit of subsidiaries	(990,798)	(1,191,976)
Net loss on disposal of property, plant and equipment	951	2,087
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(553,676)	(95,054)
Notes receivable	(5)	567
Trade receivables	168,589	(164,585)
Trade receivables from related parties	4,899	33,008
Other receivables	(20,660)	55,058
Other receivables from related parties	(944,303)	715
Inventories	92,441	(93,767)
Prepayments	74,443	39,532
Other current assets	(12,030)	5,061
Contract liabilities	6,405	7,040
Notes payable	(288)	(8,771)
Trade payables	(48,317)	(8,917)
Trade payables to related parties	(5,615)	12,485
Other payables	69,453	36,273
Other current liabilities	16,386	(175)
Net defined benefit liabilities	(43,387)	8
Cash generated from operations	1,944,050	3,018,296
Interest received	23,737	21,489
Interest paid	(1,084)	(1,339)
Income tax paid	(688,243)	(522,605)
Net cash generated from operating activities	<u>1,278,460</u>	<u>2,515,841</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(2,240,636)	(2,768,840)
Proceeds from sale of financial assets at amortized cost	2,757,870	2,141,408
Payments for property, plant and equipment	(185,413)	(159,044)
Proceeds from disposal of property, plant and equipment	2,417	1,131
Payments for intangible assets	(13,541)	(7,564)
(Increase) decrease in other financial assets	1,323	(3,441)

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Increase in other non-current assets	\$ (3,409)	\$ (7,235)
Dividends received from subsidiaries	442,255	424,580
Other dividends received	<u>1,721</u>	<u>2,787</u>
Net cash generated from (used in) investing activities	<u>762,587</u>	<u>(376,218)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	-	(50)
Repayment of the principal portion of lease liabilities	(25,688)	(26,113)
Dividends paid to owners of the Company	(2,424,987)	(2,287,724)
Acquisition of interest in subsidiaries	<u>(9,056)</u>	<u>-</u>
Net cash used in financing activities	<u>(2,459,731)</u>	<u>(2,313,887)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(418,684)	(174,264)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>624,431</u>	<u>798,695</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 205,747</u>	<u>\$ 624,431</u>

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

(Concluded)

STANDARD FOODS CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (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 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 22, 2021.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

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

The Company applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. 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 that together significantly contribute to the ability to create outputs. To determine whether an acquired process is substantive, different criteria apply, depending on whether there are outputs at the acquisition date. 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 Company adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to “could reasonably be expected to influence”. Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”	June 1, 2020

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 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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 the 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 adopts 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 property, plant and equipment, right-of-use asset, intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset 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.

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 27.

ii. Financial assets at amortized cost

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

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

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

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

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-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.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

1. 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. 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

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.

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 services.

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined contribution retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period 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

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

According to the Income Tax Act, 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 Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Estimate of return liability

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 1,432	\$ 1,432
Checking accounts and demand deposits	168,318	223,408
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	35,997	131,144
Repurchase agreements collateralized by bonds	-	268,447
	<u>\$ 205,747</u>	<u>\$ 624,431</u>

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

	December 31	
	2020	2019
Bank balance	0.010%-2.500%	0.001%-3.220%
Repurchase agreements collateralized by bonds	-	0.550%-0.560%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 1,089,781	\$ 556,393
Note cash	29,032	-
	<u>\$ 1,118,813</u>	<u>\$ 556,393</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	\$ 1,894	\$ 7,575

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
<u>Current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	<u>\$ 20,671</u>	<u>\$ 21,825</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 77,341</u>	<u>\$ 81,342</u>

Investments in Equity Instruments at FVTOCI

	December 31	
	2020	2019
<u>Current</u>		
Listed shares and emerging market shares		
Ordinary shares - Far Eastern International Bank	\$ 15,374	\$ 16,479
Ordinary shares - Chunghwa Telecom Co., Ltd.	<u>5,297</u>	<u>5,346</u>
	<u>\$ 20,671</u>	<u>\$ 21,825</u>
<u>Non-current</u>		
Listed shares and emerging market shares		
Ordinary shares - GeneFerm Biotechnology Co., Ltd.	\$ 62,423	\$ 65,640
Unlisted shares		
Ordinary shares - Dah Chung Bills Finance Corp.	<u>14,918</u>	<u>15,702</u>
	<u>\$ 77,341</u>	<u>\$ 81,342</u>

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.

Dividend of \$1,721 thousand and \$2,787 thousand were recognized during 2020 and 2019, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 1,092,961</u>	<u>\$ 1,610,195</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.40%-2.08% and 0.79%-2.85% per annum as of December 31, 2020 and 2019, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2020	2019
<u>Notes receivable</u>		
Operating	<u>\$ 5</u>	<u>\$ -</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,981,590	\$ 2,150,179
Less: Allowance for impairment loss	<u>(1,116)</u>	<u>(1,333)</u>
	<u>\$ 1,980,474</u>	<u>\$ 2,148,846</u>

Other receivables

Accrued interest	\$ 3,442	\$ 5,205
Payment on behalf of others	3,259	595
Accrued promoted subsidy	19,543	3,118
Others	<u>8,176</u>	<u>6,605</u>
	<u>\$ 34,420</u>	<u>\$ 15,523</u>

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 approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook.

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, 2020

	Not Past Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.01%	6.72%	21.74%	51.11%	100.00%	
Gross carrying amount	\$ 1,979,787	\$ 506	\$ 322	\$ 315	\$ 665	\$ 1,981,595
Loss allowance (Lifetime ECL)	<u>(186)</u>	<u>(34)</u>	<u>(70)</u>	<u>(161)</u>	<u>(665)</u>	<u>(1,116)</u>
Amortized cost	<u>\$ 1,979,601</u>	<u>\$ 472</u>	<u>\$ 252</u>	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ 1,980,479</u>

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)	<u>(245)</u>	<u>(51)</u>	<u>(254)</u>	<u>(250)</u>	<u>(533)</u>	<u>(1,333)</u>
Amortized cost	<u>\$ 2,146,795</u>	<u>\$ 641</u>	<u>\$ 1,136</u>	<u>\$ 274</u>	<u>\$ -</u>	<u>\$ 2,148,846</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 1,333	\$ 1,428
Less: Net remeasurement of loss allowance	<u>(217)</u>	<u>(95)</u>
Balance at December 31	<u>\$ 1,116</u>	<u>\$ 1,333</u>

11. INVENTORIES

	December 31	
	2020	2019
Merchandise	\$ 481,002	\$ 463,267
Finished goods	724,984	829,612
Work in progress	145,137	136,206
Raw materials	451,762	458,387
Packing materials	<u>31,445</u>	<u>39,299</u>
	<u>\$ 1,834,330</u>	<u>\$ 1,926,771</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 included reversals of inventory write-downs of \$2,765 thousand and loss on abandoned inventories of \$6,123 thousand. 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.

12. PREPAYMENTS

	December 31	
	2020	2019
Prepayments for purchases	\$ 128,696	\$ 207,477
Prepayments for equipment parts	18,338	16,836
Prepayments for fuel oil	2,352	3,344
Prepayments for insurance	482	619
Prepayments for advertisements	1,540	-
Others	<u>16,298</u>	<u>13,873</u>
	<u>\$ 167,706</u>	<u>\$ 242,149</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
<u>Unlisted companies</u>		
Accession Limited	\$ 3,623,593	\$ 3,381,908
Standard Investment (Cayman) Limited (“Cayman Standard”)	5,685,589	5,220,048
Standard Dairy Products Taiwan Limited (“Standard Dairy Products”)	1,006,590	1,000,126
Charng Hui Ltd. (“Charng Hui”)	354,881	290,480
Domex Technology Corporation (“Domex Technology”)	305,990	247,879
Standard Beverage Company Limited (“Standard Beverage”)	83,597	82,342
Le Bonta Wellness International Corporation (“Le Bonta Wellness”)	8,958	8,781
Le Bonta Wellness Co., Ltd. (“Shanghai Le Bonta”)	90,190	108,378
Standard Foods, LLC.	<u>8,544</u>	<u>-</u>
	<u>\$ 11,167,932</u>	<u>\$ 10,339,942</u>

Name of Subsidiary	Proportion of Ownership and Voting Rights	
	December 31	
	2020	2019
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 Bonta	51.0%	51.0%
Standard Foods, LLC. (Note)	100.0%	-

Note: The Company invested US\$300 thousand in June 2020.

Refer to Note 31 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
<u>Cost</u>						
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	<u>\$ 396,356</u>	<u>\$ 1,027,351</u>	<u>\$ 2,266,941</u>	<u>\$ 187,458</u>	<u>\$ 69,269</u>	<u>\$ 3,947,375</u>
<u>Accumulated depreciation and impairment</u>						
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	<u>\$ -</u>	<u>\$ 633,689</u>	<u>\$ 1,788,743</u>	<u>\$ 152,314</u>	<u>\$ -</u>	<u>\$ 2,574,746</u>
Carrying amount at December 31, 2019	<u>\$ 396,356</u>	<u>\$ 393,662</u>	<u>\$ 478,198</u>	<u>\$ 35,144</u>	<u>\$ 69,269</u>	<u>\$ 1,372,629</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 396,356	\$ 1,027,351	\$ 2,266,941	\$ 187,458	\$ 69,269	\$ 3,947,375
Additions	-	-	-	-	185,413	185,413
Disposals	-	(8,859)	(74,601)	(13,838)	-	(97,298)
Reclassified	2,940	44,932	78,562	10,624	(137,058)	-
Balance at December 31, 2020	<u>\$ 399,296</u>	<u>\$ 1,063,424</u>	<u>\$ 2,270,902</u>	<u>\$ 184,244</u>	<u>\$ 117,624</u>	<u>\$ 4,035,490</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 633,689	\$ 1,788,743	\$ 152,314	\$ -	\$ 2,574,746
Disposals	-	(8,698)	(71,401)	(13,831)	-	(93,930)
Depreciation expenses	-	55,685	132,742	13,360	-	201,787
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 680,676</u>	<u>\$ 1,850,084</u>	<u>\$ 151,843</u>	<u>\$ -</u>	<u>\$ 2,682,603</u>
Carrying amount at December 31, 2020	<u>\$ 399,296</u>	<u>\$ 382,748</u>	<u>\$ 420,818</u>	<u>\$ 32,401</u>	<u>\$ 117,624</u>	<u>\$ 1,352,887</u>

No impairment assessment was performed for the years ended December 31, 2020 and 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

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Land	\$ 2,898	\$ 3,615
Buildings	56,602	75,984
Office equipment	445	390
Transportation equipment	<u>3,229</u>	<u>4,306</u>
	<u>\$ 63,174</u>	<u>\$ 84,295</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 3,073</u>	<u>\$ 8,565</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,851	\$ 865
Buildings	21,190	21,754
Office equipment	76	29
Transportation equipment	<u>1,077</u>	<u>1,077</u>
	<u>\$ 24,194</u>	<u>\$ 23,725</u>

b. Lease liabilities

	December 31	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 20,979</u>	<u>\$ 25,349</u>
Non-current	<u>\$ 38,059</u>	<u>\$ 56,304</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.07%	1.07%
Buildings	1.07%	1.07%
Office equipment	1.07%	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

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 23,730</u>	<u>\$ 15,707</u>
Total cash outflow for leases	<u>\$ (50,362)</u>	<u>\$ (43,159)</u>

The Company's leases of certain office equipment and retail stores 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.

16. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2019	\$ 202,819
Additions	<u>7,564</u>
Balance at December 31, 2019	<u>\$ 210,383</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2019	\$ 201,147
Amortization expenses	<u>6,293</u>
Balance at December 31, 2019	<u>\$ 207,440</u>
Carrying amount at December 31, 2019	<u>\$ 2,943</u>
<u>Cost</u>	
Balance at January 1, 2020	\$ 210,383
Additions	<u>13,541</u>
Balance at December 31, 2020	<u>\$ 223,924</u>
<u>Accumulated amortization and impairment</u>	

Balance at January 1, 2020	\$ 207,440
Amortization expenses	<u>2,824</u>
Balance at December 31, 2020	<u>\$ 210,264</u>
Carrying amount at December 31, 2020	<u>\$ 13,660</u>

No impairment assessment was performed for the years ended December 31, 2020 and 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
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17. OTHER ASSETS

	December 31	
	2020	2019
<u>Current</u>		
Advances to officers	\$ 24,177	\$ 15,348
Right to recover a product	<u>3,201</u>	<u>-</u>
	<u>\$ 27,378</u>	<u>\$ 15,348</u>
<u>Non-current</u>		
Refundable deposits	\$ 16,159	\$ 17,482
Others	<u>3,769</u>	<u>5,641</u>
	<u>\$ 19,928</u>	<u>\$ 23,123</u>

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2020	2019
<u>Notes payable</u>		
Operating	<u>\$ 289</u>	<u>\$ 577</u>
<u>Trade payables</u>		
Trade payables	<u>\$ 827,945</u>	<u>\$ 876,262</u>

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.

19. OTHER LIABILITIES

	December 31	
	2020	2019
<u>Current</u>		
Other payables		
Payable for salaries or bonuses	\$ 183,654	\$ 150,195
Payable for compensation of employees	49,921	52,013
Payable for remuneration of directors	21,965	25,073
Payable for commission and rebates	432,133	413,234
Advertisement payable	157,725	148,641
Payable for royalties	23,682	25,668
Payable for freight	5,993	6,456
Payable for purchases of equipment	54,891	62,297
Payable for labor and health insurance	15,773	15,568
Payable for environmental recycling fee	10,343	10,394
Others	<u>154,509</u>	<u>131,597</u>
	<u>\$ 1,110,589</u>	<u>\$ 1,041,136</u>
Other liabilities		
Return liability	\$ 6,606	\$ 7,011
Others	<u>18,064</u>	<u>1,273</u>
	<u>\$ 24,670</u>	<u>\$ 8,284</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	<u>\$ 150</u>	<u>\$ 150</u>

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

20. 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 Act. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company 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	
	2020	2019
Present value of defined benefit obligation	\$ 515,182	\$ 524,433
Fair value of plan assets	<u>(326,789)</u>	<u>(313,228)</u>
Net defined benefit liability	<u>\$ 188,393</u>	<u>\$ 211,205</u>

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, 2019	<u>\$ 506,793</u>	<u>\$ (315,597)</u>	<u>\$ 191,196</u>
Service cost			
Current service cost	4,061	-	4,061
Net interest expense (income)	<u>5,701</u>	<u>(3,690)</u>	<u>2,011</u>
Recognized in profit or loss	<u>9,762</u>	<u>(3,690)</u>	<u>6,072</u>
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	<u>3,797</u>	<u>-</u>	<u>3,797</u>
Recognized in other comprehensive income	<u>26,621</u>	<u>(6,621)</u>	<u>20,000</u>
Contributions from the employer	<u>-</u>	<u>(6,063)</u>	<u>(6,063)</u>
Benefits paid	<u>(18,743)</u>	<u>18,743</u>	<u>-</u>
Balance at December 31, 2019	<u>524,433</u>	<u>(313,228)</u>	<u>211,205</u>
Service cost			
Current service cost	4,178	-	4,178
Net interest expense (income)	<u>3,933</u>	<u>(2,372)</u>	<u>1,561</u>
Recognized in profit or loss	<u>8,111</u>	<u>(2,372)</u>	<u>5,739</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (10,454)	\$ (10,454)
Actuarial loss - changes in demographic assumptions	2,043	-	2,043
Actuarial loss - changes in financial assumptions	12,746	-	12,746
Actuarial loss - experience adjustments	<u>16,240</u>	<u>-</u>	<u>16,240</u>
Recognized in other comprehensive income	<u>31,029</u>	<u>(10,454)</u>	<u>20,575</u>
Contributions from the employer	<u>-</u>	<u>(49,126)</u>	<u>(49,126)</u>
Benefits paid	<u>(48,391)</u>	<u>48,391</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 515,182</u>	<u>\$ (326,789)</u>	<u>\$ 188,393</u> (Concluded)

Through the defined benefit plan under the Labor Standards Act, 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	
	2020	2019
Discount rate	0.500%	0.750%
Expected rate of salary increase	3.000%	3.000%

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

	December 31	
	2020	2019
Discount rate		
0.250% increase	<u>\$ (12,759)</u>	<u>\$ (13,311)</u>
0.250% decrease	<u>\$ 13,219</u>	<u>\$ 13,802</u>
Expected rate of salary increase		
0.250% increase	<u>\$ 12,680</u>	<u>\$ 13,269</u>
0.250% decrease	<u>\$ (12,310)</u>	<u>\$ (12,869)</u>

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

	December 31	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 23,807</u>	<u>\$ 6,059</u>
The average duration of the defined benefit obligation	10.3 years	10.6 years

21. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2020	2019
Shares authorized (in thousands of shares)	<u>920,000</u>	<u>920,000</u>
Shares authorized, par value of \$10 (in thousands of NT\$)	<u>\$ 9,200,000</u>	<u>\$ 9,200,000</u>
Shares issued and fully paid (in thousands of shares)	<u>915,089</u>	<u>915,089</u>
Shares issued (in thousands of NT\$)	<u>\$ 9,150,897</u>	<u>\$ 9,150,897</u>

2) Global depositary receipts

As of December 31, 2020, 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	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Recognized from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 1	\$ 1
Recognized from treasury share transactions	126,925	109,251
<u>May be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>466</u>	<u>466</u>
	<u>\$ 127,392</u>	<u>\$ 109,718</u>

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

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

c. Retained earnings and dividend policy

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

- 1) 10% thereof as legal reserve;
- 2) Special reserve provided or reversed in accordance with the regulations;
- 3) 30% to 100% of this the sum of the remainder and prior years' unappropriated earnings as dividends.

The Company's Articles of Incorporation also prescribe that 30% to 100% of dividends shall be paid in cash; however, if the Company has major investment plans for which external funds are not available, the percentage may be lowered to 5% to 20%. The distribution plan shall be proposed by the Company's board of directors and resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of the compensation of employees and remuneration of directors after amendment, refer to Note 23(h). compensation of employees and remuneration of directors".

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

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 2019 and 2018 approved in the shareholders' meetings on June 16, 2020 and June 13, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	2018
Legal reserve	\$ 341,610	\$ 294,909
Special reserve	\$ 246,549	\$ 70,519
Cash dividends	\$ 2,424,987	\$ 2,287,724
Cash dividends per share (NT\$)	\$2.65	\$2.50

The appropriations of earnings for 2020 had been proposed by the Company's board of directors on March 22, 2021. The appropriations and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	\$ 319,167
Special reserve	\$ 2,287,724
Cash dividends	\$2.50

The appropriations of earnings for 2020 are subject to the resolution of the shareholders in their meeting to be held on June 11, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Beginning at January 1	\$ 330,945	\$ 260,426
Appropriation in respect of:		
Debit to other equity items	<u>246,549</u>	<u>70,519</u>
Balance at December 31	<u>\$ 577,494</u>	<u>\$ 330,945</u>

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

e. Other equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (693,038)	\$ (412,869)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>120,832</u>	<u>(280,169)</u>
Other comprehensive income recognized for the year	<u>120,832</u>	<u>(280,169)</u>
Balance at December 31	<u>\$ (572,206)</u>	<u>\$ (693,038)</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 115,544	\$ 81,924
Recognized for the year		
Unrealized gain (loss) - equity instruments	<u>101,170</u>	<u>33,620</u>
Other comprehensive income recognized for the year	<u>101,170</u>	<u>33,620</u>
Balance at December 31	<u>\$ 216,714</u>	<u>\$ 115,544</u>

f. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2020 and December 31, 2020	<u>6,669</u>
Number of shares at January 1, 2019 and December 31, 2019	<u>6,669</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2020</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 408,839</u>
<u>December 31, 2019</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 464,195</u>

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

22. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 13,184,535</u>	<u>\$ 13,139,944</u>

a. Contract balances

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Notes receivable (Note 10)	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 567</u>
Trade receivables (Note 10)	<u>\$ 1,980,474</u>	<u>\$ 2,148,846</u>	<u>\$ 1,984,166</u>
Trade receivables from related parties (Note 10)	<u>\$ 136,585</u>	<u>\$ 141,484</u>	<u>\$ 174,492</u>
Contract liabilities - current			
Sale of goods	<u>\$ 21,440</u>	<u>\$ 15,035</u>	<u>\$ 7,995</u>

b. Disaggregation of revenue

	<u>Reportable Segments</u>			
	<u>Nutritious Foods</u>	<u>Cooking Products</u>	<u>Others</u>	<u>Total</u>
<u>For the year ended December 31, 2020</u>				
Type of goods or services				
Sale of goods	<u>\$ 10,824,568</u>	<u>\$ 1,998,655</u>	<u>\$ 361,312</u>	<u>\$ 13,184,535</u>
<u>For the year ended December 31, 2019</u>				
Type of goods or services				
Sale of goods	<u>\$ 10,869,880</u>	<u>\$ 1,926,228</u>	<u>\$ 343,836</u>	<u>\$ 13,139,944</u>

23. NET PROFIT

Net Profit

a. Interest income

	For the Year Ended December 31	
	2020	2019
Interest income		
Bank deposits	\$ 2,850	\$ 8,512
Financial assets at amortized cost	13,886	13,871
Repurchase agreements collateralized by bonds	361	384
Loans to related parties	4,812	-
Others	<u>65</u>	<u>56</u>
	<u>\$ 21,974</u>	<u>\$ 22,823</u>

b. Other income

	For the Year Ended December 31	
	2020	2019
Royalties	\$ 9,577	\$ 9,146
Dividends	<u>1,721</u>	<u>2,787</u>
	<u>\$ 11,298</u>	<u>\$ 11,933</u>

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Fair value changes of financial assets and financial liabilities		
Net gain on financial assets mandatorily classified as at FVTPL	\$ 3,063	\$ 4,098
Net foreign exchange gains (losses)	37,129	(13,139)
Net loss on disposal of property, plant and equipment	(951)	(2,087)
Government grants	98	-
Others	<u>11,059</u>	<u>14,596</u>
	<u>\$ 50,398</u>	<u>\$ 3,468</u>

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loan	\$ 140	\$ -
Interest on lease liabilities	<u>944</u>	<u>1,339</u>
	<u>\$ 1,084</u>	<u>\$ 1,339</u>

e. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2020	2019
Trade receivables	\$ (217)	\$ (95)
Inventories (included in operating costs)	<u>(2,765)</u>	<u>(9,406)</u>
	<u>\$ (2,982)</u>	<u>\$ (9,501)</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	\$ 173,659	\$ 170,081
Operating expenses	<u>52,322</u>	<u>52,006</u>
	<u>\$ 225,981</u>	<u>\$ 222,087</u>
An analysis of amortization by function		
Operating costs	\$ 4,127	\$ 4,309
Operating expenses	<u>3,978</u>	<u>7,689</u>
	<u>\$ 8,105</u>	<u>\$ 11,998</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 34,577	\$ 32,606
Defined benefit plans (see Note 21)	<u>5,739</u>	<u>6,072</u>
	40,316	38,678
Other employee benefits	<u>1,148,500</u>	<u>1,069,158</u>
Total employee benefits expense	<u>\$ 1,188,816</u>	<u>\$ 1,107,836</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 523,231	\$ 494,361
Operating expenses	<u>665,585</u>	<u>613,475</u>
	<u>\$ 1,188,816</u>	<u>\$ 1,107,836</u>

h. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates of no less than 0.5% and no higher than 0.75%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on March 22, 2021 and March 18, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	1.25%	1.22%
Remuneration of directors	0.55%	0.59%

Amount

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	\$ 49,921	\$ 52,013
Remuneration of directors	21,965	25,073

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 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	
	2020	2019
Foreign exchange gains	\$ 85,396	\$ 33,162
Foreign exchange losses	<u>(48,267)</u>	<u>(46,301)</u>
Net gain (loss)	<u>\$ 37,129</u>	<u>\$ (13,139)</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 588,864	\$ 614,633
Income tax on unappropriated earnings	18,783	12,941
Adjustments for prior years	<u>(11,340)</u>	<u>(2,299)</u>
	596,307	625,275
Deferred tax		
In respect of the current year	<u>112,259</u>	<u>142,714</u>
Income tax expense recognized in profit or loss	<u>\$ 708,566</u>	<u>\$ 767,989</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	\$ 3,921,367	\$ 4,184,086
Income tax expense calculated at the statutory rate (20%)	\$ 784,273	\$ 836,817
Nondeductible expenses in determining taxable income	18,089	16,626
Tax-exempt income	(101,239)	(96,096)
Income tax on unappropriated earnings	18,783	12,941
Adjustments for prior years' tax	<u>(11,340)</u>	<u>(2,299)</u>
Income tax expense recognized in profit or loss	\$ 708,566	\$ 767,989

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 30,209	\$ (70,043)
Remeasurement of defined benefit plans	(4,115)	(4,335)
Fair value changes of financial assets at FVTOCI	<u>20</u>	<u>(3)</u>
Total income tax recognized in other comprehensive income	\$ 26,114	\$ (74,381)

c. Current tax liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	\$ 299,812	\$ 391,748

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, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 82,086	\$ (32,205)	\$ -	\$ 49,881
Exchange differences on translation of the financial statements of foreign operations	173,259	-	(30,209)	143,050
Defined benefit plans	64,530	184	4,115	68,829
Deferred sales returns and allowances	2,171	1,745	-	3,916
Allowance for inventory loss	2,177	(553)	-	1,624
FVTOCI financial assets	43,889	-	(20)	43,869
Others	<u>10,020</u>	<u>110</u>	<u>-</u>	<u>10,130</u>
	\$ 378,132	\$ (30,719)	\$ (26,114)	\$ 321,299
<u>Deferred tax liabilities</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 232,185	\$ 75,435	\$ -	\$ 307,620
Reserve for land value increment tax	33,685	-	-	33,685
Others	<u>-</u>	<u>6,105</u>	<u>-</u>	<u>6,105</u>
	\$ 265,870	\$ 81,540	\$ -	\$ 347,410

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 91,100	\$ (9,014)	\$ -	\$ 82,086
Exchange differences on translation of 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
	<u>\$ 315,024</u>	<u>\$ (10,989)</u>	<u>\$ 74,097</u>	<u>\$ 378,132</u>
<u>Deferred tax liabilities</u>				
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)	-
	<u>\$ 134,429</u>	<u>\$ 131,725</u>	<u>\$ (284)</u>	<u>\$ 265,870</u>

e. Income tax assessments

The income tax returns of the Company through 2018 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2020	2019
Basic earnings per share	<u>\$ 3.54</u>	<u>\$ 3.76</u>
Diluted earnings per share	<u>\$ 3.53</u>	<u>\$ 3.76</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Earnings used in the computation of basic earnings per share	<u>\$ 3,212,801</u>	<u>\$ 3,416,097</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2020	2019
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	<u>1,070</u>	<u>709</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>909,490</u>	<u>909,129</u>

The Company may settle compensation paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. 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.

27. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 1,894	\$ 1,894
Mutual funds	1,089,781	-	-	1,089,781
Note cash	-	29,032	-	29,032
	<u>\$ 1,089,781</u>	<u>\$ 29,032</u>	<u>\$ 1,894</u>	<u>\$ 1,120,707</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 83,094	\$ -	\$ -	\$ 83,094
Unlisted shares	-	-	14,918	14,918
	<u>\$ 83,094</u>	<u>\$ -</u>	<u>\$ 14,918</u>	<u>\$ 98,012</u>

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
	<u>\$ 556,393</u>	<u>\$ -</u>	<u>\$ 7,575</u>	<u>\$ 563,968</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 87,465	\$ -	\$ -	\$ 87,465
Unlisted shares	-	-	15,702	15,702
	<u>\$ 87,465</u>	<u>\$ -</u>	<u>\$ 15,702</u>	<u>\$ 103,167</u>

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, 2020

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2020	\$ 7,575	\$ 15,702	\$ 23,277
Recognized in profit or loss (included in other gains and losses)	(1,343)	-	(1,343)
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	(784)	(784)
Sales/settlements	<u>(4,338)</u>	<u>-</u>	<u>(4,338)</u>
Balance at December 31, 2020	<u>\$ 1,894</u>	<u>\$ 14,918</u>	<u>\$ 16,812</u>
Recognized in other gains and losses - unrealized	<u>\$ 1,062</u>		<u>\$ 1,062</u>

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)	<u>-</u>	<u>2,897</u>	<u>2,897</u>
Balance at December 31, 2019	<u>\$ 7,575</u>	<u>\$ 15,702</u>	<u>\$ 23,277</u>
Recognized in other gains and losses - unrealized	<u>\$ 260</u>		<u>\$ 260</u>

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

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

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

The fair values of unlisted equity securities - ROC was 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	
	2020	2019
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 1,120,707	\$ 563,968
Financial assets at amortized cost (1)	4,413,896	4,561,203
Financial assets at FVTOCI		
Equity instruments	98,012	103,167

Financial liabilities

Financial liabilities at amortized cost (2)	903,801	965,427
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- 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	
	2020	2019	2020	2019
Profit or loss	\$ 26,980 (i)	\$ 1,161 (i)	\$ 5,874 (ii)	\$ 15,200 (ii)
	EUR Impact		AUD Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Profit or loss	\$ - (iii)	\$ 2,349 (iii)	\$ 775 (iv)	\$ 817 (iv)
	CHF Impact		SGD Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Profit or loss	\$ 1,405 (v)	\$ 1,244 (v)	\$ - (vi)	\$ (348) (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 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	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 434,758	\$ 987,086
Financial liabilities	59,038	81,653
Cash flow interest rate risk		
Financial assets	694,200	1,022,700

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, 2020 and 2019 would have increased/decreased by \$6,942 thousand and \$10,227 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, 2020 and 2019 would have increased/decreased by \$11,207 thousand and \$5,640 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, 2020 and 2019 would have increased/decreased by \$980 thousand and \$1,032 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 79% in total trade receivables as of December 31, 2020 and 2019, 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, 2020

	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	\$ 1,980,479	\$ 19,298	\$ 2,632	\$ 21,930

December 31, 2019

	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	\$ 2,148,846	\$ 35,703	\$ 391	\$ 36,094

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, 2020 and 2019, the Company had available unutilized bank loan facilities in the amounts of \$2,032,062 thousand and \$2,033,591 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, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing	\$ 282,526	\$ 579,957	\$ 41,168	\$ 150
Lease liabilities	18,720	601	2,076	38,272
Contract liabilities	7,147	14,293	-	-
	<u>\$ 308,393</u>	<u>\$ 594,851</u>	<u>\$ 43,244</u>	<u>\$ 38,422</u>

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	<u>5,012</u>	<u>10,023</u>	<u>-</u>	<u>-</u>
	<u>\$ 328,697</u>	<u>\$ 625,096</u>	<u>\$ 52,809</u>	<u>\$ 57,054</u>

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.

28. 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
Accession Limited	Subsidiary
Dermalab S.A. ("Dermalab")	Subsidiary
Standard Foods (China) Co., Ltd. ("Chain Standard Foods")	Subsidiary
Standard Foods (Xiamen) Co., Ltd. ("Xiamen Standard Foods")	Subsidiary
GeneFerm Biotechnology Co., Ltd. ("GeneFerm")	The Company is one of the directors

b. Sales of goods

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Sales	Subsidiaries		
	Standard Dairy Products	\$ 1,442,012	\$ 1,470,332
	GeneFerm	26,058	-
	Others	<u>-</u>	<u>922</u>
		<u>\$ 1,468,070</u>	<u>\$ 1,471,254</u>

Sales to related parties were conducted on normal commercial terms.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiaries		
Standard Dairy Products	\$ 900,852	\$ 917,346
Others	1,015	1,756
The Company is one of the directors		
GeneFerm	<u>72,095</u>	<u>48,186</u>
	<u>\$ 973,692</u>	<u>\$ 967,288</u>

Purchases from related parties were conducted on normal commercial terms.

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2020	2019
Trade receivables	Subsidiaries		
	Standard Dairy Products	\$ 127,574	\$ 141,484
	The Company is one of the directors		
	GeneFerm	<u>9,011</u>	<u>-</u>
		<u>\$ 136,585</u>	<u>\$ 141,484</u>
Other receivables	Subsidiaries		
	Standard Dairy Products	\$ 2,761	\$ 3,127
	Standard Beverage	20,117	115
	Dermalab	46,842	-
	China Standard Foods	351,346	-
	Xiamen Standard Foods	<u>526,479</u>	<u>-</u>
		<u>\$ 947,545</u>	<u>\$ 3,242</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment loss was recognized on receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2020	2019
Trade payables	The Company is one of the directors		
	GeneFerm	<u>\$ 20,526</u>	<u>\$ 26,141</u>

The outstanding payables from related parties are unsecured.

f. Loans to related parties

Related Party Category/Name	December 31	
	2020	2019
Standard Beverage	\$ 20,000	\$ -
Dermalab	46,842	-
China Standard Foods	349,184	-
Xiamen Standard Foods	<u>523,776</u>	<u>-</u>
	<u>\$ 939,802</u>	<u>\$ -</u>

Interest expenses

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Standard Beverage	\$ 15	\$ -
China Standard Foods	2,128	-
Xiamen Standard Foods	<u>2,669</u>	<u>-</u>
	<u>\$ 4,812</u>	<u>\$ -</u>

g. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31	
	2020	2019
Subsidiaries		
Standard Beverage		
Amount endorsed	\$ 202,400	\$ 149,900
Amount utilized	-	20,000
Subsidiaries		
Accession Limited		
Amount endorsed	-	29,980
Amount utilized	-	-

h. Other transactions with related parties

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Royalty revenue	Subsidiaries Standard Dairy Products	\$ 9,577	\$ 9,146
Service revenue	Subsidiaries Standard Beverage	\$ 1,320	\$ 1,320

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 40,383	\$ 45,293
Post-employment benefits	326	522
	\$ 40,709	\$ 45,815

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

29. 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, 2020 were as follows:

- The Company has entered into a license agreement with The Quaker Oats Company ("Quaker") for a period ending July 11, 2034. The agreement provides that the Company may use Quaker's trademark, and process, manufacture, market and sell Quaker baby cereal, oatmeal, fruit cereal, ready-to-eat cereal, sesame paste, milk powder and other cereal products in the ROC. In consideration of the above, the Company shall pay Quaker royalties at an agreed percentage of net sales (as defined).
- Unused letters of credit of approximately US\$1,032 thousand.
- Unrecognized commitments for acquisition of property, plant and equipment of approximately \$123,536 thousand.
- Unrecognized commitments for acquiring approximately 30,666 tons of colostrum from dairymen.

30. 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, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,013	28.48 (USD:NTD)	\$ 199,736
RMB	205,470	4.38 (RMB:NTD)	899,341
AUD	1,576	21.95 (AUD:NTD)	34,585
CHF	1,450	32.31 (CHF:NTD)	<u>46,842</u>
			<u>\$ 1,180,504</u>
	Foreign Currency	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using the equity method			
USD	\$ 300	28.48 (USD:NTD)	\$ 8,544
RMB	2,153,318	4.38 (RMB:NTD)	<u>9,399,372</u>
			<u>\$ 9,407,916</u>
<u>Financial liabilities</u>			
Monetary items			
USD	138	28.48 (USD:NTD)	\$ 3,936
AUD	399	21.95 (AUD:NTD)	<u>8,756</u>
			<u>\$ 12,692</u>
			(Concluded)

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
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)	<u>41,472</u>
			<u>\$ 708,378</u>
Non-monetary items			
Investments accounted for using the equity method			

RMB	2,027,023	4.31 (RMB:NTD)	<u>\$ 8,710,333</u>
<u>Financial liabilities</u>			
Monetary items			
AUD	762	21.01 (AUD:NTD)	\$ 16,002
SGD	520	22.28 (SGD:NTD)	<u>11,586</u>
			<u>\$ 27,588</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
Foreign Currency	2020		2019	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.55 (USD:NTD)	\$ 962	30.91 (USD:NTD)	\$ (13,549)
RMB	4.28 (RMB:NTD)	32,372	4.48 (RMB:NTD)	16
EUR	33.71 (EUR:NTD)	2,040	34.61 (EUR:NTD)	344
AUD	20.40 (AUD:NTD)	(215)	21.50 (AUD:NTD)	861
CHF	31.47 (CHF:NTD)	1,675	31.10 (CHF:NTD)	(961)
SGD	21.43 (SGD:NTD)	143	22.66 (SGD:NTD)	11
Others		<u>152</u>		<u>139</u>
		<u>\$ 37,129</u>		<u>\$ (13,139)</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financings provided: (Table 1)
- 2) Endorsement/guarantee provided: (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries): (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 4).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 5).
- 9) Information on investees (excluding investees of mainland China): (Table 6)

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: (Table 7)
 - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss: None.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

TABLE 1

STANDARD FOODS CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short- term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Standard Foods Corporation	Dermalab S.A.	Financing receivables - related parties	Y	\$ 48,893	\$ 48,458	\$ 46,842	1.000%	b.	\$	- Need for operation	\$	-	\$	\$ 6,717,380 (Note 3)	\$ 6,717,380 (Note 3)	Note 12
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	350,368	349,184	349,184	1.000%	b.		- Need for operation		-		3,358,690 (Note 4)	6,717,380 (Note 5)	Note 12
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	525,552	523,776	523,776	1.000%	b.		- Need for operation		-		3,358,690 (Note 4)	6,717,380 (Note 5)	Note 12
		Standard Beverage Company Limited	Financing receivables - related parties	Y	50,000	50,000	20,000	0.950%	b.		- Need for operation		-		6,717,380 (Note 3)	6,717,380 (Note 3)	Note 12
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Y	175,184	174,592	43,827	2.500%	b.		- Need for operation		-		1,909,350 (Note 6)	1,909,350 (Note 6)	Note 12
		Le Bonta Wellness Co., Ltd.	Financing receivables - related parties	Y	175,184	174,592	21,553	2.500%	b.		- Need for operation		-		1,909,350 (Note 6)	1,909,350 (Note 6)	Note 12
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	701,312	523,776	189,904	2.500%	b.		- Need for operation		-		1,909,350 (Note 6)	1,909,350 (Note 6)	Note 12
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	438,320	436,480	408,065	2.500%	b.		- Need for operation		-		1,909,350 (Note 6)	1,909,350 (Note 6)	Note 12
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	635,564	611,072	79,413	2.500%	b.		- Need for operation		-		1,246,764 (Note 7)	1,246,764 (Note 7)	Note 12
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	460,236	458,304	458,304	1.000%	b.		- Need for operation		-		1,246,764 (Note 7)	1,246,764 (Note 7)	Note 12
3	Le Bonta Wellness Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	21,916	-	-	2.500%	b.		- Need for operation		-		74,696 (Note 8)	74,696 (Note 8)	Note 12
4	Shanghai Le Ben De Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	10,949	10,912	10,912	1.000%	b.		- Need for operation		-		11,618 (Note 9)	11,618 (Note 9)	Note 12
5	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	175,328	8,730	5,063	2.500%	b.		- Need for operation		-		195,848 (Note 10)	195,848 (Note 10)	Note 12
6	Shanghai Le Min Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	87,664	8,730	4,775	2.500%	b.		- Need for operation		-		122,266 (Note 11)	122,266 (Note 11)	Note 12

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 \$6,717,380 thousand (the net value per financial statements of \$16,793,451 thousand x 40% as of September 30, 2020).

Note 4: The total amount shall not exceed 20% of net value of Standard Foods Corporation, which was calculated to be \$3,358,690 thousand (the net value per financial statements of \$16,793,451 thousand x 20% as of September 30, 2020).

Note 5: The total amount shall not exceed 40% of net value of Standard Foods Corporation, which was calculated to be \$6,717,380 thousand (the net value per financial statements of \$16,793,451 thousand x 40% as of September 30, 2020).

Note 6: The total amount shall not exceed 40% of net value of Standard Investment (China) Co., Ltd., which was calculated to be \$1,909,350 thousand (the net value per financial statements of \$4,773,375 thousand x 40% as of September 30, 2020).

Note 7: The total amount shall not exceed 40% of net value of Shanghai Standard Foods Co., Ltd., which was calculated to be \$1,246,764 thousand (the net value per financial statements of \$3,116,909 thousand x 40% as of September 30, 2020).

Note 8: The total amount shall not exceed 40% of net value of Le Bonta Wellness Co., Ltd., which was calculated to be \$74,696 thousand (the net value per financial statements of \$186,739 thousand x 40% as of September 30, 2020).

Note 9: The total amount shall not exceed 40% of net value of Shanghai Le Ben De Health Technology Co., Ltd., which was calculated to be \$11,618 thousand (the net value per financial statements of \$29,045 thousand x 40% as of September 30, 2020).(Continued)

Note 10: The total amount shall not exceed 40% of net value of Shanghai Le Ho Industrial Co., Ltd., which was calculated to be \$195,848 thousand (the net value per financial statements of \$489,619 thousand x 40% as of September 30, 2020).

Note 11: The total amount shall not exceed 40% of net value of Shanghai Le Min Industrial Co., Ltd., which was calculated to be \$122,266 thousand (the net value per financial statements of \$305,665 thousand x 40% as of September 30, 2020).

Note 12: The amounts presented above were eliminated upon consolidation.(Concluded)

TABLE 2**STANDARD FOODS CORPORATION****ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount	Guarantee Provided by Parent Company (Note 9)	Guarantee Provided by Subsidiary (Note 9)	Guarantee Provided to Subsidiaries in Mainland China (Note 9)	Note
		Name	Nature of Relationship (Note 2)											
0	Standard Foods Corporation	Standard Beverage Company Limited	b.	\$ 13,434,761 (Note 3)	\$ 208,150	\$ 202,400	\$ -	\$ -	1.21%	\$ 16,793,451 (Note 4)	Y	-	-	

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

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

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

Note 3: The total amount shall not exceed 80% of the net value in the financial statements of Standard Foods Corporation; the amount was calculated at \$13,434,761 thousand (the net value per financial statements of \$16,793,451 thousand x 80% as of September 30, 2020).

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 \$16,793,451 thousand (the net value per financial statements of \$16,793,451 thousand x 100% as of September 30, 2020).

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, 2020****(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, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Foods Corporation	<u>Shares</u> Far Eastern International Commercial Bank Co., Ltd.	The Company is one of the directors	Financial assets at fair value through other comprehensive income - current	1,416,950	\$ 15,374	-	\$ 15,374	
	Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - current	48,600	5,297	-	5,297	
	GeneFerm Biotechnology Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	2,145,110	62,423	7.7	62,423	
	Dah Chung Bills Finance Corp.		Financial assets at fair value through other comprehensive income - non-current	1,243,213	14,918	0.3	14,918	
	<u>Mutual funds</u> Mega Diamond Money Market Fund		Financial assets at fair value through profit or loss - current	12,512,356	158,280	-	158,280	
	Jih Sun Money Market Fund		Financial assets at fair value through profit or loss - current	4,019,723	60,095	-	60,095	
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	21,258,392	290,090	-	290,090	
	CTBC Hua Win Money Market Fund		Financial assets at fair value through profit or loss - current	9,276,464	103,038	-	103,038	
	FSITC Taiwan Money Market Fund		Financial assets at fair value through profit or loss - current	30,989,574	478,278	-	478,278	
	<u>Note cash</u> CODEIS Smart Cash Note		Financial assets at fair value through profit or loss - current	10,000	29,032	-	29,032	
	<u>Shares</u> Techgains Pan-Pacific Corporation		Financial assets at fair value through profit or loss - non-current	500,000	-	0.9	-	
	Authenex, Inc.		Financial assets at fair value through profit or loss - non-current	2,424,242	-	5.5	-	
	Paradigm Venture Capital Corporation		Financial assets at fair value through profit or loss - non-current	180,376	1,894	7.0	1,894	
	U-Teck Environment Corporation, Ltd.		Financial assets at fair value through profit or loss - non-current	11,200	-	0.2	-	
	Octamer, Inc. - Series E Preference Shares		Financial assets at fair value through profit or loss - non-current	800,000	-	7.8	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Dairy Products Taiwan Limited	Octamer, Inc. - Series F Preference Shares		Financial assets at fair value through profit or loss - non-current	107,815	\$ -	1.0	\$ -	
	Fortemedia, Inc. - Series D Preference Shares		Financial assets at fair value through profit or loss - non-current	3,455	-	1.2	-	
	Fortemedia, Inc. - Series E Preference Shares		Financial assets at fair value through profit or loss - non-current	71,397	-	1.2	-	
	Fortemedia, Inc. - Series F Preference Shares		Financial assets at fair value through profit or loss - non-current	29,173	-	1.2	-	
	Fortemedia, Inc. - Series G Preference Shares		Financial assets at fair value through profit or loss - non-current	31,135	-	1.3	-	
	Fortemedia, Inc. - Series I Preference Shares		Financial assets at fair value through profit or loss - non-current	29,102	-	1.3	-	
	Fortemedia, Inc. - Series - Ordinary Shares		Financial assets at fair value through profit or loss - non-current	12,938	-	1.2	-	
	<u>Mutual funds</u>							
	Mega Diamond Money Market Fund		Financial assets at fair value through profit or loss - current	3,963,725	50,141	-	50,141	
	Jih Sun Money Market Fund		Financial assets at fair value through profit or loss - current	5,866,056	87,698	-	87,698	
Chang Hui Ltd.	Taishin 1699 Money Market Fund	Parent of Chang Hui Ltd.	Financial assets at fair value through profit or loss - current	5,091,164	69,473	-	69,473	
	FSITC Diamond Money Market		Financial assets at fair value through profit or loss - current	1,594,265	24,605	-	24,605	
	<u>Shares</u>							
	Standard Foods Corporation		Financial assets at fair value through other comprehensive income - current	6,669,471	408,839	0.7	408,839	Note
	Formosa Plastics Corporation		Financial assets at fair value through other comprehensive income - current	91,440	8,815	-	8,815	
	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	803,258	19,881	-	19,881	
	Polytronics Technology Corp.		Financial assets at fair value through other comprehensive income - current	1,596,000	152,418	2.0	152,418	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through other comprehensive income - current	90,000	47,700	-	47,700	
	<u>Mutual funds</u>							
	Fuh Hwa Global Strategic Allocation FoF		Financial assets at fair value through profit or loss - current	1,000,000	12,280	-	12,280	
	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds-Accu.	Chang Hui Ltd. is one of the directors	Financial assets at fair value through profit or loss - current	1,453,360	19,034	-	19,034	
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	73,310	1,000	-	1,000	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Beverage Company Limited	<u>Shares</u> Global Strategic Investment Co., Ltd.	Charng Hui Ltd. is one of the directors	Financial assets at fair value through profit or loss - non-current	850,500	\$ 4,338	1.9	\$ 4,338	
	Hong Da Leasing & Finance Co., Ltd.		Financial assets at fair value through profit or loss - non-current	8,297,000	-	23.7	-	
	CNEX Co., Ltd.		Financial assets at fair value through profit or loss - non-current	1,000,000	-	6.0	-	
	Amphastar Pharmaceuticals Inc. (AMPH)		Financial assets at fair value through profit or loss - non-current	7,742	4,434	-	4,434	
	<u>Mutual funds</u> Fuh Hwa Greater China Mid & Small Cap		Financial assets at fair value through profit or loss - current	225,000	3,625	-	3,625	
	Franklin Templeton SinoAm Global Bd Acc		Financial assets at fair value through profit or loss - current	282,988	3,706	-	3,706	
Domex Technology Corporation	<u>Shares</u> InnoComm Mobile Technology Corp.		Financial assets at fair value through other comprehensive income - non-current	3,600,000	188,784	13.4	188,784	
Accession Limited	<u>Shares</u> AsiaVest Liquidation Co.		Financial assets at fair value through other comprehensive income - non-current	200	1,053	0.7	1,053	
	<u>Mutual funds</u> Term Liquidity Fund		Financial assets at fair value through profit or loss - current	33,453	99,961	-	99,961	

Note: The amounts presented above were eliminated upon consolidation.

(Concluded)

TABLE 4**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, 2020
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable (Receivable)		Note
			Purchases (Sales)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Sales	\$ (1,442,012)	10.94	55 days after month end closing (net of receivables and payables)	-	-	\$ 127,574	6.02	Note
			Purchases	900,852	12.35	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	1,442,012	57.34	55 days after month end closing (net of receivables and payables)	-	-	(127,574)	37.40	Note
			Sales	(900,852)	25.52	55 days after month end closing (net of receivables and payables)	-	-	-	-	Note
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Sales	(2,014,629)	72.98	60 days after month-end closing	-	-	551,912	98.91	Note
			Purchases	447,874	18.11	60 days after month-end closing	-	-	(56,376)	56.17	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	2,014,629	15.18	60 days after month-end closing	-	-	(551,912)	15.57	Note
			Sales	(447,874)	2.91	60 days after month-end closing	-	-	56,376	1.96	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(6,492,434)	99.64	60 days after month-end closing	-	-	1,683,690	99.95	Note
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	6,492,434	48.90	60 days after month-end closing	-	-	(1,683,690)	47.50	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Purchases	558,960	9.00	60 days after month-end closing	-	-	(183,694)	36.46	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	(558,960)	8.99	60 days after month-end closing	-	-	183,694	12.48	Note
	Standard Investment (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Sales	(4,753,380)	76.42	60 days after month-end closing	-	-	1,288,201	87.52	Note
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	4,753,380	35.80	60 days after month-end closing	-	-	(1,288,201)	36.34	Note

Note: The amounts presented above were eliminated upon consolidation.

TABLE 5

STANDARD FOODS CORPORATION

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

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationships	Ending Balance for Account Receivable - Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Note
					Amount	Actions Taken			
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Trade receivables	10.72	\$ -		\$ 127,574 (Note 1)	\$ -	(Note 2)
			Other receivable		-		2,761 (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ 130,335</u> (Note 1)	<u>\$ -</u>	
	Standard Foods (China) Co., Ltd.	The Company's subsidiary	Financing receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		-		- (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
	Standard Foods (Xiamen) Co., Ltd.	The Company's subsidiary	Financing receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		-		- (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	3.86	\$ -		\$ 551,912 (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
			Other receivables		-		17,123 (Note 1)	-	(Note 2)
	Standard Foods (Xiamen) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.		1.61	<u>\$ -</u>		<u>\$ 569,035</u> (Note 1)	<u>\$ -</u>	
			Trade receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
			Other receivables		-		11,649 (Note 1)	-	(Note 2)
					<u>\$ -</u>		<u>\$ 11,649</u> (Note 1)	<u>\$ -</u>	

Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Trade receivables	\$1,683,690	3.88	\$	-	\$	1,683,690	\$	-	(Note 2)
			Other receivables	<u>22,323</u>			-		<u>22,323</u>		-	(Note 2)
				<u>\$1,706,013</u>			-		<u>\$ 1,706,013</u>		-	
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Trade receivables	\$5	10.18	\$	-	\$	5	\$	-	(Note 2)
			Financing receivables	\$1408,065			-		-		-	(Note 2)
			Other receivables	<u>14,381</u>			-		<u>14,381</u>		-	(Note 2)
	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary		<u>\$422,451</u>			-		<u>\$ 14,386</u>		-	
			Trade receivables	\$3	23.68	\$	-	\$	3	\$	-	(Note 2)
			Financing receivables	\$189,904			-		-		-	(Note 2)
			Other receivables	<u>9,894</u>			-		<u>9,894</u>		-	(Note 2)
	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.		<u>\$199,801</u>			-		<u>\$ 9,897</u>		-	
			Trade receivables	\$56,376	4.10	\$	-	\$	56,369	\$	-	(Note 2)
			Other receivables	<u>47,592</u>			-		<u>47,592</u>		-	(Note 2)
	Standard Foods (Xiamen) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.		<u>\$103,968</u>			-		<u>\$ 103,961</u>		-	
			Trade receivables	\$1,288,201	3.98	\$	-	\$	1,288,201	\$	-	(Note 2)
	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Other receivables	<u>6,363</u>			-		<u>6,363</u>		-	(Note 2)
				<u>\$1,294,564</u>			-		<u>\$ 1,294,564</u>		-	
	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	\$83,694	2.75	\$	-	\$	183,694	\$	-	(Note 2)
			Other receivables	<u>2,303</u>			-		-		-	(Note 2)
				<u>\$185,997</u>			-		<u>\$ 183,694</u>		-	

Note 1: Amounts received before March 22, 2021.

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

TABLE 6**STANDARD FOODS CORPORATION**
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	\$ 3,936,267	\$ 3,936,267	123,600,000	100	\$ 3,623,593	\$ 189,679	\$ 180,564 (Note 1)	Subsidiary (Note 6)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	4,710,865	4,710,865	150,124,815	100	5,685,589	377,175	377,175	Subsidiary (Note 6)
	Standard Dairy Products Taiwan Limited	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100	1,006,590	405,319	404,208 (Note 2)	Subsidiary (Note 6)
	Chang Hui Ltd.	Taipei, Taiwan	Investment business	230,000	230,000	24,100,000	100	354,881	20,415	2,741 (Note 3)	Subsidiary (Note 6)
	Domex Technology Corporation	Hsinchu, Taiwan	Manufacture and sale of computer peripherals and computer and information products	114,116	114,116	10,374,399	52	305,990	80,935	42,095	Subsidiary (Note 6)
	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	83,597	3,356	3,380 (Note 4)	Subsidiary (Note 6)
	Le Bonta Wellness International Corporation	Taipei, Taiwan	Sale of health foods	14,350	14,350	Note 5	100	8,958	177	177	Subsidiary (Note 6)
	Standard Foods, LLC.	U.S.A.	Sale of health foods	9,056	-	Note 5	100	8,544	-	-	Subsidiary (Note 6)
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	335,215	266,587	2,600	100	188,116	10,103	-	Indirect subsidiary (Note 6)
Dermalab S.A.	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100	-	-	-	Indirect subsidiary (Note 6)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investment business	4,708,566	4,708,566	150,050,815	100	5,685,017	377,452	-	Indirect subsidiary (Note 6)

Note 1: This amount was the share of profit of the investee of \$189,679 thousand minus the unrealized gain on sidestream transactions of \$9,115 thousand.

Note 2: This amount was the share of profit of the investee of \$405,319 thousand minus the unrealized gain on sidestream transactions of \$1,111 thousand.

Note 3: This amount was the share of profit of the investee of \$20,415 thousand minus the Standard Foods Corporation cash dividends paid of \$17,674 thousand.

Note 4: This amount was the share of profit of the investee of \$3,356 thousand plus the unrealized gain on upstream transactions of \$24 thousand.

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

Note 6: The amounts presented above were eliminated upon consolidation.

TABLE 7**STANDARD FOODS CORPORATION**
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	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)	\$ 197,080	100.0	\$ 194,031 (Note 9)	\$ 3,236,959	\$ -	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)	418,759	99.0	414,571 (Note 9)	4,882,005	-	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)	143,748	99.0	134,895 (Note 9)	2,000,127	-	Note 11
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetics and international trading	93,989	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	(17,342)	99.0	(17,169) (Note 9)	8,311	-	Note 11
Le Bonta Wellness Co., Ltd.	Sale of nutritional foods and international trading	380,418	a. and c. (Note 7)	181,048 (Note 7)	-	-	181,048 (Note 7)	(38,271)	99.5	(38,084) (Note 9)	175,748	-	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)	719	100.0	719 (Note 9)	29,830	-	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)	112,671	99.0	103,630 (Note 9)	1,455,322	-	Note 11
Shanghai Le Ho Industrial Co., Ltd.	Property management	607,717	b. (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	(22,828)	100.0	(22,828) (Note 9)	494,056	-	Note 11
Shanghai Le Min Industrial Co., Ltd.	Property management	378,009	b. (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	(14,000)	100.0	(14,000) (Note 9)	308,367	-	Note 11

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	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.

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, 2019; the investment remained at \$4,034,074 thousand. Of the \$4,034,074 thousand, \$53,279 thousand has been retained in Accession Limited. The remaining balance of thereof, amounting to \$3,980,795 thousand, was originally the outward remittance of the investment of Shanghai Standard Foods Co., Ltd. in 2015. However, as of July 2015, of the \$3,980,795 thousand, \$31,220 thousand was invested in Shanghai Le Ben De Health Technology Co., Ltd. by Shanghai Standard Foods Co., Ltd. In aggregate, the outward remittance of the investments of Shanghai Standard Foods Co., Ltd. and Shanghai Le Ben De Health Technology Co., Ltd. was \$3,949,575 thousand and \$31,220 thousand, respectively.

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

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

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

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

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

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

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

(Concluded)

TABLE 9**STANDARD FOODS CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Mu Te Investment Co., Ltd. Trust Property Account	157,008,400	17.15
Chia Yun Investment Co., Ltd. Trust Property Account	133,125,408	14.54
Chia Chieh Investment Co., Ltd. Trust Property Account	108,503,160	11.85

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

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

STANDARD FOODS CORPORATION

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STANDARD FOODS CORPORATION**SCHEDULE OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Interest Rate	Amount
Cash on hand			\$ <u>1,432</u>
Cash in banks			
Checking account deposits			54,353
Demand deposits		0.010%-0.050%	683
Foreign currency demand deposits	Including US\$2,658 thousand @28.48, EUR85 thousand @35.02, AUD1,576 thousand @21.95, RMB3 thousand @4.38	0.010%-0.050%	<u>113,282</u>
			<u>168,318</u>
Cash equivalents			
Foreign time deposits	Including US\$600 thousand @28.48 and RMB4,320 thousand @4.38	0.520%-2.500%	<u>35,997</u>
			<u>\$ 205,747</u>

SCHEDULE 2**STANDARD FOODS CORPORATION****SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS****DECEMBER 31, 2020****(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	12,512,355.84	12.65	\$ 158,280	\$ 157,851	12.65	\$ 158,280	\$ 429	
Jih Sun Money Market Fund	4,019,723.44	14.95	60,095	60,000	14.95	60,095	95	
Taishin 1699 Money Market Fund	21,258,392.13	13.65	290,090	290,000	13.65	290,090	90	
CTBC Hua Win Money Market Fund	9,276,463.90	11.11	103,038	103,000	11.11	103,038	38	
FSITC Taiwan Money Market Fund	<u>30,989,574.20</u>	15.43	<u>478,278</u>	<u>478,055</u>	15.43	<u>478,278</u>	<u>223</u>	
	<u>78,056,509.51</u>		<u>1,089,781</u>	<u>1,088,906</u>		<u>1,089,781</u>	<u>875</u>	
Note cash								
CODEIS Smart Cash Note	<u>10,000.00</u>	101.94	<u>29,032</u>	<u>30,830</u>	101.94	<u>29,032</u>	<u>(1,798)</u>	
	<u>78,066,509.51</u>		<u>\$ 1,118,813</u>	<u>\$ 1,119,736</u>		<u>\$ 1,118,813</u>	<u>\$ (923)</u>	

SCHEDULE 3**STANDARD FOODS CORPORATION****SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME - CURRENT****DECEMBER 31, 2020****(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	\$ -	109.00	\$ 5,297
Far Eastern International Commercial Bank Co., Ltd.	1,416,950	10.00	<u>14,170</u>	<u>17,114</u>	<u>-</u>	10.85	<u>15,374</u>
			<u>\$ 14,656</u>	<u>\$ 21,177</u>	<u>\$ -</u>		<u>\$ 20,671</u>

STANDARD FOODS CORPORATION

SCHEDULE OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Name	Description	Number	Par Value	Currency	Total Amount	Annual Interest Rate	Carrying Amount	Remark
Far Eastern International Bank time deposit	Expiry in January 2021, maturity interest	5	4,900	NTD	\$ 24,500	0.80%	\$ 24,500	Floating
Far Eastern International Bank time deposit	Expiry in February 2021, maturity interest	7	4,900	NTD	34,300	0.80%	34,300	Floating
Far Eastern International Bank time deposit	Expiry in March 2021, maturity interest	8	4,900	NTD	39,200	1.05%	39,200	Fixed
Far Eastern International Bank time deposit	Expiry in August 2021, maturity interest	9	4,900	NTD	44,100	0.80%	44,100	Floating
Far Eastern International Bank time deposit	Expiry in October 2021, maturity interest	3	2,900	NTD	8,700	0.80%	8,700	Floating
Far Eastern International Bank time deposit	Expiry in November 2021, maturity interest	9	4,900	NTD	44,100	0.80%	44,100	Floating
Far Eastern International Bank time deposit	Expiry in December 2021, maturity interest	6	4,900	NTD	29,400	0.80%	29,400	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in January 2021, maturity interest	3	49,900	NTD	149,700	0.56%	149,700	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in March 2021, maturity interest	1	49,900	NTD	49,900	0.54%	49,900	Fixed
The Shanghai Commercial & Saving Bank time deposit	Expiry in March 2021, maturity interest	4	49,900	NTD	199,600	0.56%	199,600	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in April 2021, maturity interest	4	49,900	NTD	199,600	0.54%	199,600	Fixed
The Shanghai Commercial & Saving Bank time deposit	Expiry in April 2021, maturity interest	1	40,000	NTD	40,000	0.40%	40,000	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in April 2021, maturity interest	1	20,000	NTD	20,000	0.40%	20,000	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in August 2021, maturity interest	1	40,000	NTD	40,000	0.65%	40,000	Fixed
The Shanghai Commercial & Saving Bank time deposit	Expiry in June 2021, maturity interest	2	49,900	NTD	99,800	0.56%	99,800	Floating
Far Eastern International Bank foreign currency time deposit	Expiry in March 2021, maturity interest	1	900	USD	25,632	1.35%	25,632	Fixed (@28.48)
Taishin International Bank foreign currency time deposit	Expiry in February 2021, maturity interest	1	1,560	USD	44,429	2.08%	44,429	Fixed (@28.48)
					<u>\$ 1,092,961</u>		<u>\$ 1,092,961</u>	

STANDARD FOODS CORPORATION**SCHEDULE OF TRADE RECEIVABLES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Unrelated parties	
Company A	\$ 664,372
Company B	300,393
Company C	106,987
Company D	494,092
Others (Note)	<u>415,746</u>
	1,981,590
Less: Allowance for impairment loss	<u>(1,116)</u>
	<u>\$ 1,980,474</u>
Related party	
Standard Dairy Products Taiwan Limited	\$ 127,574
GeneFerm Biotechnology Co., Ltd.	<u>9,011</u>
	<u>\$ 136,585</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

STANDARD FOODS CORPORATION**SCHEDULE OF INVENTORIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Merchandise	\$ 481,002	\$ 675,760
Finished goods	724,984	1,345,478
Work in progress	145,137	287,726
Raw materials	451,762	833,791
Packaging materials	<u>31,445</u>	<u>48,531</u>
	<u>\$ 1,834,330</u>	<u>\$ 3,191,286</u>

STANDARD FOODS CORPORATION

**SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Investees	Balance at January 1, 2020		Addition		Deduction		Accumulated Reversal of Impairment Loss	Balance at December 31, 2020		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	\$ 4,619	-	\$ -	-	\$ 4,619	\$ -	-	\$ -	Nil	\$ -	Note 1
Paradigm Venture Capital Corporation	180,376	2,956	-	-	-	1,062	-	180,376	1,894	Nil	-	Note 2
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 preference shares	800,000	-	-	-	-	-	-	800,000	-	Nil	-	-
Octamer, Inc. - Series F preference shares	107,815	-	-	-	-	-	-	107,815	-	Nil	-	-
ForteMedia, Inc. - Series D preference shares	3,455	-	-	-	-	-	-	3,455	-	Nil	-	-
ForteMedia, Inc. - Series E preference shares	71,397	-	-	-	-	-	-	71,397	-	Nil	-	-
ForteMedia, Inc. - Series F preference shares	29,173	-	-	-	-	-	-	29,173	-	Nil	-	-
ForteMedia, Inc. - Series G preference shares	31,135	-	-	-	-	-	-	31,135	-	Nil	-	-
ForteMedia, Inc. - Series I preference shares	29,102	-	-	-	-	-	-	29,102	-	Nil	-	-
ForteMedia - ordinary shares	12,938	-	-	-	-	-	-	12,938	-	Nil	-	-
		<u>\$ 7,575</u>		<u>\$ -</u>		<u>\$ 5,681</u>	<u>\$ -</u>		<u>\$ 1,894</u>			

Note 1: The amount of investment in the investee decreased due to disposal.

Note 2: The amount of investment in the investee increased/decreased due to the changes in the fair value.

STANDARD FOODS CORPORATION

**FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Balance at January 1, 2020		Addition		Deduction		Unrealized Gain (Loss)	Balance at December 31, 2020		Accumulated Impairment	Collateral	Remark
	Shares	Fair Value	Shares	Amount	Shares	Amount		Shares	Fair Value			
Emerging market shares												
GeneFerm Biotechnology Co., Ltd.	2,168,110	2,145,110	\$ 65,640	-	\$ -	-	\$ -	(3,217)	2,145,110	\$ 62,423	\$ -	Nil
Dah Chung Bills Finance Corp	1,243,213	1,243,213	<u>15,702</u>	-	<u>-</u>	-	<u>-</u>	(784)	1,243,213	<u>14,918</u>	<u>-</u>	Nil
		<u>\$ 81,342</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ (4,001)</u>		<u>\$ 77,341</u>	<u>\$ -</u>		

STANDARD FOODS CORPORATION

**SCHEDULE OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Investees	Balance at January 1, 2020		Addition		Decrease		Balance at December 31, 2020			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	\$ 3,381,908	-	\$ 242,397	-	\$ 712	123,600,000	100.00	\$ 3,623,593	29.58	\$ 3,655,646	Nil	Note 1
Standard Dairy Products Taiwan Limited	30,000,000	1,000,126	-	404,208	-	397,744	30,000,000	100.00	1,006,590	33.55	1,020,309	Nil	Note 2
Chang Hui Ltd.	24,100,000	290,480	-	84,342	-	19,941	24,100,000	100.00	354,881	31.69	763,720	Nil	Note 3
DOMEX Technology Corporation	10,374,399	247,879	-	84,047	-	25,936	10,374,399	52.00	305,990	29.44	305,374	Nil	Note 4
Standard Beverage Company Limited	7,907,000	82,342	-	3,473	-	2,218	7,907,000	100.00	83,597	10.57	83,587	Nil	Note 5
Standard Investment (Cayman) Limited	150,124,815	5,220,048	-	465,541	-	-	150,124,815	100.00	5,685,589	37.87	5,685,589	Nil	Note 6
Le Bonta Wellness International Corporation	-	8,781	-	177	-	-	-	100.00	8,958	-	8,699	Nil	Notes 7 and 10
Le Bonta Wellness Co., Ltd.	-	108,378	-	1,354	-	19,542	-	51.00	90,190	-	90,190	Nil	Notes 8 and 10
Standard Foods, LLC.	-	-	-	9,056	-	512	-	100.00	8,544	-	8,544	Nil	Notes 9 and 10
		<u>\$ 10,339,942</u>		<u>\$ 1,294,595</u>		<u>\$ 466,605</u>			<u>\$ 11,167,932</u>		<u>\$ 11,621,658</u>		

- Note 1: For the year ended December 31, 2020, the increase amount of investment income accounted for using the equity method was \$180,564 thousand; the increase amount of translation adjustment was \$61,833 thousand; the decrease amount of other comprehensive income was \$712 thousand.
- Note 2: For the year ended December 31, 2020, the increase amount of investment income accounted for using the equity method was \$404,208 thousand; the decrease amount of the cash dividend issued by the investee was \$394,160 thousand; and the decrease amount of other comprehensive income was \$3,584 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 \$84,342 thousand, of which adjustment to the capital surplus was \$17,674 thousand and other comprehensive income was \$63,927 thousand. The investment income accounted for using the equity method was \$2,741 thousand. For the year ended December 31, 2020, the decrease amount of the cash dividend which was issued by the investee was \$19,941 thousand.
- Note 4: For the year ended December 31, 2020, the increase amount of investments amounted to a total of \$84,047 thousand, of which the equity method adopted for the accounting of the investment income was \$42,095 thousand; other comprehensive income was \$41,952 thousand; and the decrease amount of cash dividend which was issued by the investee was \$25,936 thousand.
- Note 5: For the year ended December 31, 2020, the increase amount of investments amounted to \$3,473 thousand, of which the equity method adopted for the accounting of the investment income was \$3,380 thousand; other comprehensive income was \$93 thousand; the decrease amount of cash dividend which was issued by the investee was \$2,218 thousand.
- Note 6: For the year ended December 31, 2020, the increase amount of investment income accounted for using the equity method was \$377,175 thousand; and the decrease amount of translation adjustment was \$88,366 thousand.
- Note 7: For the year ended December 31, 2020, the increase amount of investment income accounted for using the equity method was \$177 thousand.
- Note 8: For the year ended December 31, 2020, the increase amount of translation adjustment was \$1,354 thousand; the decrease amount of investment income accounted for using the equity method was \$19,542 thousand.
- Note 9: For the year ended December 31, 2020, the increase amount due to investing \$9,056 thousand and the decrease amount of translation adjustment was \$512 thousand.
- Note 10: This is a limited company with no issued shares.

STANDARD FOODS CORPORATION**SCHEDULE OF CHANGES IN RIGHT-OF-USE ASSETS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Land	Buildings	Office Equipment	Transportation Equipment	Amount
<u>Cost</u>					
As originally stated on January 1, 2020	\$ 4,480	\$ 96,723	\$ 419	\$ 6,460	\$ 108,082
Additions	1,134	1,808	131	-	3,073
Lease expiration	<u>(1,603)</u>	<u>(1,867)</u>	<u>-</u>	<u>-</u>	<u>(3,470)</u>
Balance at December 31, 2020	<u>\$ 4,011</u>	<u>\$ 96,664</u>	<u>\$ 550</u>	<u>\$ 6,460</u>	<u>\$ 107,685</u>
<u>Accumulated depreciation</u>					
As originally stated on January 1, 2020	\$ 865	\$ 20,739	\$ 29	\$ 2,154	\$ 23,787
Depreciation expenses	1,851	21,190	76	1,077	24,194
Lease expiration	<u>(1,603)</u>	<u>(1,867)</u>	<u>-</u>	<u>-</u>	<u>(3,470)</u>
Balance at December 31, 2020	<u>\$ 1,113</u>	<u>\$ 40,062</u>	<u>\$ 105</u>	<u>\$ 3,231</u>	<u>\$ 44,511</u>

STANDARD FOODS CORPORATION**SCHEDULE OF TRADE PAYABLES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Unrelated parties	
Company A	\$ 162,370
Company B	54,467
Others (Note)	<u>611,108</u>
	<u>\$ 827,945</u>
Related party	
GeneFerm Biotechnology Co., Ltd.	<u>\$ 20,526</u>

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, 2020
(In Thousands of New Taiwan Dollars)**

	Lease Term	Discount Rate	Balance at December 31, 2020	Remark
Land	July 25, 2019 - July 24, 2023	1.07%	\$ 1,040	
Buildings	June 1, 2018 - December 31, 2023	1.07%	57,541	
Office equipment	August 1, 2019 - September 16, 2025	1.07%	<u>457</u>	
			59,038	
Less: Within 1 year			<u>(20,979)</u>	
Lease liabilities - non-current			<u>\$ 38,059</u>	

STANDARD FOODS CORPORATION**SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Quantity (Tons)	Amount
Nutritious foods	99,536	\$ 12,498,016
Cooking products	24,344	2,258,371
Others	9,032	<u>435,955</u>
Total sales		15,192,342
Less: Sales returns		(110,319)
Sales allowances		<u>(1,897,488)</u>
Net sales		<u>\$ 13,184,535</u>

STANDARD FOODS CORPORATION
SCHEDULE OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold - finished goods	
Raw materials, beginning of year	\$ 497,686
Add: Raw materials purchased	4,772,909
Gain on physical inventory of raw materials	106
Less: Transferred to other accounts	(4,106)
Sales of raw materials	(101,128)
Raw materials scrapped	(4,337)
Raw materials, end of year	<u>(483,207)</u>
Raw materials consumed	4,677,923
Direct labor	233,963
Manufacturing expenses	<u>941,033</u>
Manufacturing costs	5,852,919
Work in progress, beginning of year	136,206
Less: Work in progress scrapped	(746)
Other use	<u>(6,775)</u>
Cost of finished goods	5,981,604
Work in progress, end of year	(145,137)
Finished goods, beginning of year	829,612
Less: Transferred to other accounts	(73,609)
Loss on physical inventory of finished goods	(7)
Finished goods scrapped	(863)
Cost of goods sold adjustment	(1,840)
Finished goods, end of year	<u>(724,984)</u>
Cost of goods sold - finished goods	<u>5,864,776</u>
Cost of goods sold - merchandise	
Merchandise, beginning of year	463,267
Add: Merchandise purchased	2,512,873
Profit on physical inventory of merchandise	7
Less: Other use	(10,056)
Merchandise scrapped	(178)
Cost of goods sold adjustment	(1,361)
Merchandise, end of year	<u>(481,002)</u>
Cost of goods sold - merchandise	<u>2,483,550</u>
Cost of sales of raw materials	<u>101,128</u>
Loss on physical inventory	<u>(106)</u>
Inventory scrap losses	<u>6,123</u>
	<u>\$ 8,455,471</u>

STANDARD FOODS CORPORATION

**SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Amount
Advertising expenses	\$ 769,905	\$ -	\$ -	\$ 769,905
Salaries and pensions	300,117	281,316	36,606	618,039
Freight expenses	117,708	-	-	117,708
Taxes	13,992	104	35	14,131
Professional service fees	135	39,016	64	39,215
Rental	18,806	659	49	19,514
Insurance premiums	28,030	16,333	3,279	47,642
Amortization	1,849	2,129	-	3,978
Depreciation	21,822	17,952	12,548	52,322
Traveling expenses	18,394	1,276	451	20,121
Repair and maintenance expenses	8,304	592	3,435	12,331
Computer expenses	3,856	30,849	275	34,980
Meal expenses	9,126	3,471	971	13,568
Postage and telephone charges	520	1,529	215	2,264
Entertainment expenses	1,072	6,255	76	7,403
Employee welfare	8,311	3,151	852	12,314
Utilities	5,144	2,205	1,466	8,815
Donations	3,493	21,625	-	25,118
Others	9,464	43,412	27,231	80,107
Cost-sharing sectors (Note)	-	(18,394)	-	(18,394)(Note)
	<u>\$ 1,340,048</u>	<u>\$ 453,480</u>	<u>\$ 87,553</u>	<u>\$ 1,881,081</u>

Note: Transferred to manufacturing expenses.

STANDARD FOODS CORPORATION

**SCHEDULE OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

Item	For the Year Ended December 31							
	2020				2019			
	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	\$ 435,143	\$ 548,351	\$ -	\$ 983,494	\$ 410,499	\$ 499,601	\$ -	\$ 910,100
Labor and health insurance	39,624	40,193	-	79,817	38,471	38,970	-	77,441
Pension	17,029	23,287	-	40,316	16,391	22,287	-	38,678
Remuneration of directors	-	21,965	-	21,965	-	25,073	-	25,073
Others	31,435	31,789	-	63,224	29,000	27,544	-	56,544
	<u>\$ 523,231</u>	<u>\$ 665,585</u>	<u>\$ -</u>	<u>\$ 1,188,816</u>	<u>\$ 494,361</u>	<u>\$ 613,475</u>	<u>\$ -</u>	<u>\$ 1,107,836</u>
Depreciation	<u>\$ 173,659</u>	<u>\$ 52,322</u>	<u>\$ -</u>	<u>\$ 225,981</u>	<u>\$ 170,081</u>	<u>\$ 52,006</u>	<u>\$ -</u>	<u>\$ 222,087</u>
Amortization	<u>\$ 4,127</u>	<u>\$ 3,978</u>	<u>\$ -</u>	<u>\$ 8,105</u>	<u>\$ 4,309</u>	<u>\$ 7,689</u>	<u>\$ -</u>	<u>\$ 11,998</u>

Note 1: As of December 31, 2020 and 2019, the Company had 996 and 975 and employees, respectively, of which 5 directors were not concurrently appointed as employees.

Note 2: The average employee benefit expense for 2020 is \$1,177 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 2019 is \$1,116 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 2020 is \$992 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 2019 is \$938 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 5.76%. ("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).

Note 7: The supervisors salary expense for 2020 is \$0.

Note 8: The supervisors salary expense for 2019 is \$0.

Note 9: The Company's payment fees are determined and regularly reviewed by the Remuneration Committee, and in addition to referring to the usual level of payment of the same industry, and to consider the reasonableness of the correlation with individual performance, company operating performance, payment methods and future operational risks. It shall be implemented after the adoption of the report to the board of directors; those who are assigned items of the surplus distribution table shall also be expected to report to the shareholders' meeting for adoption.

VI. If the Company or its Affiliates Experienced Financial Difficulties in the Most Recent Year, up to the Date of the Annual Report Publication: None.

Chapter 7. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial Position

Comparative Analysis of Financial Position

Unit: NT\$ thousand

Item \ Date	December 31, 2019	December 31, 2020	Difference	
			Amount	%
Current assets	18,513,185	21,125,786	2,612,601	14.11
Property, plant and equipment	5,125,312	4,201,645	(923,667)	-18.02
Intangible assets	68,087	106,208	38,121	55.99
Other assets	1,781,681	2,390,223	608,542	34.16
Total asset value	25,488,265	27,823,862	2,335,597	9.16
Current liabilities	7,682,083	8,955,895	1,273,812	16.58
Non-current liabilities	855,491	852,340	(3,151)	-0.37
Total liabilities	8,537,574	9,808,235	1,270,661	14.88
Equity attributable to owners of parent company	16,678,127	17,684,488	1,006,361	6.03
Share capital	9,150,897	9,150,897	-	-
Capital surplus	109,718	127,392	17,674	16.11
Retained earnings	8,016,188	8,782,873	766,685	9.56
Other equity	(577,494)	(355,492)	222,002	38.44
Treasury stock	(21,182)	(21,182)	-	-
Non-controlling Interests	272,564	331,139	58,575	21.49
Total equity	16,950,691	18,015,627	1,064,936	6.28
Description:				
1. Increase of "intangible assets" in 2020 was due to an increase in trademark rights.				
2. Increase of "other assets" in 2020 was due to an increase in investment property.				
3. Increase of "other equities" was due to an increase in the RMB-NTD exchange rate and exchange gains arising from the translation of foreign operations compared with the preceding year.				

II. Financial Performance

(I) Comparative Analysis of Operational Performance

Unit: NT\$ thousand

Item \ Year	2019	2020	Increase (decrease) in amounts	Increase (Decrease)
Operating revenue	31,266,232	34,466,244	3,200,012	10.23
Gross profit	9,631,013	9,609,454	(21,559)	-0.22
Operating profit (loss)	4,423,873	4,044,179	(379,694)	-8.58
Non-operating revenue and expenses	124,661	244,532	119,871	96.16
Profit before income tax	4,548,534	4,288,711	(259,823)	-5.71
Income tax expenses	1,093,698	1,032,881	(60,817)	-5.56
Net income from continuing operations	3,454,836	3,255,830	(199,006)	-5.76
Loss from discontinued operations	-	-	-	-
Profit for the period	3,454,836	3,255,830	(199,006)	-5.76
Other comprehensive income for the period (after tax)	(256,189)	240,351	496,540	193.82
Total comprehensive income for the period	3,198,647	3,496,181	297,534	9.30
Analysis of the proportion of increase and decrease: 1. Increase in "non-operating income and expenses" in 2020: Mainly due to an increase in governmental subsidy income and interest income compared to the previous period. 2. Increase in "total comprehensive income of current period" in 2020: due to exchange gains arising from the translation of foreign operations.				

(II) Possible impact on the Company's future financial operations and significant changes: None.

III. Cash Flows

(I) Analysis of cash flow changes in the previous year

Unit: NT\$ thousand

Cash balance at the beginning of the 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 inadequacy	
				Investment plan	Financial plan
3,705,903	2,430,175	1,804,060	4,332,018	N/A	N/A

1. Operating Activities: The net cash inflow in the current period was NT\$2,430,175 thousand, mainly due to operating profit.
 2. Investment Activities: The net cash inflow of NT\$ 202,065 thousand in the current period is mainly the repayment of principal financial assets measured at amortized cost.
 3. Financing Activities: The net cash outflow for the current period is NT\$2,058,344 thousand, mainly due to the payment of cash dividends.
- Note: Including the effect of exchange rate changes on cash and cash equivalents.

(II) Improvement Plan of Liquidity Shortage and Analysis of the Liquidity

1. Shortage of liquidity this year.
2. Liquidity analysis for the most recent two years:

Item	Year		Percentage of increase (decrease) (2)-(1)/(1)
	FY 2019 (1)	FY 2020 (2)	
Cash flow ratio	65.43	27.13	-58.54%
Cash flow adequacy ratio (%)	118.09	97.00	-17.86%
Cash reinvestment ratio (%)	13.12	-	-100.00%
Analysis of the proportion of increase and decrease:			
1. Cash flow ratio: Decrease of cash flow ratio in 2020: Due to increase in inventories and financial assets measured at fair values recognized in profit and loss and decrease in new cash inflows from operating activities.			
2. The decrease in the cash flow ratio in 2020 was due to the decrease in net cash flow from operating activities.			

(III) Cash Liquidity Analysis for the Following Year

Unit: NT\$ thousand

Cash balance at the beginning of the 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
4,332,018	3,151,875	3,003,890	4,480,003	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 the 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

Plan	Actual or expected source of funds	Actual or expected completion date	Total amount of capital needed	Actual or expected applications of the capital		
				2020	2021	2022
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	796,504	281,891	514,613	-

- (II) **Expected possible benefits:** The renovation and renewal of the plant and production machinery will improve the quality and capacity of production and is expected to increase annual output by 10%.

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

Remark Item	Amount of Profit (Loss) in 2020	Policy	Main reasons for profit or loss	Improvement plan	Investment plan for the following year
Shanghai Standard Foods Co., Ltd	197,080	The main purpose is to convert some factory buildings into leased assets for the use of the Group and some production capacity to be used by the Group on behalf of factories.	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.	405,319	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.	At present, there is no definite investment plan.
Standard Investment (China) Ltd.	418,759	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) Ltd.	143,748	It is mainly planned to be a production base for edible oils and nutritional foods.	Market demand increased and the capacity utilization increased.	To expand product lines to make full use of production capacity and reduce the allocation of capital cost.	To continue to implement expansion plans of related products.
Standard Foods (Xiamen) Co., Ltd.	112,671	It is mainly planned to be a production base for edible oils and nutritional foods.	Market demand has increased and the capacity utilization rate has gradually increased.	To expand product lines to make full use of production capacity and reduce the allocation of capital cost.	To continue to implement expansion plans of related products.
Dermalab S.A.	10,103	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 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:** Affected by the COVID-19 in 2020, interest decreased as expected, interest rate risk of the consolidated company was mainly caused by bank loan, interest expenses of bank loans accounted for about 0.95% of pre-tax net profit in 2020, which was controllable, so interest rate change had no significant impact on profit and loss of the consolidated company. In the future, we will continuously follow global economic trends and interest rate trends and adjust assets and liabilities to reduce interest rate risk.
- 2. Exchange rate:** Affected by the COVID-19 in 2020, economic anticipations were changed to affect the exchange rate and many materials of the consolidated company were imported, so interest rate change has a certain effect on profit. Besides, there were many factors of changes in the foreign exchange market. For this reason, the Company not only developed a definite operation strategy and strict risk control process, but also closely followed exchange rate change and international situation and adjusted foreign exchange operation strategy to reduce the risk of exchange rate fluctuation.
- 3. Inflation:** To respond to international material price fluctuation in recent years, the Company mastered global market change and market price fluctuation to maintain good interactions with suppliers, distributors and customers and adjusted purchase and distribution strategies to cope with market changes, effectively control the influence of inflation. Inflation will have no significant impact on company profit and operation.

(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 2020 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 2020 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 capital for subsidiaries.

The endorsements/guarantees of the consolidated company for the year 2020 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 a guarantee for the funding amount of each subsidiary.

(III) Future R&D plans and estimated expenses on the R&D:

The estimated R&D expenditure in 2021 is NT\$130 million, which will be invested in product nutrition upgrades, diversified functions, new forms of packaging and innovative technology R&D.

(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 employees, and a human resource management system, and introduction of the knowledge management system, with the 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:

No major negative events were affecting the corporate image in 2020. 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 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 society and gives back to society.

(VII) Expected Benefits and Possible Risks Associated with M&A and Countermeasures:
N/A.

(VIII) Expected Benefits and Possible Risks Associated with Expanding Factory Building and Countermeasures:

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 locations 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) Risks Resulting from Concentrated Purchasing or Sales Operations and Countermeasures:

Standard Foods' main purchase company in 2020 was Company A, accounting for 12.3% 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 14.7% 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 the 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:

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 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. The 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 Finance and Accounting Division formulates strategies and implements them, and analyzes and evaluates these risks in accordance with laws and regulations and market changes in order to take effective countermeasures.

- (2) Market Risk: Each institution shall formulate and implement various strategies in accordance with its 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: Set the Company's risk assessment and control procedures to draft annual audit plans; 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 and reports audit results regularly to the board of directors.

VII. Other Important Matters: None.

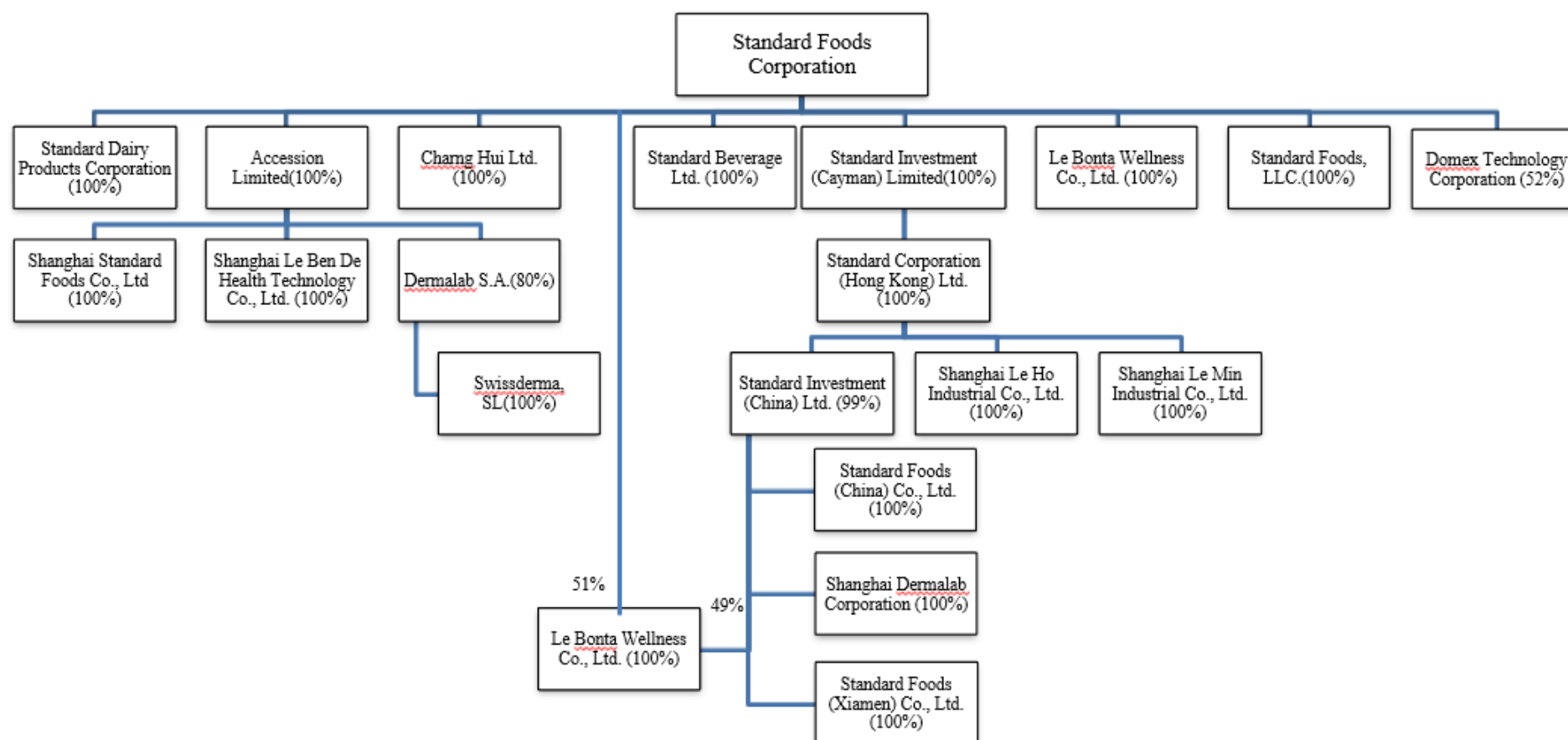
Chapter 8. Special Disclosure

I. Information on Affiliates

(I) The Consolidated Operating Report

1. Consolidated Operating Report for Affiliated Enterprises in 2020

(1) Organizational chart of affiliates



(2) Basic Information of the Company's Affiliated Enterprises:

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Standard Dairy Products Taiwan Ltd.	1999.04.16	5F., No.136, Sec.3, Ren-ai Rd., Taipei	300,000	Manufacturing and sale of dairy products and beverages
Standard Beverage Ltd.	1998.03.24	5F., No.136, Sec.3, Ren-ai Rd., Taipei	79,070	Manufacturing and sale of beverages
Charng Hui Ltd.	1997.04.28	5F., No.136, Sec.3, Ren-ai Rd., Taipei	241,000	Investments
Le Bonta Wellness International Co.	2005.02.23	3F., No.136, Sec.3, Ren-ai Rd., Taipei	10,000	Sale of health food
Domex Technology Corporation	1986.07.30	No. 6, Hsin Ann Rd, Hsinchu Science-Based Industrial Park	199,471	Manufacture and sale of computer peripherals and computer appliances
Accession Limited	2000.05.17	Portcullis TrustNet Chambers, P. O. Box 3444, Road Town, Tortola , British Virgin Islands	USD 123,600 thousand	Investments
Standard Investment (Cayman) Limited	2011.08.05	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 – 1205 Cayman Islands	USD 150,125 thousand	Investments
Standard Corporation (Hong Kong) Ltd.	2011.08.30	Rm 1004, AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	USD 150,051 thousand	Investments
Dermalab S.A.	1989.10.31	Seestrasse 59,8703 Erlenbach, Switzerland	CHF 2,600 thousand	Development and sale of cosmetics
Swissderma, SL	2012.07.05	Calle Balmes 177, 08006 Barcelona, Spain	EUR 3 thousand	Sale of cosmetics
Standard Foods, LLC.	2020.06.24	55 W. 5th Avenue, Unit 10C, San Mateo, California	USD 300 thousand	Sale of health food
Shanghai Standard Foods Co., Ltd	2001.09.11	3F, Building 8, No. 1128 Wuzhong Road, Shanghai City	USD 123,500 thousand	Manufacture and sale of edible oils and nutritious foods.

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Standard Investment (China) Ltd.	2011.12.26	No. 88 Dalian West Road, Taicang Port Economic and Technological Development Zone (New Area)	USD 121,213 thousand	Investing and sale of edible oils and nutritious foods
Standard Foods (China) Ltd.	2012.01.21	No. 88 Dalian West Road, Taicang Port Economic and Technological Development Zone (New Area)	USD 55,000 thousand	Manufacture and sale of edible oils and nutritious foods
Shanghai Dermalab Corporation	2014.07.25	Room 703, 7F, No. 418 Futedong 1st Road, Shanghai Free-Trade Zone, China	RMB 20,500 thousand	Sale of foods and cosmetics and import and export business
Le Bonta Wellness Co., Ltd.	2014.12.02	Room 5, 4F, No. 39 Jiatai Road, Shanghai Free-Trade Zone, China	RMB 80,200 thousand	Sale of foods and cosmetics and import and export business
Shanghai Le Ben De Health Technology Co., Ltd.	2015.05.11	3F, Building 8, No. 1128 Wuzhong Road, Shanghai City	USD 1,000 thousand	Technical consultant on health technology, consulting and service
Standard Foods (Xiamen) Co., Ltd.	2015.09.02	No. 99 Sandu Road, Fujian Free-Trade Zone (Xiamen), China	USD 40,000 thousand	Manufacture and sale of edible oils and nutritious foods
Shanghai Le Ho Industrial Co., Ltd.	2015.06.08	Room BN138, Building 22, No. 1-30 Minbei Road, Shanghai City	USD 18,600 thousand	Management of properties
Shanghai Le Min Industrial Co., Ltd.	2015.06.08	Room BN139, Building 22, No. 1-30 Minbei Road, Shanghai City	USD 11,600 thousand	Management of properties

(3) Information for Common Shareholders of Treated-as Controlled Companies and Affiliates: None.

(4) Industries that Affiliated Enterprises Engage in and The Segregation of Interrelated Business amongst the Affiliated Enterprises:

Shanghai Standard Foods Co., Ltd. and its affiliated enterprises are mainly engaged in manufacturing, sale, investment, computer peripheral equipment and information product manufacturing industries.

Fresh milk, fresh milk yogurt and flavored milk produced by Shanghai Standard Foods Co., Ltd. are sold to Standard Dairy Products Taiwan Ltd. and then sold by Standard Dairy Products Taiwan Ltd.

Oat drinks and liquid milk produced by Standard Dairy Products Taiwan Ltd. are sold to Shanghai Standard Foods Co., Ltd. and then sold by Shanghai Standard Foods Co., Ltd.

Beverages produced by Standard Beverage Ltd. are sold to Shanghai Standard Foods Co., Ltd. and then sold by Shanghai Standard Foods Co., Ltd.

Le Bonta Wellness International Co., Ltd. mainly engages in the sale of healthcare products.

Standard Investment (China) Ltd. mainly engages in the sale of oils, which will be sold by Shanghai Standard Foods Co., Standard Foods (China) Co., Ltd. and Standard Foods (Xiamen) Co., Ltd.

Le Bonta Wellness Co., Ltd. engages in the sale of nutritious foods and import & export business.

Le Bonta Wellness Co., Ltd. engages in technical consulting on health technology, technical consulting and technical service.

Shanghai Dermalab Corporation engages in the sale of nutritious foods and cosmetics and import & export business.

Dermalab S.A., Swissderma, SL mainly engages in the sale of cosmetics.

Shanghai Le Ho Industrial Co., Ltd. and Shanghai Le Min Industrial Co., Ltd. mainly engages in property management.

Standard Foods, LLC. Mainly engages in the sales of healthcare products.

(5) Directors, Supervisors and General Manager of Affiliated Enterprises

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
Standard Dairy Products Taiwan Ltd.	Director	Standard Foods Corporation Representative: Ter-Fung Tsao	30,000,000 shares -	100.00% -
Standard Beverage Ltd.	Director	Standard Foods Corporation Representative: Ter-Fung Tsao	7,907,000 shares -	100.00% -
Charng Hui Ltd.	Director	Standard Foods Corporation Representative: Ter-Fung Tsao	24,100,000 shares -	100.00% -
Le Bonta Wellness International Co.	Director	Standard Foods Corporation Representative: Yao Steven Yih Chun	Capital contribution: NT\$ 10,000 thousand -	100.00% -
Domex Technology Corporation	Director	Standard Foods Corporation Representative: Ter-Fung Tsao Ku-Tsun Hsin Yao Steven Yih Chun	10,374,399 shares - 550,385 shares -	52.01% - 2.76% -
	Supervisor	Sophia Su	3,794 shares	0.02%
	General Manager (President)	Ku-Tsun Hsin	550,385 shares	2.76%
Accession Limited	Director	Ter-Fung Tsao	- Standard Foods Corporation Hold 123,600,000 shares	- 100.00%
Standard Investment (Cayman) Limited	Director	Ter-Fung Tsao	- Standard Foods Corporation Hold 150,124,815 shares	- 100.00%
Standard Foods, LLC.	Director	Standard Foods Corporation Representative: Yao Steven Yih Chun	Investment amount: USD 300 thousand	100.00% -
Standard Corporation (Hong Kong) Ltd.	Director	Ter-Fung Tsao	- Standard Investment(Cayman) Limited holds 150,050,815 shares	- 100.00%

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
Dermalab S.A.	Director	Arthur Tsao	-	-
	Director	Yao Steven Yih Chun	-	-
	Director	Chiang-Hsiang Ying	-	-
	Director	Olgiati, Lorenzo	-	-
			Accession Limited holds 2,600 shares	100.00%
Shanghai Standard Foods Co., Ltd	Chairman	Jason Hsuan	-	-
	Director	Arthur Tsao	-	-
	Director	Lin, Chih-Hung	-	-
	Director	Mao Yuan-Cheng	-	-
			Accession Limited Capital contribution: USD 123,500 thousand	100.00%
	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Standard Investment (China) Ltd.	Chairman	Jason Hsuan	-	-
	Director	Ter-Fung Tsao	-	-
	Director	Arthur Tsao	-	-
	Director	Mao Yuan-Cheng	-	-
			Standard Corporation (Hong Kong) Ltd. Capital contribution: USD 120,000 thousand	99.00%
	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Standard Foods (China) Ltd.	Chairman	Jason Hsuan	-	-
	Director	Arthur Tsao	-	-
	Director	Lin, Chih-Hung	-	-
	Director	Mao Yuan-Cheng	-	-
			Standard Investment (China) Ltd. Capital contribution: USD 55,000 thousand	100.00%

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
	Chairman Director Director	Arthur Tsao Mao Yuan-Cheng Yen Ching-Lin	- - - Standard Investment (China) Ltd. Capital contribution: RMB 20,500 thousand	- - - 100.00%
	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
	Chairman Vice Chairman Director Director	Jason Hsuan Arthur Tsao Lin, Chih-Hung Mao Yuan-Cheng	- - - - Standard Foods Corporation Capital contribution: RMB 40,900 thousand Standard Investment (China) Ltd. Capital contribution: RMB 39,300 thousand	- - - - 51.00% 49.00%
Le Bonta Wellness Co., Ltd.	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
	Chairman Director Director	Arthur Tsao Mao Yuan-Cheng Yu Kuang-Yao	- - - Accession Limited Capital contribution: USD 1,000 thousand	- - - 100.00%
Shanghai Le Ben De Health Technology Co., Ltd.	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
	Chairman Director Director	Arthur Tsao Mao Yuan-Cheng Yu Kuang-Yao	- - - Accession Limited Capital contribution: USD 1,000 thousand	- - - 100.00%

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
Standard Foods (Xiamen) Co., Ltd.	Chairman	Jason Hsuan	-	-
	Director	Arthur Tsao	-	-
	Director	Lin, Chih-Hung	-	-
	Director	Mao Yuan-Cheng	-	-
		Standard Investment (China) Ltd. Capital contribution: USD 40,000 thousand		100.00%
	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Shanghai Le Ho Industrial Co., Ltd.	Chairman	Arthur Tsao	-	-
	Director	Mao Yuan-Cheng	-	-
	Director	Yu Kuang-Yao	-	-
		Standard Corporation (Hong Kong) Ltd. Capital contribution: USD 18,600 thousand		100.00%
	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Shanghai Le Min Industrial Co., Ltd.	Chairman	Arthur Tsao	-	-
	Director	Mao Yuan-Cheng	-	-
	Director	Yu Kuang-Yao	-	-
		Standard Corporation (Hong Kong) Ltd. Capital contribution: USD 11,600 thousand		100.00%
	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-

(6) Operation Results of Affiliated Enterprises

Unit: NT\$ thousand

Name of Affiliate	Capital	Total asset value	Total liabilities	Net value	Operating revenue	Operating (loss) profit	Profit or loss for the period	Earnings Per Share (NT\$) (After tax)
Standard Dairy Products Taiwan Ltd.	300,000	1,828,283	807,974	1,020,309	3,529,446	497,241	405,319	13.51
Standard Beverage Ltd.	79,070	225,519	141,932	83,587	1,015	(4,031)	3,356	0.42
Charng Hui Ltd.	241,000	769,103	5,383	763,720	-	(8,390)	20,415	0.85
Domex Technology Corporation	199,471	1,817,827	1,230,569	587,258	3,289,331	104,883	80,935	4.06
Le Bonta Wellness International Co.	10,000	8,699	-	8,699	-	(8)	177	(Note 1)
Accession Limited	3,979,085	3,657,354	1,708	3,655,646	-	(6,940)	189,679	1.53
Shanghai Standard Foods Co., Ltd	3,949,575	3,632,572	388,953	3,243,619	2,760,575	132,781	197,080	(Note 1)
Shanghai Le Ben De Health Technology Co., Ltd.	31,220	30,002	172	29,830	2,016	66	719	(Note 1)
Dermalab S.A.	81,651	254,801	121,066	133,735	185,048	10,331	10,103	3,885.77
Standard investment (Cayman) Limited	4,710,865	5,685,612	23	5,685,589	-	(236)	377,175	2.51
Standard Corporation (Hong Kong) Ltd.	4,708,566	5,685,122	105	5,685,017	-	(243)	377,452	2.52
Standard Investment (China) Ltd.	3,755,530	11,263,675	6,332,357	4,931,318	15,368,575	216,040	418,759	(Note 1)
Standard Foods (China) Ltd.	1,631,668	3,624,777	1,584,907	2,039,870	6,515,782	135,498	143,748	(Note 1)
Shanghai Dermalab Corporation	93,989	152,480	144,085	8,395	146,652	(14,241)	(17,342)	(Note 1)
Le Bonta Wellness Co., Ltd.	380,418	210,864	34,233	176,631	11,062	(39,685)	(38,271)	(Note 1)
Standard Foods (Xiamen) Co., Ltd.	1,307,582	3,922,872	2,435,910	1,486,962	6,220,185	155,422	112,671	(Note 1)
Shanghai Le Ho Industrial Co., Ltd.	607,717	499,929	5,873	494,056	-	(17,609)	(22,828)	(Note 1)
Shanghai Le Min Industrial Co., Ltd.	378,009	311,991	3,624	308,367	-	(10,610)	(14,000)	(Note 1)
Standard Foods, LLC.	9,056	8,544	-	8,544	-	-	-	(Note 1)

Note 1: This is a limited company with no issued shares.

(II) Consolidated financial statements of affiliated enterprises: The same as of the consolidated financial statements of the parent company and subsidiaries. For the consolidated financial statements for 2020, please refer to pages 91-168 of the annual report.

(III) Affiliate Reports: N/A.

II. Private Placement of Securities during the Most Recent Fiscal Year and the Current Fiscal Year up to the Date of Publication of the Annual Report: N/A.

III. Holding or Disposal of Shares by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report

Unit: NT\$ 1,000; share: %

Name of Subsidiary	Paid-in Capital	Source of Capital	The Company's shareholding ratio	Date of Acquisition or Disposal	Amount and Number of Shares Acquired	Amount and Number of Shares Disposed of	Investment Income (Loss)	Amount and Shares Held up to the Date of Publication of the Annual Report	Pledge	Making of Endorsements / Guarantees to Subsidiary	Loaning of Funds to Subsidiary
Charng Hui Ltd.	241,000	Own funds	100%	2000	Purchase 166,000 shares valued NT\$ 4,938 thousand	-	-	6,669,471 shares NT\$ 21,182 thousand	-	-	-
					Issue 9,960 shares	-	-				
				2001	Purchase 2,163,000 shares valued NT\$ 16,244 thousand	-	-				
				2009	Issue 11,694 shares	-	-				
				2010	Issue 352,598 shares	-	-				
				2011	Issue 675,813 shares	-	-				
				2012	Issue 810,975 shares	-	-				
				2013	Issue 628,506 shares	-	-				
				2014	Issue 433,669 shares	-	-				
				2015	Issue 525,221 shares	-	-				
				2016	Issue 635,517 shares	-	-				
				2017	Issue 256,518 shares						
				2018-2020	-	-	-				
				As of the date of publication of the Annual Report	-	-	-				

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 experience and the sample number, which is used to assess the impairment amount of assets in the current period.

The 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. The cost of inventory is calculated using the 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) Licenses Acquired by Personnel Related to Financial Information Transparency:
None.

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

(I) The board approved the resolution on the sole distribution agreement with Taiwan Branch of Hong Kong Fonterra Brands (Far East) Limited on March 22, and in accordance with the mutual consent, the agreement would not be renewed after it expired on April 27, 2021.