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Standard Foods Corporation

2021

Annual Report

Published April 30, 2022

Standard Foods Corporation

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Chapter 1. Letter to Shareholders

Dear Shareholders, ladies and gentlemen,

Amid changes in consumer behaviors and retail channels in 2021, our “one team” bring more nutritious, healthy and convenient foods to consumers, paying back for people's long-term support of the Company's products. However, the continuous impact of the novel coronavirus pandemic has made the prices of bulk raw materials and transportation soar, further affecting Standard Foods' edible oil business and the overall profit performance.

Under the firm belief of "Eating balanced is the key to staying healthy", Standard Foods adheres to food safety and integrates virtual and physical channels to provide quality products to meet the diverse needs of people, young to old, throughout the day. The Company continues to pursue sustainable development and value corporate governance, social responsibility and environmental protection to maintain consumers' and employees' satisfaction and trust and become the most trustworthy food company.

Looking forward to 2022, the world is in an era of inflation and supply chain challenges brought about by geopolitics. We still take "Every family's nutrition and health partner" as our mission, and are committed to new product development and product upgrade with Dedication, Innovation and Love, bringing consumers high-quality products that are safe, convenient, and nutritionally balanced. Here at Standard Foods, we aspire to help everyone enjoy "a lifetime of well-being!", and make the Company sustainable.

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

We hereby outline 2021 consolidated operating results and 2022 business plan as follows:

(1) Consolidated operating results of 2021

1. Overview of consolidated operating revenue and profits

Unit: NT\$1,000

Item	2021	%	2020	%	+/- %
Operating revenue	34,307,044	100	34,466,244	100	-0.5
Operating costs	26,075,184	76	24,856,790	72	4.9
Gross profit	8,231,860	24	9,609,454	28	-14.3
Operating income	2,981,585	9	4,044,179	12	-26.3
Profit before income tax	3,153,014	9	4,288,711	13	-26.5
Net profit for the year	2,501,106	7	3,255,830	10	-23.2
Total comprehensive income	2,766,144	8	3,496,181	10	-20.9

Standard Food's 2021 consolidated operating revenue is NT\$34.307 billion, which is comparable to the performance of the previous year. However, due to the impact of rising raw material costs at home and abroad, the total comprehensive income in 2021 is NT\$2.766 billion, which is a year-over-year decline of 20.9%, or a decrease of NT\$730 million. The total comprehensive income attributable to owners of the parent company is NT\$2.623 billion, a year-over-year decline of 23.1%, or a decrease of NT\$789 million.

2. Research and development

Committed to the pursuit of good nutrition and health and providing consumers with delicious and convenient quality products, Standard Foods invested NT\$177 million in research and development in 2021. Our team has a strong foundation of science. We adhere to the philosophy of innovation and value environment protection in the development of consumer-oriented new products and clinical experiments, and upgrade and improve the existing product formula and packaging to provide every family with more effective and convenient products and do our part to protect the environment.

(2) Summary of 2022 Business Plan and Future Development Strategies

1. Business directions

- (1) The public's health awareness has increased, and the demand for nutritional health supplements and dietary care products has been increasing. We will continue to conduct consumer survey and study to grasp the market trends, and apply cutting-edge specialized technology and innovation to develop nutritional food and health products that are more convenient, diverse and rejuvenating to meet the different needs of every family and enhance product value and competitiveness.
- (2) Reinforce flexibility and transparency of the supply chain, adopt rigorous quality control and improve operational flexibility. The principle of "no preservatives" is adhered strictly to ensure minimal burden on health. We ensure that our best quality, finest taste and safest products are delivered to consumer, and every bite is safe.
- (3) Systematic talent development plan strengthens professional skills and succession of culture. The cultivation of interdisciplinary skills and diverse talents and the revitalizing of internal units can improve agility and flexibility of organizational operations.

2. Expected sales volume and important production and sales policies

The combined sales volume in 2022 is expected to be 387,588 tons, and based on this estimation, the focuses of future production and sales policies are as follows:

(1) Production

- In response to the Group's future development strategies and goals, various capital expenditures and operational process improvements are made to enhance production efficiency and provide food products that meet the needs of every family member.
- Carefully select diverse suppliers. The collaboration and flexible management of upstream suppliers and downstream distributors adhere to the highest standards of food safety, implement traceability and quality policy and strengthen the synergy of supply chains.
- Fulfill responsibility of reassuring quality and rigorously monitor all production processes. Meet various quality standards and fulfill environmental sustainability, and provide consumers with safe and reassuring products.

(2) Sales

- Listen to consumers and gain insight into market consumption trends. Under the philosophy of "everyone has the right to nutritious and healthy product", we incorporate natural nutrients into each product, and continue to expand lines of health foods for specific health needs and foods with complete and balanced nutrition to meet the diverse needs of various consumer groups, becoming "every family's nutrition and health partner" for many people.
- Through digital transformation and data analysis management, we accurately grasp the market and consumer trends, and improve product visibility, penetration and market share with innovative and flexible marketing strategies and close collaboration with channels.

- Through the official communication software accounts and Standard Foods Health GO sales website and e-commerce platform, consumers find it easier to obtain product-related information and experience a faster and more convenient way of shopping.

(3) Impact of External Competition, the Legal Environment and Overall Business Environment

1. External competitive environment

Amid the ever-changing business environment, competition between global brands and emerging brands, channel consolidation and changes in consumption patterns, Standard Foods will maintain its competitive advantages and flexibility and continue to gain insight into consumers' health care needs and grasp distribution channel characteristics. We will apply the highest specifications and standards in our production of products and stringent quality control, and use professional and innovative research and development technology to provide consumers with balanced nutrition products and ensure "Every bite is Safe".

2. Regulatory environment

Standard Foods' mission is to become "Every family's nutrition and health partner", and food safety is our commitment to consumers. We comply with the government's food safety regulations and requirements and continue to improve our food safety monitoring program. We also understand the importance of green energy and environmental protection. In our daily operations, we apply energy conservation and management, reuse of water resources, pollution prevention and improvement of product packaging to gradually reduce the impact of production on the environment.

3. Overall business environment

The changes in the political and economic environments and the climate have posed a great challenge to the global supply system and caused a considerable impact on the supply and cost of bulk and raw materials. Looking forward to the future, Standard Foods will enhance its operational efficiency and strategies through digital transformation to achieve sustainable operations and consistent growth, and use the flexible management of the supply chain and insight into consumers' needs to launch a variety of high-quality products that meet the balanced nutritional needs of every family. While shouldering social responsibilities and reinforcing corporate governance, we will connect with the world by joining in the efforts of making the brands internationalization.

We will adhere to our core value, and protect everyone's health to create a better future together.

Chairman: Ter-Fung Tsao

President: Arthur Tsao

Accounting Manager: Thomas Huang

Chapter 2. Company Profile

I. Date of Incorporation: June 6, 1986

II. Development History

- 1986
 - Standard Foods Taiwan Ltd. was invested and established by Standard International Foods Corp. The paid-in capital was NT\$4,788,300.
 - Quaker Products Taiwan Ltd. invested in Standard Foods Taiwan Ltd., the paid-in capital increased to NT\$4,788,400.
 - Standard Foods acquired the assets of Quaker Products Taiwan Ltd. and was granted its business license on August 8 to continue to manufacture and sell Quaker's White Oats and Baby Cereal.
 - Increased the paid-in capital to NT\$15,000,000 by cash capitalization of NT\$10,211,600.
- 1987
 - Quaker Products Taiwan Ltd. transferred all its shares in the Company to Quaker Oats Company.
 - Expansion of Ta Yuan plant facilities at an expense of over NT\$15 million.
- 1988
 - Increased the paid-in capital to NT\$45,000,000 with retained earnings of NT\$30,000,000 for expanding facilities and acquiring manufacturing equipment.
- 1990
 - Acquired land in Wugu Industrial Zone for an amount over NT\$120 million.
 - Grand opening of the first Pizza Inn Restaurant in Taiwan.
 - Increased the paid-in capital to NT\$162,000,000 with retained earnings of NT\$117,000,000. Par value of each share split from NT\$100 to NT\$10.
 - Securities and Exchange Commission authorized the Company as a public company.
- 1991
 - Expansion of Ta Yuan shipping warehouse at an expense of over NT\$21 million.
 - Increased the paid-in capital to NT\$194,400,000 with retained earnings of NT\$32,400,000.
- 1992
 - Increased the paid-in capital to NT\$307,152,000 with retained earnings of NT\$64,152,000 and cash capitalization of NT\$48,600,000.
- 1993
 - Invested in Standard Foods Singapore Pte Ltd. of US\$2.32 million to re-invest an amount of US\$2.25 million in Suzhou Standard Foods Co. to manufacture cereal products.
 - Increased the paid-in capital to NT\$430,012,800 with retained earnings of NT\$122,860,800.
 - Invested \$79,999 thousand in Standard Friendship Taiwan Ltd. for 99.99% shareholdings.
 - Food and beverages operations transferred to Standard Friendship Taiwan Ltd. for professional management.
- 1994
 - Increased the paid-in capital to NT\$602,017,920 with retained earnings of NT\$172,005,120.
 - The Company became a listed company in the Taiwan Stock Exchange on April 9.
- 1995
 - Increased the paid-in capital to NT\$848,338,570 with retained earnings of NT\$246,320,650.
 - Wired US\$8.5 million, to repurchase the 51% equity interest of Standard Foods Singapore Pte Ltd. held by Quaker Oats Company for US\$3.8 million and increased the investment in China by US\$4.7 million.
- 1996
 - Increased the paid-in capital to NT\$1,191,168,430 with retained earnings of NT\$342,829,860.

- 1997
 - Increased the paid-in capital to NT\$1,672,052,910 with retained earnings of NT\$480,884,480.
 - As resolved in the shareholders' meeting, Standard Friendship ceased its operations and sold its operational assets in December 1996.
 - Invested in Charng-Li Investment Ltd. with an amount of NT\$289,994 thousand for a shareholding of 99.9% to run investment business.
 - In June 1997, Mr. Ter-Fung Tsao (Chairman of the Company) and Ms. H.D. Mon (major shareholder of the Company) used part of their equity interest in the Company to issue 3,000,000 Global Depositary Receipts ("GDRs") in Asia, Europe, and the United States; each unit represents 5 common shares of the Company.
- 1998
 - Increased the paid-in capital to NT\$2,094,702,360 with retained earnings of NT\$422,649,450.
 - Invested in Standard Beverage Ltd. with an amount of NT\$99,999 thousand for a shareholding of 99.9% to produce bottled water.
 - Increased investment in China by US\$5 million.
- 1999
 - Increased the paid-in capital to NT\$2,623,606,510 with retained earnings of NT\$528,904,150.
 - Invested NT\$328 million to establish Standard Dairy Products Taiwan Ltd. for the production of yogurt with 75% shareholding acquired. The products are included in the "Yoplait" brand.
 - Acquired the factory, machinery and trademark of Fresh Dairy with NT\$350 million to launch Fresh Delight series products.
- 2000
 - Increased the paid-in capital to NT\$3,022,645,060 with retained earnings of NT\$399,038,550.
 - Invested additional NT\$108 million in Standard Dairy Products Taiwan Ltd. with 99% shareholding acquired in total.
 - Increased the equity of Domex Technology Corporation to 49% by NT\$214 million.
 - Disposed of 900,000 shares of Standard Beverage Ltd. The equity interest decreased to 91%.
 - Invested 100% equity in Accession Limited, based on BVI, with US\$2 million. Then increased the equity by transferring assets as capital contribution and by cash total up to US\$11.9 million.
- 2001
 - Charng-Li Investment Ltd., our wholly-owned company, was renamed as Charng Hui Ltd.
 - Automated storage was completed.
 - Accession Limited invested in Shanghai Standard Foods Co. to sell cereal products.
 - Increased the paid-in capital to NT\$3,209,184,420 with retained earnings of NT\$186,539,360.
 - Invested 56% equity in Renewable Resource Technology (Cayman) Co., Ltd. with US\$2.8 million with the goal of re-investing in Hunan 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 US\$15,724,960, which made the paid-in capital amounting to US\$ 150,060,815 and US\$ 150,012,815, respectively.

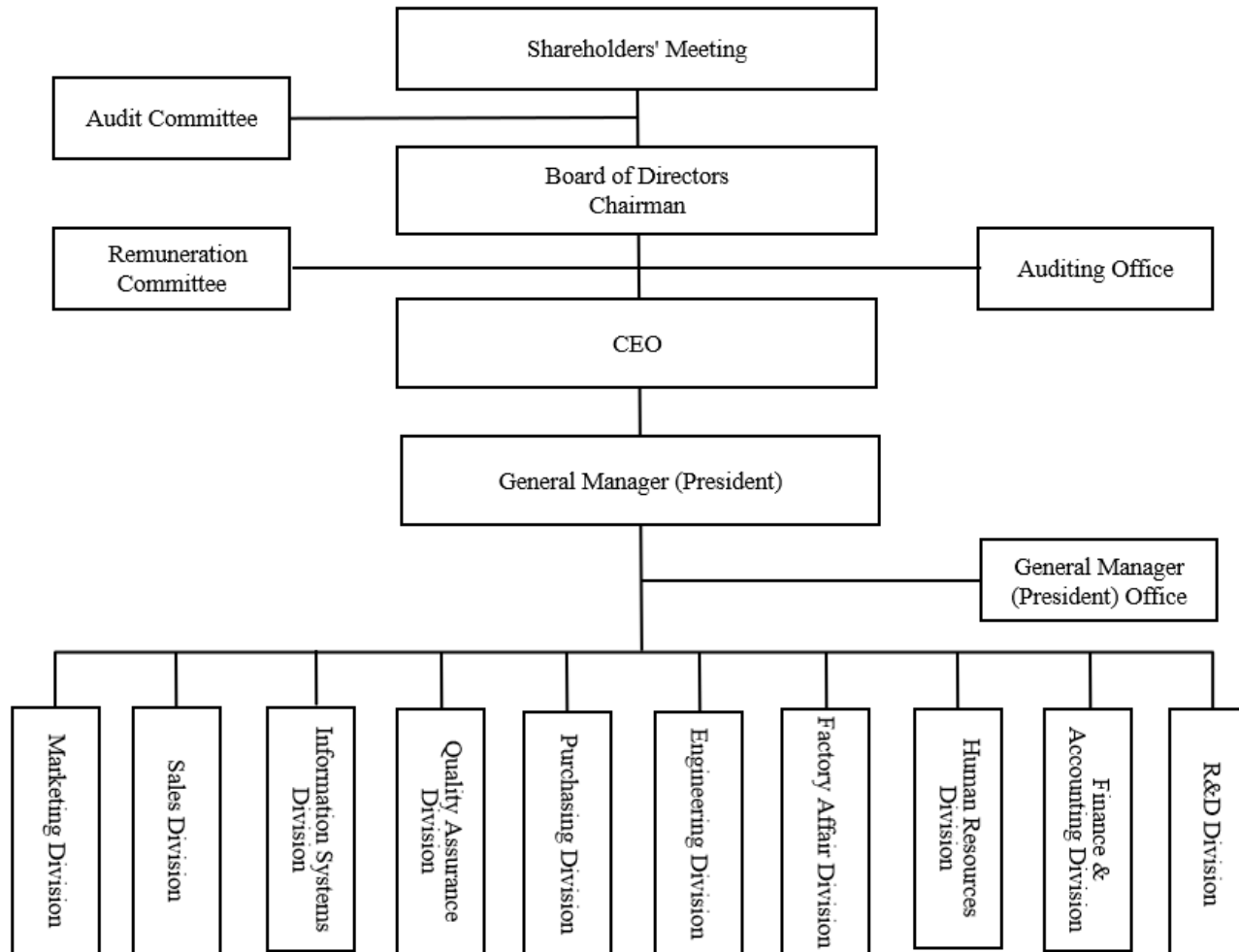
- 2018
- Accession Limited acquired 20% of the share equity of Dermalab S.A..
 - Disposed of the Company's land in Wugu Industrial Zone in May. The total trading value was NT\$508,620 thousand, and the gains from the disposition were NT\$304,600 thousand.
 - Increased capital by US\$64,000 to Standard 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
- Accession Limited increased its capital contribution to Dermalab S.A. by CHF 1,450,000 by cash.
 - 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.
 - The Board meeting held on August 11 approved the subsidiary Standard Investment (China) Co., Ltd. to increase its capital contribution with its capital to its subsidiary Food Standards (China) by US\$11 million.

Chapter 3. Corporate Governance Report

I. Organization System

(I) Company Organizational Structure

Data deadline: April 30, 2022



(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 brand marketing strategy, advertising planning, consumer services, etc.
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 HR management and training development.
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 18, 2022

Unit: per share; NT\$ 1000

Title	Nationality/Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		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%			Title	Name	Nature of Relationships	
Chairman	R.O.C.	Mu Te Investment Co., Ltd. Representative: Ter-Fung Tsao	Male Over 71	2019.06.13	Three years	2016.06.15	22,650,057	2.48	22,650,057	2.48	0	0	22,688,211	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 the Company	Chairman of the Company Chairman of Standard Dairy Products Taiwan Ltd. Chairman of Domex Technology Corporation Chairman of Standard Beverage Company Ltd. Chairman of Chang 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	
																		Arthur Tsao	Son	
Directors	R.O.C.	Mu Te Investment Co., Ltd. Representative: Jason Hsuan	Male Over 71								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 Co., Ltd. Chairman of Shanghai Standard Foods Co., Ltd. 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. Independent Director of Synnex Technology International Corporation.	None	None	None	
Directors	R.O.C.	Mu Te Investment Co., Ltd. Representative: Wendy Tsao	Female Over 71								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 Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		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	Share-holding ratio%	Shares	Share-holding ratio%	Shares	Share-holding ratio%	Shares	Share-holding ratio%			Title	Name	Nature of Relationships	
Directors	R.O.C.	Charng Hui Ltd. Representative: Arthur Tsao	Male 41-50	2019.06.13	Three years	2016.06.15	6,669,471	0.73	6,669,471	0.73	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) Ltd. Director & General Manager of Shanghai Standard Foods Co., Ltd. Director & General Manager of Standard Foods (China) Ltd. Director & General Manager of Standard Foods (Xiamen) Co., Ltd. Vice-Chairman of 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 Over 71	2019.06.13	Three years	2016.06.15	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 61-70	2019.06.13	Three years	2016.06.15	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 Independent Director of Fubon Life Insurance Co., Ltd. Director of Kiwi Technology Inc.	None	None	None	
Independent Director	R.O.C.	Daniel Chiang	Male 61-70	2019.06.13	Three years	2016.06.15	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 18, 2022

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 18, 2022

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.	4.53
	Ter-Fung Tsao	4.46
	Bright Investment Company Ltd.	3.61
	Mu Te Investment Co., Ltd.	2.48
	Lin Junyao	1.62
	Fubon Life Insurance Co., Ltd.	1.17
	Dedicated investment account of Norges Bank in custody of CitiBank (Taiwan)	0.75

4. Independence data of directors and supervisors

Apr 18, 2022

<div>Qualification</div> <div>Name</div>	Professional Qualifications and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Mu Te Investment Co., Ltd. Representative: Ter-Fung Tsao	<div>Professional Qualifications</div> <div>Working Experience</div> <div>Remarks</div> <div> Working experience in financial accounting, investment, asset management, industry knowledge and risk management. General Manager of the Company, 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 Not under any of the categories stated in Article 30 of the Company Act. </div>		1
Mu Te Investment Co., Ltd. Representative: Jason Hsuan	<div>Professional Qualifications</div> <div>Working Experience</div> <div>Remarks</div> <div> Working experience in financial accounting, investment, asset management, industry knowledge, information technology and risk management. Chairman and Chief Executive Officer of TPV Technology Co., Ltd., Chairman of Shanghai Standard Foods Co., Ltd., 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., Independent Director of Synnex Technology International Corporation Not under any of the categories stated in Article 30 of the Company Act. </div>		1
Mu Te Investment Co., Ltd. Representative: Wendy Tsao	<div>Professional Qualifications</div> <div>Working Experience</div> <div>Remarks</div> <div> Working experience in financial accounting, investment, asset management, industry knowledge and risk management. Chairman of Green Wall Enterprise Co., Ltd., Chairman of Crosslink Semiconductor, Inc., Chairman of Sparkle Inc. Not under any of the categories stated in Article 30 of the Company Act. </div>		0

Charng Hui Ltd. Representative: Arthur Tsao	Professional Qualifications Work Experience Remarks	Working experience in financial accounting, investment, asset management, industry knowledge, information technology and risk management. CEO & General Manager of the Company, Director & General Manager of Standard Investment (China) Ltd., Director & General Manager of Shanghai Standard Foods Co., Ltd., Director & General Manager of Standard Foods (China) Ltd., Director & General Manager of Standard Foods (Xiamen) Co., Ltd., Vice-Chairman of 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. Not under any of the categories stated in Article 30 of the Company Act.		0
Ben Chang	Professional Qualifications Work Experience Remarks	Working experience in financial accounting, investment, asset management, industry knowledge and risk management. Institutional Directors' Representative of Polytronics Technology Corporation Independent Director of Pegatron Corporation Not under any of the categories stated in Article 30 of the Company Act.	An independent director; meeting the following independence criteria: 1. Not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the independent director himself/herself, spouses or second-degree relatives; not holding shares of the Company. 2. Not holding shares of the Company. 3. Not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship. 4. Not having received any remuneration for business, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	1

George Chou	<p>Professional Qualifications</p> <p>Work Experience</p> <p>Remarks</p>	<p>Working experience in financial accounting, investment, asset management, industry knowledge and risk management.</p> <p>Independent Director of Yulong Motor Co., Ltd., Independent Director of Yulong Finance Corporation, Independent Director of Fubon Life Insurance Co., Ltd., Director of Kiwi Technology Inc.</p> <p>Not under any of the categories stated in Article 30 of the Company Act.</p>	<p>An independent director; meeting the following independence criteria:</p> <ol style="list-style-type: none"> 1. Not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the independent director himself/herself, spouses or second-degree relatives; not holding shares of the Company. 2. Not holding shares of the Company. 3. Not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship. 4. Not having received any remuneration for business, legal, financial and accounting services provided by the Company or its affiliates in the past two years. 	3
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Daniel Chiang	Professional Qualifications Work Experience Remarks	Working experience in financial accounting, investment, asset management, industry knowledge and risk management. Chairman of Purestone Capital Group, Independent Director of TPK Holding Co., Ltd. Not under any of the categories stated in Article 30 of the Company Act.	An independent director; meeting the following independence criteria: 1. Not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the independent director himself/herself, spouses or second-degree relatives; not holding shares of the Company. 2. Not holding shares of the Company. 3. Not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship. 4. Not having received any remuneration for business, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	1
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Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors. If the person is a member of the Audit Committee with accounting or financial expertise, their accounting or financial background and work experience shall be specified; while stating whether the member meets the circumstances provided in Article 30 of the Company Act.

Note 2: For independent directors, their state of independence must be specified:

1. Including but not limited to whether they, their spouses, second-degree relatives serve as a director, supervisor or employer in the Company or affiliates.
2. The proportion of shares held by the independent director himself/herself, their spouses or second-degree relatives (or in the name of others).
3. Whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).
4. And amount of remuneration receive for business, legal, financial and accounting services provided by the Company or its affiliates in the past two years.

(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	-	-	-	-	-	-	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	-
General Manager				2020.04.01	-	-	-	-	-	-						
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	-

(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						
														Cash	Stock	Cash	Stock					
Chairman	Representative of Mu Te Investment Co., Ltd.: Ter-Fung Tsao	-	-	-	-	2,436	2,436	60	60	0.10	0.10	7,600	7,600	84	84	-	-	-	-	0.41	0.41	None
Directors	Representative of Mu Te Investment Co., Ltd.: Jason Hsuan	-	-	-	-	2,380	2,380	60	60	0.10	0.10	-	-	-	-	-	-	-	-	0.10	0.10	None
Directors	Representative of Mu Te Investment Co., Ltd.: Wendy Tsao	-	-	-	-	2,380	2,380	60	60	0.10	0.10	-	-	-	-	-	-	-	-	0.10	0.10	None
Directors	Representative of Charng Hui Ltd. Arthur Tsao	-	-	-	-	2,380	2,380	60	60	0.10	0.10	3,300	3,300	157	157	-	-	-	-	0.24	0.24	None
Independent Director	Ben Chang	-	-	-	-	2,380	2,380	60	60	0.10	0.10	-	-	-	-	-	-	-	-	0.10	0.10	None
Independent Director	George Chou	-	-	-	-	2,380	2,380	60	60	0.10	0.10	-	-	-	-	-	-	-	-	0.10	0.10	None
Independent Director	Daniel Chiang	-	-	-	-	2,380	2,380	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 2021 individual financial statement.

2. Remuneration of the General Manager and Deputy General Manager

Dec. 31, 2021; 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 & General Manager	Arthur Tsao	2,956	2,956	157	157	344	344	0	0	0	0	0.14	0.14	None

Note 1: Refers to the after-tax net income in 2021 individual financial statement.

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

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

Apr 30, 2022; Unit: NT\$ thousands

Managerial Officer	Title	Name	Stock	Cash	Total	Ratio of total amount to after-tax net income (Note 1)
	CEO and General Manager	Arthur Tsao	0	0	0	0%
	Financial Officer	Lynn Lee				
	Accounting Manager	Thomas Huang				

Note 1: Refers to the after-tax net income in 2021 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	2020				2021			
	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	22,385	22,385	0.69	0.69	17,136	17,136	0.70	0.70
General Manager	6,052	6,052	0.19	0.19	3,457	3,457	0.14	0.14
Total	28,437	28,437	0.88	0.88	20,593	20,593	0.84	0.84

(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 2021 was equivalent to that of 2020.

(2) See Item (VIII) of Page 79 for the payment policy of remunerations to employees and directors

2. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

The remuneration ratio for the Company's directors and managers is handled in accordance with Article 38 of the Company's Articles of Incorporation. If there is profit before tax before the distribution of remuneration to employees and directors, the Company may allocate not more than 0.75% of the profit before tax before the distribution of remuneration to directors by resolution of the Board of Directors.

Remuneration to the Company's directors (including independent directors) and managers are determined by taking into account their overall participation in the Company's operations and the performance evaluation. The annual performance of directors and managers is evaluated at the end of a fiscal year in accordance with the Company's "Remuneration Committee Charter". The aspects of evaluation include the implementation and business management abilities (e.g., practices of business philosophy, implementation of corporate culture and demonstration of leadership and management abilities) of company core values, financial and business performance indicators and comprehensive management indicators (e.g., financial and business performances, marketing leadership, innovation and risk management), continuous education, as well as their involvement in sustainable management. In consideration of improving the Company's annual strategic objectives, the achievement rate of the annual contribution and key performance indicator (KPI) of managers are included in the evaluation of performance bonus, which is reported to the Board meeting for approval prior to implementation.

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. The target for ratio of female directors is 29% or more. At present, there is a female director among 7 directors, which stands for 14% of total directors.

1. In 2021 and up to the publication date of the annual report, eight Board meetings were held (A). 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	8	-	100%	
Directors	Mu Te Investment Co., Ltd. Representative: Jason Hsuan	4	4	50%	
	Mu Te Investment Co., Ltd. Representative: Wendy Tsao	6	1	75%	
	Charng Hui Ltd. Representative: Arthur Tsao	8	-	100%	
Independent Director	Ben Chang	7	1	88%	
	George Chou	7	1	88%	
	Daniel Chiang	7	1	88%	

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:
 1. Matters referred to in Article 14-3 of the Securities and Exchange Act.
In 2021 and up to the publication date of the annual report, eight Board meetings were held. The resolutions by the Board are disclosed on pages 64 to 67 of the Annual Report. All independent directors passed the matters listed in Article 14-3 of the Securities and Exchange Act.
 2. 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.

Basis	The Company's "Board of Directors Evaluation Method"
Evaluation Cycles	Annually
Evaluation Period	Evaluating the performance of the Board from Jan. 1, 2021 to Dec. 31, 2021.
Evaluation Scope	Performance evaluation of the Board of Directors and individual directors
Evaluation Method	Self-evaluation by board members
Evaluation results	The evaluation results were submitted to the 18th meeting of the 13th Board held on March 21, 2022, and are summarized as follows:

1. "Self-Evaluation Questionnaire of Board Members" is a self-evaluation conducted by all Board members

The indicators for the evaluation of Board members include six major aspects, totaling 23 indicators.

The average score for each aspect was between 4.80 and 5.00 (out of 5), showing that the operation of the Board of Directors as a whole is excellent.

Evaluation Aspects	Question	AVG
(1) Understanding of the Company's goals and mission	3	4.90
(2) Awareness of director's duties	3	5.00
(3) Involvement in the Company's operations	8	4.80
(4) Internal relationship and communication	3	4.95
(5) Director's professionalism and continuing knowledge development	3	4.95
(6) Internal controls	3	5.00
Total	23	4.94

2. "Self-Evaluation Questionnaire of Board Performance" is a self-evaluation conducted by all Board members

The indicators for the evaluation of the Board include five major aspects, totaling 45 indicators.

The average score for each aspect was between 4.59 and 4.88 (out of 5), showing that the operation of the Board of Directors as a whole is excellent.

Evaluation Aspects	Question	AVG
(1) Involvement in the Company's operations	12	4.73
(2) Enhancement of the quality of the board's decision-making	12	4.83
(3) Makeup and structure of the board	7	4.59
(4) Election of board members and continuing knowledge development	7	4.86
(5) Internal controls	7	4.88

	Total	45	4.78
IV. 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: See Table below.			
1. “Self-Evaluation Questionnaire of Functional Committee Performance” is a self-evaluation conducted by all Board members The Company’s functional committees are the “Audit Committee” and the “Remuneration Committee.” The indicators for the evaluation of the functional committees include five major aspects, totaling 24 indicators. The average score for each aspect was between 4.83 and 5.00 (out of 5), showing that the operations of the functional committees is excellent.			
	Evaluation Aspects	Question	AVG
	(1) Involvement in the Company’s operations	4	4.83
	(2) Awareness of Functional Committee	7	4.95
	(3) Enhancement of the quality of the Functional Committee and election of decision- making	7	5.00
	(4) Makeup of the Functional Committee and election of its members	3	5.00
	(5) Internal controls	3	5.00
	Total	24	4.96
2. 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.			
3. 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.			
4. 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.			
5. In general, the operations of the Board and the functional committees are sound. Based on the results of the performance evaluations, the Company will continue to strengthen the functions of the Board in order to increase the Company’s governance effectiveness. The results of the evaluations are disclosed on the company website and the annual report.			

(II) Operations of the Audit Committee:

The company's Audit Committee is composed of 3 independent directors. At least one meeting is held per quarter. The purpose of the Committee is to assist the Board of Directors in conducting their supervision duties and duties set forth in the Securities and Exchange Act, the Company Act and bylaws. As well as this, the Committee also regularly communicates with the Company's CPAs as well as the review of the appointment, independence and performance of CPAs. At the same time, the Company's internal auditors regularly submit audit summary reports to the Audit Committee in accordance with the annual audit plan. The Audit Committee also audits on the Company's internal control system, internal auditors and their work.

1. The matters reviewed mainly include:
 - (1) Adoption or amendment of an internal control system pursuant to Article 14-1.
 - (2) Assessment of the effectiveness of the internal control system.
 - (3) Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
 - (4) A matter bearing on the personal interest of a director.
 - (5) A material asset or derivatives transaction.
 - (6) A material monetary loan, endorsement, or provision of guarantee.
 - (7) The offering, issuance, or private placement of any equity-type securities.
 - (8) The hiring or dismissal of an attesting CPA, or the compensation given thereto.
 - (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
 - (10) Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
 - (11) Any other material matter so required by the company or the Competent Authority.

2. In 2021 and up to the publication date of the annual report, six Audit Committee meetings were held (A), 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	6	-	100%	
	George Chou	5	1	83%	
	Daniel Chiang	5	1	83%	

Other matters:

- I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the Audit Committee meeting held, the discussed topics, the content of the objections, reservations or material recommendations on independent directors, the Audit Committee's resolution, and how the company has responded to Audit Committee's opinions.
 - (I) Matters listed in Article 14-5 of the Securities and Exchange Act
In 2021 and up to the publication date of the annual report, six Audit Committee meetings were held. The motions are as the following table. The Audit Committee passed the matters listed in Article 14-5 of the Securities and Exchange rate.

Date of Audit Committee meeting (session)	Discussed topic	The Audit Committee's resolution, and how the company has responded to Audit Committee's opinions.
2021/03/22 (the 9th meeting of the 2nd term)	<ol style="list-style-type: none"> 1. Approved the motion for the 2020 financial report and consolidated financial report 2. Approved the motion for the 2020 statement of internal control 3. Approved the motion for the 2020 earnings distribution 4. Approved the motion for providing an endorsement/guarantee for the subsidiary Standard Beverage Company Limited to extend credit lines from financial institutions 5. Approved the motion to loan funds to the subsidiary Dermalab 6. The Company participated in the termination of the listing of depository receipts (signed the effective date with the Bank of New York Mellon) 	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
2021/05/05 (the 10th meeting of the 2nd term)	<ol style="list-style-type: none"> 1. Approved the motion for the consolidated financial statements for Q1 2021 2. Approved the motion to change CPAs for the financial report in line with the internal rotation mechanism of the accounting firm 3. Approved the motion for loaning funds to the subsidiary in China 	
2021/08/11 (the 11th meeting of the 2nd term)	<ol style="list-style-type: none"> 1. Approved the motion for the consolidated financial report for Q2 2021 2. Approved the motion for extending credit lines from financial institutions 3. Approved the motion for the subsidiary Standard Investment (China) Co., Ltd. to expand its oil tank storage area in Taicang High Technology Development Zone to increase production capacity 4. Approved the motion for investment structure adjustment for business in China 	
2021/11/08 (the 12th meeting of the 2nd term)	<ol style="list-style-type: none"> 1. Approved the motion for the Company's consolidated financial statements for Q3 2021 2. Approved the motion for the situation of the Company's regular evaluation of the independence and appropriateness of CPAs 3. Approved the motion of the remuneration of the Company's CPAs for 2021 4. Approved the motion for the Company's 2022 audit plan 	

	5. Approved the motion to lend funds to subsidiary Standard Beverage Company Limited	
2022/02/18 (the 13th meeting of the 2nd term)	Approved the motion for bidding for land	
2022/03/21 (the 14th meeting of the 2nd term)	<ol style="list-style-type: none"> 1. Approved the motion for the 2021 financial report and consolidated financial report 2. Approved the motion for the 2021 earnings distribution 3. Approved the motion for the 2021 statement of internal control 4. Approved the motion for the amendment to the "Internal Audit Enforcement Rules" 5. Approved the motion for the amendment to the "Procedures for the Acquisition and Disposal of Assets" 6. Approved the motion to loan funds to the subsidiary Dermalab 	

(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:

(I) Communication between the independent director and internal audit supervisor

1. Communication principle: The Company's head of internal audit convenes an independent meeting with independent directors at least once a year. The Committee reports on the audit, communicates the audit report and follows up the implementation of the report to the members of the Audit Committee at the meeting.
2. Communication status: The Company's independent directors maintain good communication over the auditing operations.
3. Main communication matters in 2021:

Date	Attendee	Communication matter	Communication result
2021/12/22 Meeting for annual business implementation report for internal audit	Independent Director Ben Chang Independent Director George Chou Independent Director Daniel Chiang Head of Audit Yeh Yun-Yun	<ul style="list-style-type: none"> • Implementation report for internal audit for November to December 2021 	<ul style="list-style-type: none"> • Independent directors recommended to focus on energy conservation and carbon reduction issues • Process: Policies and results associated with the implementation of energy conservation and carbon reduction have been compiled in the CSR Report. The audit unit will continue to keep an eye on relevant operations.

(II) Communication between the independent director and the CPA

1. Communication principle: The Company's head of internal audit convenes an independent meeting with independent directors at least once a year. The review or audit results of the financial statements and internal control audit status of the Company and domestic and overseas subsidiaries are reported to the independent directors.
2. Communication status: The Company's independent directors maintain sound communication with CPAs.
3. Main communication matters in 2021:

Date	Attendee	Communication matter	Communication result
2021/03/22 Meeting for annual audit results	Independent Director Ben Chang Independent Director George Chou Independent Director Daniel Chiang CPA Gung Tza-Li	Audit reports of the 2020 consolidated and parent company only financial reports and internal audit report. Issues for some accounting principles and the impact of the newly revised laws were also discussed and communicated on.	No objection
2021/11/08 Meeting for annual audit plan	Independent Director Ben Chang Independent Director George Chou Independent Director Daniel Chiang CPA Gung Tza-Li	2021 audit plan for consolidated and parent only company financial reports, key audit matters and COVID-19 audit strategy.	

(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.	None
II. Shareholding structure & shareholders' rights				None
(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.	
(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) Has the board of directors formulated a diversity policy, specific management objectives and are they implemented?	V		(I) Diversity policy for board members and specific management objectives To strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, Paragraph 3, Article 20 of the Company's "Corporate Governance Best-Practice Principles" states: 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.) 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 (II) Implementation of the diversity of the Board members 1. Basic condition and value (gender, age, nationality, culture, etc.): 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. The target for ratio of female directors is 29% or more. At present, there is a female director among 7 directors, which stands for 14% of total directors. 2. Professional knowledge and skills (professional background such as law, accounting, industry, finance, marketing or technology), professional skills and	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
<p>(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(III) Does the company establish a standard to measure the performance of the Board, and implement it annually?</p> <p>(IV) Does the company regularly evaluate the independence of CPAs?</p>	V	V	<p>industry experience.</p> <p>(1) Professional knowledge and skills: (See Page 11 of this Report for details of professional background)</p> <p>(2) For professional background and competence of the Board members as a whole, please see (Note 1)</p> <p>The Board of Directors and the independent director shall exercise their power in accordance with laws, the provisions of the Articles of Incorporation and resolutions of shareholders' meetings. The diversity policy on the formation of the Board members is disclosed on the company website.</p> <p>(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.</p> <p>(III) The Company conducts an annual performance evaluation on the Board members in accordance with the Company's "Board of Directors Evaluation Method." The results for the internal performance evaluation of the Board for 2021 were submitted to the Board meeting held on March 21, 2022. In general the operation of the Board is sound. Based on the results of the performance evaluations, the Company will continue to strengthen the functions of the Board in order to increase the Company's governance effectiveness.</p> <p>In a bid to improve the Company's system of remuneration of directors and managers, according to the Company's "Remuneration Committee Charter," annual performance of directors and managers is evaluated at the end of a fiscal year. Performance bonus and distribution suggestions will be proposed after taking into account the Company's strategic objectives, as well as the achievement rate of the manager's annual contribution and key performance indicator (KPI). Proposals are subject to approval of the Audit Committee. For the report of the Board performance evaluation, please refer to pages 23–24 of the annual report.</p> <p>(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. 8, 2021 for approval. According to the evaluation by the Accounting Department of the Company, the CPAs, Gong Zeli and Fang Hanni from Deloitte & Touche comply with the Company's evaluation standards of independence (See Table below), so they are qualified to serve as the Company's CPAs. Deloitte & Touche has issued a statement declaring no violation of independence.</p>	

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>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	
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																																
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> <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>VI. Other matters stipulated in the Articles of Incorporation or contracts.</div> </div> </div>	None																														

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
			<p>Business execution in 2021 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> <p>Continuing education of the corporate governance officer: Continuing education hours of the the corporate governance officer of the Company reach the statutory hours of continuing education. Please refer to the following attachment: Summary on the continuing education of the corporate governance officer in 2021.</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>	None
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.	None
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".	None
(II) Does the company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company	V		<p>(II) The Company also establishes an</p> <ol style="list-style-type: none"> 1. English website (www.sfworldwide.com) 2. assigns a special person to take charge of the Company's information collection and disclosure, so as to ensure accuracy and timeliness of the 	

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
information, implement a spokesperson system, and disclosing the process of investor conferences on the company website)?			information. 3. Spokesperson and deputy spokesperson 4. Information regarding the road show has been disclosed on a "Investors".	
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 interaction relationship with stakeholders. In case of a dispute about stakeholders'</p>	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
			<p>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 2021.</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 282 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>				

Note 1 : Professional background and competence of the Board members as a whole

Core items for diversity Name	Basic composition									Industry experience			Professional competence		
	Nationality/Place of Registration	Gender	Working part-time at the Company	AGE			Term of office as independent director			Investment	Asset management	Knowledge of the industry	Financial accounting	Information technology	Risk management
				41-50	61-70	Over 71	Under 3	3-9	Over 9						
Ter-Fung Tsao	R.O.C.	Male	V			V				V	V	V	V		V
Jason Hsuan	R.O.C.	Male				V				V	V	V	V	V	V
Wendy Tsao	R.O.C.	Female				V				V	V	V	V		V
Arthur Tsao	R.O.C.	Male	V	V						V	V	V	V	V	V
Ben Chang	R.O.C.	Male				V		V		V	V	V	V		V
George Chou	R.O.C.	Male			V			V		V	V	V	V		V
Daniel Chiang	R.O.C.	Male			V			V		V	V	V	V		V

Note 2 : Summary on the continuing education of the corporate governance officer in 2021

Continuing education date	Organizer	Course title	Hours of continuing education
2021.09.22	The Institute of Internal Auditors	Personal Data Laws on Internal Audits and Controls	6
2021.10.14	The Institute of Internal Auditors	Labor law knowledge necessary for supervisors at all levels: Recruitment interviews, general management and special management of workers, performance appraisal	6
2021.10.25	The Institute of Internal Auditors	Material system audit practices for the manufacturing industry	6

Note 3 : Summary on the continuing education of directors in 2021

Title	Name	Continuing education date	Organizer	Course title	Hours of continuing education
Independent Director	Ben Chang	2021.09.16	Taiwan Corporate Governance Association	Corporate sustainable development – “environmental protection” and compliance management	3
		2021.11.11		Understand related party transactions, non-arm’s length transaction and insider trading from practical cases	3
Independent Director	George Chou	2021.08.18	Taiwan Corporate Governance Association	Corporate sustainability governance from a risk perspective from corporate governance to ESG	3
				Key to corporate sustainable development external innovation	3
Independent Director	Daniel Chiang	2021.11.09	Taiwan Corporate Governance Association	Changes in international economic situation and China’s politics; how do Taiwanese businessmen respond?	3
				Corporate sustainability governance from a risk perspective – from corporate governance to ESG	3

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

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

<div>Qualification</div> <div>Name</div>	Professional Qualifications and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Ben Chang	<div>Professional Qualifications</div> <div>Working experience in financial accounting, investment, asset management, industry knowledge and risk management.</div> <div>Work Experience</div> <div>Institutional Directors' Representative of Polytronics Technology Corporation</div> <div>Independent Director of Pegatron Corporation</div> <div>Remarks</div> <div>Not under any of the categories stated in Article 30 of the Company Act.</div>	<div>An independent director; meeting the following independence criteria:</div> <div>1. Not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the independent director himself/herself, spouses or second-degree relatives; not holding shares of the Company.</div> <div>2. Not holding shares of the Company.</div> <div>3. Not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship.</div> <div>4. not having received any remuneration for business, legal, financial and accounting services provided by the Company or its affiliates in the past two years.</div>	1

George Chou	Professional Qualifications Work Experience Remarks	Working experience in financial accounting, investment, asset management, industry knowledge and risk management. Independent Director of Yulong Motor Co., Ltd., Independent Director of Yulong Finance Corporation, Independent Director of Fubon Life Insurance Co., Ltd., Director of Kiwi Technology Inc. Not under any of the categories stated in Article 30 of the Company Act.	An independent director; meeting the following independence criteria: 1. Not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the independent director himself/herself, spouses or second-degree relatives; not holding shares of the Company. 2. Not holding shares of the Company. 3. Not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship. 4. Not having received any remuneration for business, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	3
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Daniel Chiang	Professional Qualifications Work Experience Remarks	Working experience in financial accounting, investment, asset management, industry knowledge and risk management. Chairman of Purestone Capital Group, Independent Director of TPK Holding Co., Ltd. Not under any of the categories stated in Article 30 of the Company Act.	An independent director; meeting the following independence criteria: 1. Not a director, supervisor, or employee of the Company or its affiliates; including but not limited to the independent director himself/herself, spouses or second-degree relatives; not holding shares of the Company. 2. Not holding shares of the Company. 3. Not serving as a director, supervisor or an employee of a company with which the Company has a specific relationship. 4. Not having received any remuneration for business, legal, financial and accounting services provided by the Company or its affiliates in the past two years.	1
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Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors. If the person is a member of the Audit Committee with accounting or financial expertise, their accounting or financial background and work experience shall be specified, while stating whether the person meets the circumstances provided in Article 30 of the Company Act.

Note 2: For independent directors, their state of independence must be specified:

- (1) Including but not limited to whether they, their spouses, second-degree relatives serve as a director, supervisor or employer in the Company or affiliates.
- (2) The proportion of shares held by the independent director himself/herself, their spouses or second-degree relatives (or in the name of others).
- (3) Whether the independent director serves as a director, supervisor or an employee of a company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).
- (4) And amount of remuneration receive for business, legal, financial and accounting services provided by the Company or its affiliates in the past two years.

B. Operational Status of the Remuneration Committee:

The Remuneration Committee members are appointed by the Board of Directors. According to the Company's Remuneration Charter, the Committee must consist of at least three independent directors. The Company's current Remuneration Committee is made up of three independent directors.

The purpose of the Remuneration Committee is to assist the Board of Directors in carrying out and evaluating the Company's overall remuneration and welfare policies, as well as remuneration to the directors and managers.

(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 two meetings (A) in 2021, 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	100%	None
Committee member	George Chou	1	50%	
Committee member	Daniel Chiang	2	100%	

Other matters:

(I) Discussions and resolutions of the Remuneration Committee

Date of Meeting (Period)	Proposals	Resolution
March 22, 2021 (5th Regular Meeting of the 4th Term)	(I) Proposal of 2020 Performance Evaluation of Directors and Managerial Officers. (II) Proposal of Remuneration for Employees and Directors of 2020	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
November 8, 2021 (6th Regular Meeting of the 4th Term)	Proposal of Ratio of Provision for the Remuneration for Employees and Directors of 2021	

(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) Implementation of sustainable development promotion and difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Has the company constructed a governance structure to promote sustainable development and established a dedicated (part-time) unit for the promotion of sustainable development, which is managed by senior management by authorization of the board of directors and is supervised by the board of directors?	V		In order to fulfill the Company's corporate social responsibility, promote economic, environmental and social progress, and achieve the goal of sustainable development, the Company established the "CSR Task Force" in 2019. It was later renamed to the "Sustainable Development Team" in compliance with the vision and mission of the ESG policy. The Board of Directors authorized senior management to oversee the promotion of ESG-related programs and conduct a risk assessment on environmental, social and corporate governance issues associated with the Company's operations. As well as these, senior management also formulates risk management policies targeting various risks. Each year, the Sustainable Development Team compiles a "Sustainability Report" and reports to the Board of Directors of its implementation results.	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
II. Does the company follow the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies?	V		<p>(I) Organizational boundaries of Standard Foods are set with its operating activities as the boundary for risk assessment; covering Dayuan, Zhongli and Hsinchu plants.</p> <p>(II) Standard Foods used the materiality principle to identify significant stakeholders and sustainability issues through a systematic process. To identify annual material issues, significant stakeholders are first identified followed by a survey and analysis on stakeholders. The 2022 Sustainability Report will incorporate TCFD and SASB standards to continue to improve the disclosure of the Sustainability Report.</p>	None
<p>III. Environmental issues</p> <p>(I) Has the company established a suitable environmental management system based on its industrial characteristics?</p>	V		<p>(I) In 2014, we introduced the international standard of ISO 14001 environmental management system and completed the revision in 2018, and passed the audit verification in 2019, 2020 and 2021 at a high standard.</p> <p>(II) We have formulated Air Pollution Prevention Process, Water Pollution Prevention Management Process, Business Waste Management Rules, Control on Toxic Chemical Substances, Noise Control Operating Standards, and Drinking Water Dispenser Management Operating Procedures for operational control in accordance with ISO 45001 operating standards. The results of</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			implementation are also reported online.	
(II) Is the company committed to improving the utilization efficiency of energy, and using the recycled materials that have a low impact on the environmental load?	V		<p>(I) We have an Energy Conservation Management Team in place for facilitating energy conservation work. The Team strengthens energy self-management and understand the current status of energy consumption and seek feasible improvement plans for implementation. By doing this, we are able to promote reasonable and effective energy consumption in order to reduce energy expenditures, further improving competitiveness and achieving energy conservation and carbon reduction targets.</p> <p>(II) As a means to continue to promote energy conservation, carbon reduction and environmental protection policies, our Zhongli plant in 2016, Hsinchu plant in 2017, and Dayuan plant in 2018 have fully switched to using natural gas boilers with high cleanliness. In 2019, the energy intensity of fuel oil (heavy oil) of Taiwan Standard Foods Group reduced to 0. As a responsible operator, we strive to do our utmost for the environment.</p>	None
(III) Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take measures?	V		We have adopted the disclosure and management framework proposed in the Task Force on Climate-related Financial Disclosures (TCFD) to evaluate and review the impact of climate change on us. By taking this approach, we further formulate short-, medium- and long-term	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>governance policies for climate change issues in order to tackle the impact brought about by climate change. Consequently, we also identify the Group's key risks and opportunities, including rising raw material costs, using production and distribution processes that are more efficient, R&D and innovation of developing new products and services, increasing stakeholder concerns and negative feedback, change in rainfall (water) patterns and extreme climate changes, as well as rising average temperatures.</p> <p>The evaluation results and relevant countermeasures adopted are disclosed in the Sustainability Report.</p>	
(IV) Does the company count greenhouse gas emissions, water consumption and the volume of total waste in the past two years, and formulate policies for greenhouse gas reduction, water management or other waste management?	V		<p>(I) Environment-related expenditures and projects in 2021</p> <p>1. Dayuan Plan</p> <p>(1). NTD600,000 for maintenance of sludge dewatering machine.</p> <p>(2). Project of replacement of energy-consuming equipment</p> <p>In 2021, old air compressors in the Dayuan Plant were replaced, which were put into operation in November. With the actual ratio of operating air compressors (W/CMM) of <6.8, a total of NTD161,000, or 68,400 kWh was saved. From 2022, electricity consumption is expected to be reduced by 132,000 kWh per year.</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>(3). Project of electricity consumption reduction</p> <p>The blowing volume of the dust collector is adjusted and maintained the differential pressured at 1.5–2cm/water column; the blowing time was adjusted from the original 30 seconds to 60 seconds, saving 94.9 kWh of electricity per day, and 28,470 kWh per year.</p> <p>(4). Water conservation project</p> <p>In 2021, the renewal of sterilizers for the production line of health products and optimization of CIP process of the production line in Dayuan Plant were completed. After this, the annual water-saving target is 10%, or 2,294.2 tons, and the actual water-saving volume was 3087.9 tons, achieving a target rate of 134.6%, while at the same time reducing wastewater by 3,087.9 tons.</p> <p>(5). The project for the CIP process for the production line of health products in Dayuan Plant is expected to start running in September 2022, recycling water by ,1000 tons a year, reducing wastewater by 850 tons.</p> <p>2. Zhongli Plant</p> <p>(1). NT\$ 4.5 million for additional back-end chemical pressurized flotation system for wastewater</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>(2). Project of replacement of high energy-consuming equipment: Old air-conditioning equipment was replaced in Zhongli Plant in 2021 with a total of three ammonia evaporators. After this, power operation of 0.2% is expected to be saved, reducing electricity consumption of 3,600 kWh per year.</p> <p>(3). Project of optimization of process equipment: The relocation and expansion of the construction of yogurt warming warehouse and new yogurt line. The original production volume of production time was increased to 100%, reaching 50% of the original electric operation that was expected to be saved, reducing electricity consumption by 18kW per day, and 5,400 kWh per year.</p> <p>3. Hsinchu plant</p> <p>(1). Project of replacement of high energy-consuming equipment: Replacement of high-efficiency 300RT ice water mainframe was completed, with 1,183 kWh of electricity consumption expected to be saved per year.</p> <p>(2). Water conservation project: The construction for process water recycling project was completed, saving water by 27,479 tons and wastewater by 24,252 tons per year.</p>	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>(II) Waste-related policies</p> <p>In light of the requirements for environmental protection and increasing costs of business waste removal and treatment in the industry, environmental budgets for the Dayuan, Zhongli and Hsichun plants have reflected a slight increase. This increase had minimal impact on net income and did not affect these plants' competitive position.</p> <p>In 2022, new sludge dryers and settling tanks are expected to be installed in Hsinchu Plant. This is to reduce the water content of sludge and increase the sludge sedimentation rate. In 2023, heat pump sludge dryers are expected to be installed in Zhongli Plant to reduce sludge water content.</p> <p>(III) In 2021 and up to the publication date of the annual report, no fines were imposed due to environmental abnormalities in Dayuan, Zhongli and Hsinchu plants of Standard Foods.</p>	
<p>IV. Social issues</p> <p>(I) Has the company developed the relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?</p>	V		<p>(I) In accordance with Taiwan's "Labor Standards Act," we have formulated the "Work Rules," which are in line with the "<u>International Covenant on Economic, Social and Cultural Rights</u>" regarding the right to freedom of association and to form trade unions. We have also established women worker-related</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>rights and obligations, which are in line with the “<u>Convention on the Elimination of All Forms of Discrimination Against Women.</u>”</p> <p>(II) The Company’s Work Rules</p> <ol style="list-style-type: none"> Article 13 of Chapter 3 states: “The Company shall not discriminate against applicants or employees because of their race or gender in the course of recruitment, screening test, hiring, placement, assignment, performance evaluation or promotion.” Chapter 4 states that working hours, breaks and holidays are carried out in compliance with the Labor Standards Act. Chapter 9 states that women workers’ related rights and obligations are in compliance with the Labor Standards Act. Chapter 13 states communication means for labor opinions. Chapter 14 states sexual harassment prevention. 	
(II) Has the company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits), and appropriately reflects business	V		<p>(I) The Company’s main benefits are as follows:</p> <ol style="list-style-type: none"> In accordance with the law and regulations, we take the initiative and notify employees upon occurrence of various insurance benefits and provide guidance on their application for such benefits in order to protect the rights and interests of 	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
performance or results in employee compensation?			<p>employees.</p> <ol style="list-style-type: none"> 2. All full-time workers (including spouse and children, including life insurance, accident insurance, medical insurance and cancer insurance) are covered under employee group insurance. The premium of insurance is fully paid by the Company. 3. Annual appraisal bonuses are subject to the Company's operation and performance. 4. The Company has formulated retirement measures for full-time workers: For colleagues who opt for the new pension system, the Company will make monthly contribution as pension fund to be deposited into their personal account of the Bureau of Labor Insurance as required by the Labor Pension Act. Those with seniority of the old system before July 1, 2005 and those who opted for the old pension system will be subject to the provisions of the Labor Standards Act. 5. Holidays and leave and various types of leave are provided as stipulated in the Labor Standards Act. 6. Periodic health examinations are provided to employees. 7. Gifts are given on Mid-autumn Festival, Dragon Boat Festival, Spring Festival and Labor Day. Employees are also 	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>provided with shopping discounts.</p> <p>(II) The benefits handled by the Company's Staff Welfare Committee are as follows:</p> <ol style="list-style-type: none"> 1. Festive cash gift: Cash gifts are given before the Spring Festival, Dragon Boat Festival and Mid-Autumn Festival. 2. Cash gift for colleagues. 3. Marriage, childbirth, funeral, disability allowances. 4. Travel subsidies. 5. Club activity subsidies. 6. Organization of festive activities. 	
(III) Has the company provided a safe and healthy work environment for the employees, and related education on occupational safety and health for the employees at regular intervals?	V		<p>At Standard Foods, we follow five major management policies to implement the work of safety and health management to prevent personnel accidents and injuries. We make every effort to achieve the goal of safety first and zero disasters: Regulatory compliance, consultation and communication, risk control, pollution prevention and continuous improvement.</p> <p>(I) Education and training:</p> <p>In order to enhance the knowledge and awareness of our employees on workplace safety and strengthen their response capability in the face of a disaster and accident, we organize occupational safety education and training and disaster exercises</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>on a regular basis.</p> <p>(II) Important certification: In 2009, Standard Foods' Dayuan Plant obtained TOSHMS (Taiwan Occupational Safety and Health Management System) and OHSAS 18001 certification at the same time; passed the CNS 15506 certification renewal assessment in 2012 and 2015, respectively; passed the CNS 15506 national standard; OHSAS 18001 annual audit from 2013 to 2019; passed the ISO/CNS45001 Taiwan Occupational Safety and Health Management System National Standard certification renewal assessment in 2012 and 2015; and ISO/CNS45001 annual audit in 2021.</p> <p>(III) Quantitative indicator: In 2021 the total number of days worked was 249 the total number of hours worked was 1,370,955. From 2019 to 2021, the total number of occupational diseases was 0 and the occupational disease rate (ODR) was 0%. There were no fatalities and contractors had no work-related injuries.</p>	
(IV) Does the company establish an effective career development training program for employees?	V		The Company has different training focuses for each department depending on the function and skill requirements of the job. At the same time, through a training system of internal instructors and	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			coaching process of managers, technical experience is able to be passed down and core knowledge developed. By taking this approach, we facilitate the combination of the Company's growth and employees' personal development requirements so as to develop and internalize the professionalism of our colleagues.	
(V) In terms of issues such as customer health and safety, customer privacy, marketing and labeling of products and services, does the company comply with relevant regulations and international standards, and does it formulate relevant consumer or customer protection policies and appeal procedures?	V		<p>(I) For our product packaging label, we strive for an information transparent and non-representative approach using national regulation as the minimum standard to label raw materials used in our products. At Standard Foods, we have a "Packaging and Labeling Review Process" in place combining various marketing and R&D units and the Group's good safety management development to perform packaging labeling and advertising audits, including information on trademarks, brand names, nutrition labels, recycling labels, production sources and certification marks. In doing this, we enable consumers to have correct understanding on products and at the same time avoid misunderstandings.</p> <p>(II) As a means to protect personal data and relevant rights of customers, we abide by the Personal Data Protection Act and bylaws, and allocate considerable resources to formulate and carry out security protection plans for personal data files. From</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>time to time, we organize education and training and legal awareness promotion on personal data protection. As well as this, we formulate privacy rights policies and legal terms which are disclosed on our website/e-shopping mall. We will continue to carry out security protection plans for personal data files and related matters, implementing the personal data protection of our customers.</p> <p>(III) Our 0800 customer service hotline answers nearly 100 calls per day, hoping to solve whatever questions consumers may have as quickly as we can. Consequently, we hope consumers feel our sincerity as it is our dedication to gain an understanding of their expectations.</p>	
(VI) Has the company formulated supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor and their implementation?	V		<p>Raw material suppliers wishing to be our partners must be willing to make continuous progress. At the same time, we constantly encourage and require suppliers to pass quality system certifications, such as ISO 22000, SQF (Safe Quality Food), BRC (British Retail Consortium), FSSC 22000 and IFS. Through a systemic continuous assessment mechanism, we select decent and quality suppliers to ensure the quality of raw materials, further producing products that give consumers peace of mind.</p> <p>In 2021, the organization and suppliers of the supply chain maintained</p>	None

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			a stable partnership, and there were no significant changes.	
V. Does the company refer to the internationally prepared reporting standards or guidelines, preparation of sustainability reports and other reports and disclose the company's non-financial information? Did the preliminary report obtain the confidence or assurance opinion of the third-party verification unit?	V		<p>(I) The Company's preparation of the framework for the 2021 Sustainability Report followed to the GRI (Global Reporting Initiative) guidelines, while referring to the Food Process Industry, the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies," and the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies."</p> <p>(II) We entrust Deloitte Taiwan to conduct an independent limited assurance operations in accordance with Assurance Standards No. 1 of R.O.C.</p>	None
VI. If the Company has instituted the sustainable development best-practice principles in accordance with the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies," specify the implementation of these principles and the variation with the Sustainable Development Best-Practice Principles for the TWSE/TPEX-listed Companies: None.				

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
VII. Other important information to facilitate understanding of the promotion of sustainable development operations:				
<p>(I) As a leading brand in the food industry, we are committed to exerting our corporate influence and fulfilling social responsibility. Through our power as an enterprise, we hope more people will emphasize the importance of nutrition and health. By connecting people, we hope to fill society with love and warmth.</p>				
<p>▪ Nutrition Project for Children</p> <p>Standard Foods Group has been focusing on the calcium deficiency issue among children since 2020. Based on this, we initiated the “Calcium for Children” welfare activity, inviting children of rural areas to take part in painting competitions at schools, which are voted by consumers online. Anyone purchasing Fresh Delight milk also made a contribution to collecting milk for children in rural areas. These gestures have collected approximately 880,000 bottles of ESL milk over the 2 years for over 200 elementary schools. In the future, we will continue to make an effort to guarding the health of children in rural areas.</p>				
<p>▪ Nutrition Care Project during COVID-19</p> <p>At the peak of the COVID-19 outbreak in May 2021, Standard Foods immediately donated 350,000 health products for front line workers, including medical workers and police and firefighters. As the vaccination kickstarted in September, we joined forces with vaccination stations, hospitals and food banks and donated 250,000 COVID-19 prevention kits to those receiving the vaccine. By doing so, we in turn prompted vaccine protection in Taiwan. Our effort was recognized by hospitals that we worked with, public welfare organizations, government agencies, and media, greatly helping the Group’s reputation.</p>				
<p>▪ Nutrition Project for the Elderly</p> <p>In May 2022, Standard Foods will launch the “Care for the Elderly” – a nutrition project for the elderly. Taiwan entered an “aging society” in 2018 and a “super-aged society” is expected in 2025. By this time, approximately 4.69 million people in Taiwan will be over the age of 65, which will increase year by year thereafter, reaching 7.46 million people in 2050. As nutritional supplements are our strength, we will align with the trend and be there with the elderly to move forward.</p>				

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
In terms of social welfare, our nutrition care campaign will continue and from 2022, the employee activity planning for corporate sustainability will begin from the workplace. By taking this approach, all employees of Standard Foods can partake in environmental protection, allowing sustainability to become a part of their work and life, protect the earth with actions, and create environmental sustainability for the next generation.				
(II) The Company’s major capital expenditures in the most recent year:				
No.	Recipient		No.	Recipient
1	Chinese Christian Relief Association		11	Landseed International Hospital
2	Taipei Foundation for Communication, Culture and Education		12	Taiwan Nephrology Nurses Association
3	Taipei Nurses Association		13	National Taiwan University Academic Development Foundation
4	Police Department of Taipei City Government		14	Changhua County Private Christian Joy Nursery
5	Police Department of Taichung City Government		15	Good Shepherd Social Welfare Foundation
6	Sun Yun-Suan Academic Foundation		16	Adolescents’ Home, Taoyuan, Prison Fellowship Taiwan
7	Taipei Foundation for Trend Research, Culture and Education		17	Catholic Marian Long-Term Care Center
8	Miaoli County Private Haiching Elderly Care Center		18	The Garden of Hope Foundation
9	Fire Department of Taipei City Government		19	Yu-cheng Social Welfare Foundation
10	United Charity Association of Kaohsiung		20	Happy Mount Colony

(VII) Ethical business performance conditions, as well as differences and reasons for differences with Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies

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) Has the company specified its policy and method for the implementation of ethical corporate management in its internal rules and regulations and external documents, and have the Board and the management of the company promised to pursue the policy of ethical corporate management?	V		The Company has formulated its “Ethical Corporate Management Best-Practice Principles” serving as the basis for the establishment of its corporate culture and management philosophy of ethical corporate management. We also implement sound ethical corporate management policy and corporate governance which the Board of Directors and management are committed to. The Company’s “Ethical Corporate Management Best-Practice Principles” are disclosed on the MOPS and the Company’s website.	None
(II) Has the company established an assessment mechanism for the risk of dishonesty, regularly analyzing and evaluating business activities with a high risk of dishonesty in the business scope, and formulated a plan to prevent dishonesty, and cover at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of “Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”?	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	
(III) Does the company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to	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	
prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?			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".	
<p>II. Fulfillment of ethical corporate management</p> <p>(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?</p> <p>(II) Has the company set up a special unit under the board of directors to promote corporate ethical management, and does it regularly report (at least once a year) to the board of directors on its ethical management policies and plans to prevent dishonesty and supervision and implementation?</p>	V		<p>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.</p> <p>The HR Division is Company's dedicated (part-time) unit for the promotion of ethical corporate management. The promotion is carried out pursuant to the provisions of the "Ethical Corporate Management Best-Practice Principles." All related policies and internal and external education and training are implemented and the implementation status is regularly reported to the Board of Directors.</p>	None

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	
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		Pursuant to the “Ethical Corporate Management Best-Practice Principles,” stakeholders should adopt appropriate recusal measures in the face of a conflict of interest.	
(IV) Does the company have an effective accounting system for the implementation of ethical management, internal control system, and the evaluation result of the risk of dishonesty by the internal audit unit, to formulate relevant audit plans, and check the compliance with the plan to prevent dishonesty, or entrust an accountant to perform the audit?	V		The Company has established a sound internal control system. The internal auditors regularly audit the implementation of each unit in accordance with the audit plan. The audit results are reported to the Board of Directors.	
(V) Does the company regularly hold internal and external educational pieces of trainings on operational integrity?	V		In addition to periodic education and training, the HR Division performs relevant ethical corporate management promotion on new employees upon their report to work. To provide employees with relevant legal knowledge, we have established a section dedicated to laws on the Company’s intranet.	

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	
<p>III. Operation of the whistle-blowing system</p> <p>(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?</p> <p>(II) Has the company established standard operating procedures for accepting complaints, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?</p> <p>(III) Does the company provide proper whistleblower protection?</p>	V		This is coordinated by the HR Division. The reporting, incentive system, investigation operating standards and whistleblower protection measures are carried out pursuant to the “Ethical Corporate Management Best-Practice Principles” and personnel-related regulations.	None
	V			
	V			
<p>IV. Enhanced disclosure of ethical corporate management information</p> <p>Does the Company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	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.	None

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	
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 : None.				
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)				
(I) 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.				
(II) 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.				
(III) 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 21, 2022

The Company hereby states the results of the self-evaluation of the internal control system for 2021 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, 2021, 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. 21, 2022, 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 2021 Shareholders' General Meeting and Implementation Status:

2021 and up to the publication date of the annual report, the Company has convened one shareholders' general meeting. The Company's 2021 shareholders' general meeting was held on Jul. 22, 2021. The summary of matters approved via resolution is as follows:

Matters Approved	Implementation Status
I. Approval of 2020 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.
II. Approval of the Distribution of Earnings for 2020	Upon the approval in shareholders' general meeting of the proposal via a resolution, the cash dividends of NT\$ 2.5/ share (totally 2,287,723,978) were distributed, with the ex-dividend base date of Aug. 1, 2021. The dividends were granted on Aug. 20, 2021.
III. Approval of the Amendment to the " Articles of Incorporation."	Effective after resolution by the annual general meeting of shareholders and the change was registered within 15 days in accordance with the law.

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

Date	Major resolution matters	Opinions of independent director opinions and how the company has responded to such opinions
2021/03/22 (the 11th meeting of the 13th term)	<ol style="list-style-type: none"> 1. Approved the motion for the 2021 business plan and budget 2. Approved the motion for the 2020 financial report and consolidated financial report 3. Approved the motion for the 2020 statement of internal control 4. Approved the motion for the 2020 earnings distribution 5. Approved the motion for the 2020 performance evaluation for Board of Directors 	Approved by all independent directors

	<ol style="list-style-type: none"> 6. Approved the motion for the 2020 distribution of remuneration to directors and employees 7. Approved the motion for the date for the 2021 annual general meeting of shareholders and agenda as well as related matters 8. Approved the motion for the Company's heads of accounting, corporate governance and finance for personnel appointment 9. Approved the motion for extending credit lines from 3 financial institutions 10. Approved the motion for providing an endorsement/guarantee for the subsidiary Standard Beverage Company Limited to extend credit lines from financial institutions 11. Approved the motion to loan funds to the subsidiary Dermalab 12. The Company participated in the termination of the listing of depository receipts (signed the effective date with the Bank of New York Mellon) 13. Approved to the amendment to some provisions of the Company's Charter 	
2021/05/05 (the 12th meeting of the 13th term)	<ol style="list-style-type: none"> 1. Approved the motion for the consolidated financial statements for Q1 2021 2. Approved the motion to change CPAs for the financial report in line with the internal rotation mechanism of the accounting firm 3. Approved the motion for loaning funds to the subsidiary in China 	Approved by all independent directors
2021/06/23 (the 13th meeting of the 13th term)	<ol style="list-style-type: none"> 1. Approved the motion to set the date and venue for the 2021 annual general meeting of shareholders 2. Apposed the motion for setting dates for the 2020 ex-dividend date, the base date and the payment date of cash dividends and other related matters 	
2021/08/11 (the 14th meeting of the 13th term)	<ol style="list-style-type: none"> 1. Approved the motion for the consolidated financial report for Q2 2021 2. Approved the motion for extending credit lines from financial institutions 3. Approved the motion for the subsidiary Standard Investment (China) Co., Ltd. to expand its oil tank storage area in Taicang High Technology Development Zone to increase production capacity 4. Approved the motion for investment structure adjustment for business in China 	
2021/11/08 (the 15th meeting of the 13th term)	<ol style="list-style-type: none"> 1. Approved the motion for the Company's consolidated financial statements for Q3 2021 2. Approved the motion for the ratio of the Company's 2021 remuneration to employees and directors 	

	<ol style="list-style-type: none"> 3. Approved the motion for the situation of the Company's regular evaluation of the independence and appropriateness of CPAs 4. Approved the motion of the remuneration of the Company's CPAs for 2021 5. Approved the motion for the Company's 2022 audit plan 6. Approved the motion to lend funds to subsidiary Standard Beverage Company Limited 7. Approved the motion to apply for credit lines and foreign exchange and derivative trading lines from two financial institutions 	
2022/01/27 (the 16th meeting of the 13th term)	Approved the motion for the Company to change its registered business address	
2022/02/18 (the 17th meeting of the 13th term)	Approved the motion for bidding for land	
2022/03/21 (the 18th meeting of the 13th term)	<ol style="list-style-type: none"> 1. Approved the motion for the 2022 business plan and budget 2. Approved the motion for the 2021 financial report and consolidated financial report 3. Approved the motion for the 2021 earnings distribution 4. Approved the motion for the 2021 statement of internal control 5. Approved the motion for the amendment to the "Internal Audit Enforcement Rules" 6. Approved the motion for the amendment to the "Procedures for the Acquisition and Disposal of Assets" 7. Approved the motion for the amendment to the "Rules of Procedure for Shareholders' Meetings" 8. Approved the motion for the amendment to some provisions of the Company's Charter 9. Approved the motion for the 2021 performance evaluation for directors and managers 10. Approved the motion for the 2021 performance evaluation for Board of Directors and functional committees 11. Approved the motion for the 2021 distribution of remuneration to directors and employees 12. Approved the motion for the election of the Board of Directors (independent directors) of the 14th term. 13. Approved the motion to set the nomination period, the number of candidates and the place of acceptance of 	Approved by all independent directors

	<p>the Board of Directors of the 14th term</p> <p>14. Approved the motion for review of the list of director (independent director) candidates nominated by the Board of Directors</p> <p>15. Approved the motion for permitting elected directors of the 14th term to serve as a director, supervisor or management of another company with similar business scope of the Company</p> <p>16. Approved the motion for the date for the 2022 annual general meeting of shareholders and agenda as well as related matters</p> <p>17. Approved the motion to loan funds to the subsidiary Dermalab</p> <p>18. Approved the motion for extending credit lines from 3 financial institutions</p> <p>19. Approved the motion for providing an endorsement/guarantee for the subsidiary Standard Beverage Company Limited to extend credit lines from financial institutions</p>	
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(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
Chief Investment Officer	YAO STEVEN YIH CHUN	109.04.01	110.12.31	Resignation

IV. Information Regarding Audit Fee

Information on fees for CPAs

Unit: thousand NT\$

CPA firm	Name of CPAs	Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Tza-Li Gung Han-ni Fang	2021.01-2021.12	5,032	1,186	6,218	Non-audit fees include NT\$706,000 for the transfer pricing report and NT\$480,000 for CSR report assurance.

- (I) Where the company has changed the CPAs or the accounting firm, please indicate the audit period separately, and explain the reason for the replacement in the Remarks field and disclose the audit and non-audit profession fees and other information: Not applicable.

V. Information About Replacement of CPA:

(I) Former CPAs

Date of Replacement	January 2021			
Replacement Reasons and Explanations	Internal job adjustments of Deloitte & Touche			
Termination by the Company or the CPAs	Party		CPA	Client
	Condition			
	Termination by the Company		N/A	
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 Tza-Li Gung, Han-ni Fang
Date of Appointment	January 2021
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: None.
- (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 18, 2022 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	Share-Holding Ratio% (note 2)	Shares	Share-Holding Ratio %	Shares	Share-Holding Ratio %	Item	Nature of Relationships	
Mu Te Investment Co., Ltd. Trust Property Account	159,774,400	17.46	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	
Representative: Ter-Fung Tsao	40,848,203	4.46	0	0	22,688,211	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	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	
Representative: Ter-Fung Tsao	40,848,203	4.46	0	0	22,688,211	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	Share-Holding 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.	41,411,000	4.53	0	0	0	0	-	-	
Representative: Chen Tang	0	0.00	0	0	0	0	-	-	
Ter-Fung Tsao	40,848,203	4.46	0	0	22,688,211	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	Share-Holding 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	22,688,211	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	
Representative: Ter-Fung Tsao							Chia Chieh Investment Co., Ltd. Trust Property Account	Being the director of Chia Chieh Company	
Lin Junyao	14,804,000	1.62	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)	6,908,799	0.75	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, 2022; 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 3)	100%	-	-	N/A (Note 3)	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.	-	-	4,050	100%	4,050	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.	150,224,815	100%	-	-	150,224,815	100%
Standard Corporation (Hong Kong) Limited.	-	-	150,098,815	100%	150,098,815	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.

Note 3: The liquidation of Le Bonta Wellness International Corporation was completed in August 2021.

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 18, 2022

Item \ Structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	11	181	65,395	244	65,831
Number of Shares Held	0	55,624,354	487,004,684	316,328,273	56,132,280	915,089,591
Percentage of Ownership	0.00%	6.08%	53.22%	34.57%	6.13%	100.00%

(III) Distribution of Shares

NT\$ 10 per share April 18, 2022

Range of Shares	Number of Shareholders	Number of Shares Held	Shareholding Ratio %
1-999	14,858	3,291,836	0.36%
1,000-5,000	40,083	82,928,807	9.06%
5,001-10,000	6,207	47,561,355	5.20%
10,001-15,000	1,733	21,931,946	2.40%
15,001-20,000	1,031	18,935,527	2.07%
20,001-30,000	778	19,482,718	2.13%
30,001-40,000	359	12,567,037	1.37%
40,001-50,000	216	9,905,638	1.08%
50,001-100,000	351	25,074,406	2.74%
100,001-200,000	111	15,272,620	1.67%
200,001-400,000	42	11,458,420	1.25%
400,001-600,000	19	9,513,594	1.04%
600,001-800,000	6	4,284,907	0.47%
800,001-1,000,000	7	6,078,678	0.66%
1,000,001 shares and above	30	626,802,102	68.50%
Total	65,831	915,089,591	100.00%

(IV) Major Shareholders

Apr 18, 2022

Name of Major Shareholder	Shares	Number of Shares Held	Percentage of Ownership %
Mu Te Investment Co., Ltd. Trust Property Account		159,774,400	17.46
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.		41,411,000	4.53
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		14,804,000	1.62
Fubon Life Insurance Co., Ltd.		10,660,815	1.17
Dedicated investment account of Norges Bank in custody of CitiBank (Taiwan)		6,908,799	0.75

(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	2020	2021	As of March 31, 2022(Note 5)
Market Price Per Share	Highest		73.70	61.50	53.30
	Lowest		51.20	50.70	47.70
	Average		63.96	54.05	50.31
Net Worth per Share	Before distribution		19.47	19.86	20.40
	After distribution		19.47	(Note 1)	(Note 1)
Earnings per Share	Weighted Average Shares		908,420,120	908,420,120	908,420,120
	Earnings per Share		3.54	2.70	0.36
Dividends Per Share	Cash dividends		2.50	(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)		18.07	20.02	-
	Price-to-dividend ratio (Note 3)		25.58	(Note 1)	-
	Cash dividend yield (Note 4)		3.91	(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 21, 2022, the dividend allocation is NT\$ 1.9 per share of cash dividend, and it would be proposed for discussion at the general shareholders' meeting on June 16, 2022.

(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

A 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.

B 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 2021 was NT\$ 38,902,559, and the estimated amount of directors was NT\$ 16,715,943. The employee remuneration

is calculated at 1.28% of pre-tax profits before deducting the distributed employee and director remuneration in 2021; the director remuneration is calculated at 0.55% of pre-tax profits before deducting the distributed employee and director remuneration in 2021.

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.

C 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\$ 38,902,559.

1.2 Employee Stock Remuneration NT\$ 0.

1.3 Director Remuneration NT\$ 16,715,943.

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 2021 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

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

The distribution of cash remunerations to employees in 2020 was NT\$ 49,920,653 and remunerations to directors were NT\$ 21,965,087. It had no difference with the employee and director remunerations in the 2020 annual fiscal report.

(IX) Buyback of Treasury Stock: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Issuance of Global Depositary Receipts (GDRs): None.

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, 2022			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)	2021	Highest	-
		Lowest	-
		Average	-
	As of March 31, 2022	Highest	-
		Lowest	-
		Average	-

V. Employee Stock Options: None.

VI. Employee Restricted Stock: None.

VII. Mergers and Acquisitions, or as Assignee of New Shares Issued by Another Company: None.

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. Mainly engaged in manufacturing and sales of nutritious foods, edible oil, dairy products and beverages.
2. Main products and business percentage

	2021
Product Category	Percentage
Nutritious Foods	32%
Cooking products Food	52%
Others	16%
Total	100%

(II) Industry Overview:

1. Current State and Development of the Industry

The Directorate-General of Budget, Accounting and Statistics of the Executive Yuan announced that the economic growth of 2021 is 6.45%, a new high over the last 11 years, showing a significant increase in export capacity. However, the consumption in the private sector is still affected by the pandemic. The public maintains self-control and remains alert in limiting spending, so the growth is not as expected.

Since the outbreak of the pandemic, consumer behaviors have become more conservative. The people have responded to the pandemic control measures, greatly increasing home activities and the demand for related products, making the stay-at-home economy prominent. The increase in the frequency of dining at home creates business opportunities for cooking at home and accelerates the development of digital technology.

In a future environment coexisting with the pandemic, products related to pandemic control and health will continue to be popular. The home cooking opportunities brought by the stay-at-home economy will drive the growth of ready-to-eat and instant foods. The online and offline sales channels will provide consumers with faster and more diverse and convenient consumption choices.

At the same time, the global supply chain is facing the challenges of shortage of raw materials, rising prices and high transportation costs, exacerbating the market's concerns about the economic impact of inflation.

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

- (1) Upstream: agriculture, animal husbandry, food packaging materials industry, bio-technology raw 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) Moving towards a new way of pandemic control, consumers pay more attention to the care of the body and the improvement of immunity, making health-related industries continue to flourish. Functional products with the health care appeal try to earn consumers' recognition and purchases.
- (2) The changes in family structure and the pandemic have resulted in new shopping patterns. Products with exquisite and compact design and offering

convenience, such as ready-to-eat foods or portable health foods, will attract more small families and younger consumers.

- (3) The growing health and eco-friendly awareness has made products with appeals such as purity, nature, little additives and eco-friendly packaging become the mainstream of consumption. We rigorously control product safety and quality, and prioritize environmental protection during the production to fulfill our responsibilities for a sustainable environment.
4. Competitive situation
 - (4) Many food and technology companies have continued to commit resources to occupy the market of health and nutrition products. In the face of fierce competition, we try to gain insight into consumer needs, and innovate to develop effective, fast, convenient, high-quality and safe nutrition food and health products, hoping to maintain our market competitiveness.
 - (5) New types of consumption habits drive the improvement and transformation of digital technology, and we use big data analysis and flexible and effective marketing strategies to expand to new consumer segments and market niches.
 - (6) It may be difficult to ease down tension in the global supply chain in a short period of time, and rising costs and supply shortage of raw materials are important issues in the industry. We adopt risk management and flexible operations to reduce the impact of the overall environment.

(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		
	2021	As of April 30, 2022
Amount	177,876	52,437

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

(1) Upgrading of products

Standard Foods understands consumers' needs for nutrition and health, and convenience, deliciousness, and immediate effectiveness are the goals we have continuously worked on. We are persistent on providing the best quality, best flavors and safest products to ensure consumers' every bite is safe.

We continue to innovate, pursue quality and improve flavors, and are committed to making food, cereal and adult powder milk that are natural, low in additives and have enhanced nutrients available in instant oat packets and improved flavors. As for the complete meal series, we offer new formula products with low residue, low nitrogen, double protein and vegetable protein, so that consumers with special needs can have more and better choices.

(2) Launch of new products

Standard Foods puts the needs of consumers as its top priority. The Company is founded based on science, and adheres to the philosophy of innovation, and applies cutting-edge technology to the development and research of new products.

We make nutritious foods and health products that meet the different needs of the whole family, and also develop new products that cater to modern family structures and the younger generations, such as "TDHB" series collagen beauty drink for natural beauty, the nutritious, delicious and low-calorie "Great

Day" series soup porridge, Comprehensive Meal series products with more flavor choices, and prepared oatmeal cereal series with more nutritious cereal combinations.

(3) Process improvement

Standard Foods is persistent in its pursuit of high standards and high quality. The Company continues to improve innovative technologies, research key raw materials, and strengthen packaging materials design.

We actively promote energy-conserving and efficient management, make good use of recycled resources and prevent pollution, and reduce the impact of production on the environment. At the same time, we are committed to digital transformation, using systematic management to promote process optimization and ensure quality and safety.

In 2021, we initiated projects to replace old energy-consuming equipment with new ones and optimize the manufacturing process equipment, and invested in high-standard inspection equipment. It is hoped that the replacement and upgrade of old and energy-consuming equipment can improve the quality and efficiency of manufacturing processes and reduce the waste of resources.

(4) Quality improvement

Reassuring quality is Standard Foods' commitment to consumers. From raw materials, manufacturing processes, finished products to services, we highly value the effectiveness and safety of products. Under the professional supervision of third-party certification units, various products have obtained a number of relevant safety certification marks, and have also won praise and awards in several competitions. We have earned trust and affirmation from our customers with our high-standard, high-quality and safest products.

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

The professional R&D team implements individual projects among various R&D plans, of which, the main contents are as follows:

- (1) Research and development of functional products.
- (2) Study of flavor enhancement and flavor extension and development.
- (3) Research and development of new types of packaging.
- (4) Upgrading and replacement of machinery and equipment.
- (5) Upgrading of nutrition of existing products.
- (6) Discussion and research of innovative technology.
- (7) Establishment and application of analysis method.
- (8) The effects of various manufacturing process conditions on quality.
- (9) The study of the preparation of new prebiotics and test of their characteristics.

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

1. Long-term Business Development Plans

- (1) Continue brand building and gain insight into the consumption needs of people in all ages. Maintain the customer base of senior citizens, and attract the younger generations of consumers to become "every family's nutrition and health partner."
- (2) Refine R&D and production capabilities and improve product differentiation capabilities.
- (3) Adhere to the philosophy of sustainable enterprise development, continue to cultivate talents, and value environmental protection, social responsibility and corporate governance. Continue to cultivate the market Taiwan and carry out overseas market expansion plans.

2. Short-term Business Development Plans

- (1) Continue developing new products, upgrading products and improving quality in order to respond to market changes and meet consumers' diverse needs for nutritional and health products.
- (2) Implement digital transformation to enhance technological operations, so as to effectively strengthen the operations strategy and overall performance.
- (3) Strengthen the flexible management of the supply chain and improve the operational efficiency and control capabilities to reduce the impact caused by emergencies in the overall environment.

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 oat products include instant oats, 3-in-1 oats, bagged and canned oat powder and oat beverages. As our products are made with the highest standards and quality and we have obtained many health food certifications, our delicious, nutritious and healthy products have always been loved and trusted by consumers. Because to this, we have long been a leading brand in Taiwan's oat market.

- (2) Future market demand & supply status and growth

Taiwan's oat market has been steadily developing. With the changes in lifestyle and an emphasis on health and food safety, convenient, quick, natural nutrition and a variety of flavors are the leading demands of consumers. To respond to the demand and competitiveness of the future market, we will continue to develop new products and technology to fulfill the requirements of consumers.

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

In view of the trends in health while expanding the popularity among the young generation, grain products launched by the Company are both delicious and nutritious. These products are: Oat soup and cornflakes, hoping to satisfy consumers of all ages. Consequently, we help consumers improve their health through launching healthy and nutritious grain products.

Many Quaker oat products have been highly recognized and received Clean Label, AA Clean Label certifications and iTQi Superior Taste Award. In the future, we will continue to cultivate our oat categories and develop oat products with better quality, meeting the health requirements of different groups.

Healthcare products

- (1) Market share

A series of products such as Ginseng Drink, Advanced Glucosamine Drink, Ganoderma Drink, Lutein, Edible Bird's-Nest, 4-Herbs Drink and Essence of Chicken 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

With the increasing health-awareness of Taiwanese consumers and a population structure that has moved into an aging society, together with the impact of COVID-19, people are now more conscious about their health. As a result, the health food market is growing year by year. As the younger

generation are now growing up in an environment that promotes health, they pay more attention to their health, increasing their need for efficiency and convenience. Consequently, we are making an effort to expand the use of health products by young people.

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

At Standard Foods, we are committed to providing consumers with higher quality, professional, innovative and effective products. Given this, we strive for providing diverse health products suitable for the whole family. For our health drink series, we carefully select premium and highly beneficial ingredients from both the East and West and extract their essence to meet the health requirements of modern consumers. This way, people are able to build themselves a healthy foundation. We have launched the EXX series health product tailor-made for immediate benefit that is convenient to carry, boosting people's health at any key moment, enabling them to stay their best at all times. Aside from the EXX Capsule series, EXX Lutein Drink, we launched the EXX Collagen Drink at the end of 2021 to provide a personalized product targeting the health needs of different consumers.

To help fulfill the needs of different life stages, we create products with no additives or burden to the body and are easily absorbed. At the same time, we will also expand our consumer group to the younger generation to further expand popularity, continuing to be the best choice to look after the health of the whole family.

Adult milk powder

- (1) Market share

In response to people's daily nutritional and health needs, we have successfully established a leading position for ourselves in the adult low skim milk powder market with our functional products. We provide various nutritional supplements that are suitable for the whole family, women-exclusive and over 50 years old for consumers of different groups. By doing this, we are able to further maintain a leading position in the low skim milk powder market.

- (2) Future market demand & supply status and growth

With people's busy lifestyle nowadays, milk powder is a convenient nutritional supplement that is easy to keep. Alongside the development of various nutritional needs, milk powder products for adults continue to grow in the market. In response to the increase in older people, demand for functional nutritional products will continue to grow. To provide functional products with higher value, manufacturers are taking a proactive approach to launch new products in terms of dairy powder raw materials, nutritional composition and flavor.

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

At present, the Company has different star products in each of its three milk powder series. For people over 50 years old, we have Quaker High Calcium Non Fat Milk Powder Probiotics – the first product in Taiwan with double national health food certification. Our Quaker High Calcium Glucosamine Milk Powder with three major nutritional focuses to supplement the mobility

of older people. With the increasing demand of nutrition by older people, the performance of these two products continues to grow steadily. Meanwhile, we continue to upgrade our Quaker High Calcium Family Milk Powder to provide more key nutritional value to fulfill the needs of the whole family. Meanwhile, our long-time selling product, Quaker High Calcium High Iron Milk Powder, continues to meet the beauty and nutritional needs of women. We adhere to the philosophy of pursuing good nutrition and are constantly developing milk powder products in order to fulfill the daily needs of men, women and children for both nutrition and taste.

Special nutritious product

(1) Market share

The Quaker Complete Enhanced Nutrition series approved by the Ministry of Health and Welfare, comes in a variety of flavors including sugar-free and vanilla low-sugar. Our diabetic formula products are recommended by physicians and diabetics, with a number of leading products in the market.

(2) Future market demand & supply status and growth

According to the National Development Council, Taiwan will enter a “super-aged society” by 2025, where 20% of people in Taiwan will be over the age of 65. Not only do senior citizens have requirements for chronic and special diseases, due to the deterioration of their teeth and physiological functions, they also need complete balanced nutrition to look after their health. Based on this, our special nutrition formula for adults will become a source of nutrition for senior citizens.

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

We offer a wide range of our Complete Enhanced Nutrition series, including balanced, diabetic, renal, oncological and tubular irrigation products. Each bite of nutrition has been carefully calculated for different consumer groups, enabling them to enjoy balanced nutrition more efficiently. Quaker’s R&D team has developed sugar-free products to align with the current trend of health awareness. Our diverse products, including the vegetable protein flavor made with an all-vegetarian formula with soy as the main source of protein and advanced HMB formula, are designed to fulfill the nutritional needs of different consumers. Meanwhile, we continue to develop products that benefit the nutrition and health of Taiwanese people, helping consumers maintain their strength and health and live their life to the fullest.

Edible oils:

(1) Market share

Edible oil is a source of Taiwanese 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. Due to COVID-19, the likelihood for people to cook at home increased in 2021. The overall market for our edible oil series has grown, with the number 1 market share.

(2) Future market supply & demand status and growth

Consumers' approaches toward the prevention of COVID-19 have changed their behaviors, making them more willing to cook at home. Coupled with the emphasis on quality, safety and health awareness, consumers now not only pay attention to healthy and pure quality, their awareness on diversified oil use has also increased. Based on this concept, people are now more inclined to get balanced nutrition through different types of oils and fatty acids. In the future, our overall market will move toward the use of refined oil as high-quality and premium products will be more easily favored by 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 Less burden 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 face of rising international raw material prices, we will continue to insist on quality first and product upgrades as well as striving for innovation and constant research and expanding into different consumer groups, such as young families. By doing this, we are able to offer Taiwanese families better and more diverse choices in edible oils.

Baby Food

- (1) Market share

At Standard Foods, we consider the nutritional needs of infants and toddlers as fundamental. Given this, we constantly provide mothers and babies the nutritional elements they require throughout all stages using advanced technology and a variety of crucial nutritional elements to help in their development. Not only have we gained a solid position in the infant and toddler formula market, but we are also the leader in baby food, trusted by most parents.

- (2) Future market demand & supply status and growth

Although the birthrate in Taiwan is getting lower each year, parents are more willing to invest in high quality, nutritious and diversified products as a means to lay the foundation for their babies. Based on this notion, we continue to enhance nutrition and safety of our products, which are close to breast milk without any additives. Furthermore, we accommodate the needs of children at different stages of growth by providing highly safe and nutritious infant and toddler products.

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

At Standard Foods, we are committed to pursuing good nutrition and have always developed infant and children food under professional and strict quality control. Not only the intestinal health of babies is looked after by our Grow Up Milk with Probiotics (imported from Denmark and the only milk powder in Taiwan to have the national health food certification), but we have also launched our Advanced Infant Formula series to help baby's learning development. Furthermore, we are also committed to developing baby's first food. Not only the pure and safe organic rice extracts series have been

introduced to the public, with our expertise on nutrition, we have also entered the baby porridge market. By this, we hope to fulfill modern parents' needs on baby food diversification. For older children, there are also Must and Elementary Students series available for nutritional supplements. As an expert for baby's nutrition, we make every effort to meet the nutritional needs of children of all stages, from infants, toddlers to children, so that they have full confidence in us with every bite they take.

Refrigerated Food (Fresh Delight)

(1) Market share

With FreshDelight's deep cultivation in the market for many years, it has reached nearly 6 million households in Taiwan. Dairy products of FreshDelight are quality and diverse, meeting the nutritional needs of the whole family. As well as this, FreshDelight's functional milk ranks number one in terms of market share.

(2) Future market demand & supply status and growth

As dairy beverages are popular among households in Taiwan, the repurchase frequency is at the same time high and stable. In a bid to strengthen brand loyalty and promote product upgrade, while correspond to the change in spending pattern in the post-COVID-19 era, the expansion of the coverage of brand services will become the core drive of brand growth.

In addition, given that there are many types of functional dairy products in the market, the demand continues to grow steadily. As there is a growing demand for young people to have balanced nutrition through the intake of functional dairy products, market sales are likely to grow.

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

We take the health of our consumers very seriously. Through the most modern food technology, we are able to preserve the most nutritious ingredients for products including FreshDelight fresh milk, functional milk, flavored milk drinks, yogurt drinks and yogurt.

FreshDelight milk sources are strictly managed to ensure that there are no quality and safety concerns in each process. FreshDelight Whole Milk is the only brand with its entire series of products (including fresh milk and ESL milk) in Taiwan to have received the ITQI Superior Taste Award for both quality and flavor.

Taking into account different varieties of functional dairy products in the market, we center on needs of young and healthy groups. Dairy, fermented and functional products launched by FreshDelight accommodate the diverse need for different consumer groups.

Agent product(Candies)

(1) Market share

The confectionery market as a whole was briefly impacted by COVID-19 and has recovered. The brands which the Company is an agent for continue to grow, ranking second in the market share.

(2) Future market demand & supply status and growth

With many brands available in the confectionery market, the competition is fierce. Due to this, consumers now prefer fun candy, and products that are not only tasty but also interesting tend to be more and more popular these days. On the other hand, we can also see the trend for functional and healthy confectionery, as consumers are inclined to achieve health goals through a lower threshold.

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

To be able to continue to introduce new products and quick marketing plans have become relatively essential in terms of sales of confectionery products. Considering this, we aim to bring trends around the world into Taiwan by becoming an agent for international brands.

In addition to establishing existing consumer groups, we will strive for the introduction of new products and packaging to correspond with seasons and festivals. As well as this, we will also work together with online and offline channels to initiate activities in a thematic approach to expand customer groups and generate sales.

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

	2020				2021				As of March 31, 2022 (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)	4,703,282	13.6		Company A (Note 1)	4,388,023	12.8		Company A (Note 1)	1,054,655	15.7	
					Company B (Note 1)	3,567,755	10.4					
	Others	29,762,962	86.4		Others	26,351,266	76.8		Others	5,675,800	84.3	
	Net sales	34,466,244	100.0		Net sales	34,307,044	100.0		Net sales	6,730,455	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

	2020				2021				As of March 31, 2022 (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)	3,021,695	12.3		Company A (Note 1)	5,016,149	20.2		Company A (Note 1)	957,994	20.6	
	Others	21,477,632	87.7		Others	19,810,079	79.8		Others	3,688,172	79.4	
	Net purchase	24,499,327	100.0		Net purchase	24,826,228	100.0		Net purchase	4,646,166	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	2020			2021		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Nutritious Foods		131,854.00	112,556.79	11,985,350	134,179.60	108,173.05	11,193,536
Cooking products Food		669,676.00	393,116.27	18,045,428	669,676.00	230,170.30	11,981,595
Others	(Note 1)		9,512.70	425,265	(Note 1)	7,612.31	351,477
	-		1,500,731.00 (Note 2)	3,018,787	-	1,812,354.00 (Note 2)	3,564,943
Total		801,530.00	515,185.76	33,474,830	803,855.60	345,955.67	23,526,608
			1,500,731.00 (Note 2)			1,812,354.00 (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	2020				2021			
		Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Nutritious Foods		111,744.50	11,897,604	657.50	71,263	106,432.10	11,002,284	613.30	74,565
Cooking products Food		24,112.30	1,989,468	378,460.30	16,490,039	25,820.20	2,227,444	315,812.50	15,556,364
Others		9,245.80	3,504,934	0.00	512,936	7,308.60	4,046,958	0.00	1,399,429
	0.00 (Note 1)			445,558.00 (Note 1)		0.00 (Note 1)		464,941.00 (Note 1)	
	1,083,129.00 (Note 2)			248,192.00 (Note 2)		1,404,049.00 (Note 2)		282,033.00 (Note 2)	
Total		145,102.60	17,392,006	379,117.80	17,074,238	139,560.90	17,276,686	316,425.80	17,030,358
	0.00 (Note 1)			445,558.00 (Note 1)		0.00 (Note 1)		464,941.00 (Note 1)	
	1,083,129.00 (Note 2)			248,192.00 (Note 2)		1,404,049.00 (Note 2)		282,033.00 (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		2020	2021	As of April 30, 2022
Number of Employees	Employees	2,699	2,554	2,349
	Employees	1,057	954	909
	Total	3,756	3,508	3,258
Average Age		36.76	37.38	38.48
Average Service Year		6.42	6.28	7.37
Academic distribution ratio	PhD	15	11	10
	Master	244	232	232
	Bachelor	1,977	1,905	1,801
	High school	1,322	1,058	956
	Below high school	198	302	259

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.

1. In 2021 and up to the date of publication of the annual report, unusual environmental penalty cases of Standard Foods:
 - (1) No fines were incurred due to environmental abnormalities in Dayuan Plant.
 - (2) No fines were incurred due to environmental abnormalities in Zhongli Plant.
 - (3) No fines were incurred due to environmental abnormalities in Hsinchu Plant.
2. Environmental protection equipment expenditure
 - (1) NT\$600,000 for maintenance of sludge dewatering machine in Dayuan Plant in June 2021.
 - (2) NT\$4.5 million for additional back-end chemical pressurized flotation system for wastewater in Zhongli Plant in July 2021.
3. 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.

(1) Dayuan Plan

Year	2022	2023	2024
Content of proposed procurement of pollution prevention equipment or expenditures	Environmental equipment operating expenses and garbage treatment expenses	Environmental equipment operating expenses and garbage treatment expenses	Environmental equipment operating expenses and garbage treatment expenses
Expected improvement	Maintain the normal operation of environmental equipment and garbage removal	Maintain the normal operation of environmental equipment and garbage removal	Maintain the normal operation of environmental equipment and garbage removal
Amount	NT\$18,900,000	NT\$19,640,000	NT\$19,640,000

(2) Zhongli Plant

Year	2022	2023	2024
Content of proposed procurement of pollution prevention equipment or	Environmental equipment operating expenses and garbage treatment expenses	Environmental equipment operating expenses and garbage treatment expenses	Environmental equipment operating expenses and garbage treatment

expenditures		Heat pump sludge dryers installed	expenses
Expected improvement	Maintain the normal operation of environmental equipment and garbage removal	Maintain the normal operation of environmental equipment and garbage removal Sludge water content reduction.	Maintain the normal operation of environmental equipment and garbage removal
Amount	NT\$5,450,000	NT\$10,650,000	NT\$5,450,000

(3) Hsinchu plant

Year	2022	2023	2024
Content of proposed procurement of pollution prevention equipment or expenditures	Environmental equipment operating expenses and garbage treatment expenses Newly established sludge dryers and settling tanks	Environmental equipment operating expenses and garbage treatment expenses	Environmental equipment operating expenses and garbage treatment expenses
Expected improvement	Maintain the normal operation of environmental equipment and garbage removal Sludge water content reduction and sludge sedimentation rate increase.	Maintain the normal operation of environmental equipment and garbage removal	Maintain the normal operation of environmental equipment and garbage removal
Amount	NT\$20,530,000	NT\$9,890,000	NT\$9,890,000

4. 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

We have a retirement plan in place for full-time 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 2021 were NT\$ 7,520 thousand. At Standard Foods Group, we consider talent one of our most important assets and deeply believe that all employees can contribute their strengths and potential through constant learning and progressing. By growing together with the Company, we are one step closer to achieving sustainable management. To realize the idea of mutual growth of the Company and employees, we enable our employees to develop through various training projects.

Our education and training system includes physical courses and online digital learning courses. Our employees are able to enjoy multiple learning channels through building an integrated education and training environment. The Company has exclusive training

roadmap for each department depending on the function and skill requirements of the job. At the same time, through a training system of internal instructors and coaching process of managers, technical experience is able to be passed down and core knowledge developed. By taking this approach, we facilitate the combination of the Company's growth and employees' personal development requirements, achieving the goal of cultivating and retaining talent.

With an aim for new employees to quickly understand and integrate into Standard Foods, we arrange a series of general courses, new recruit orientation and sharing and basic professional courses. By taking this approach, we allow newcomers to swiftly adapt to the organizational culture and professional requirements of their work. To improve the professionalism of our colleagues, the business and marketing teams also provide a series of training through internal and external professional instructors. To ensure refined production quality and efficiency, the Supply Chain Center continues to foster Total Productive Maintenance (TPM) training and coaching by the formulation of an annual theme, project implementation and presentation of results. This way, the effectiveness of our colleagues' learning is reflected in the work.

We aim for joint growth with our employees and are committed to building a diverse learning environment. Aside from physical training courses, we also provide flexible learning by introducing external online learning resources to align with requirements of professional functions and skills. In the future, we will continue to use this method as the foundation to strive for creating a learning organization that is highly flexible and knowledgeable.

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. Each year, we pass the above two major system audits with high standards to ensure the systems are working well and requirements met.

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.

5. 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.

6. 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, 2022

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)
Supply and Sales Contract	Welfare Division of the Ministry of National Defense	2020.10.23-2021.10.22 (Note 3)	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: 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, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		15,496,940	17,107,047	18,513,185	21,125,786	20,451,335	18,697,833
Property, plant and equipment		5,676,084	5,478,238	5,125,312	4,201,645	4,333,681	4,369,510
Intangible assets		78,066	73,050	68,087	106,208	102,981	104,850
Other assets		1,458,398	1,339,321	1,781,681	2,390,223	3,401,143	3,541,392
Total asset value		22,709,488	23,997,656	25,488,265	27,823,862	28,289,140	26,713,585
Current liabilities	Before distribution	7,137,271	7,510,934	7,682,083	8,955,895	8,984,180	7,058,196
	After distribution	8,967,450	9,798,658	10,107,070	11,243,619	(Note 2)	(Note 2)
Non-current liabilities		548,609	446,397	855,491	852,340	827,743	746,930
Total liabilities	Before distribution	7,685,880	7,957,331	8,537,574	9,808,235	9,811,923	7,805,126
	After distribution	9,516,059	10,245,055	10,962,561	12,095,959	(Note 2)	(Note 2)
Equity attributable to owners of parent company		14,785,740	15,806,926	16,678,127	17,684,488	18,037,190	18,528,394
Share capital		9,150,897	9,150,897	9,150,897	9,150,897	9,150,897	9,150,897
Capital surplus		83,124	93,045	109,718	127,392	144,066	144,066
Retained earnings	Before distribution	5,833,327	6,915,111	8,016,188	8,782,873	8,953,485	9,280,530
	After distribution	4,003,148	4,627,387	5,591,201	6,495,149	(Note 2)	(Note 2)
Other equity		(260,426)	(330,945)	(577,494)	(355,492)	(190,076)	(25,917)
Treasury stock		(21,182)	(21,182)	(21,182)	(21,182)	(21,182)	(21,182)
Non-controlling Interests		237,868	233,399	272,564	331,139	440,027	380,065
Total equity	Before distribution	15,023,608	16,040,325	16,950,691	18,015,627	18,477,217	18,908,459
	After distribution	13,193,429	13,752,601	14,525,704	15,727,903	(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, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Operating revenue	26,477,924	27,340,587	31,266,232	34,466,244	34,307,044	6,730,455
Gross profit	7,399,955	8,254,345	9,631,013	9,609,454	8,231,860	1,471,201
Operating profit (loss)	2,794,878	3,149,836	4,423,873	4,044,179	2,981,585	401,998
Non-operating revenue and expenses	(49,475)	526,396	124,661	244,532	171,429	30,652
Profit before income tax	2,745,403	3,676,232	4,548,534	4,288,711	3,153,014	432,650
Net income from continuing operations	2,209,909	2,968,307	3,454,836	3,255,830	2,501,106	332,947
Loss from discontinued operations	-	-	-	-	-	-
Net Income (Loss)	2,209,909	2,968,307	3,454,836	3,255,830	2,501,106	332,947
Other comprehensive income for the period (after tax)	(214,628)	(138,749)	(256,189)	240,351	265,038	98,295
Total comprehensive income for the period	1,995,281	2,829,558	3,198,647	3,496,181	2,766,144	431,242
Net Income Attributable to Shareholders of the Parent	2,173,044	2,949,089	3,416,097	3,212,801	2,456,628	327,045
Net Income Attributable to Non-controlling Interests	36,865	19,218	38,739	43,029	44,478	5,902
Comprehensive Income Attributable to Owners of the Parent	1,964,868	2,813,107	3,142,252	3,413,674	2,623,752	491,204
Comprehensive Income Attributable to Non-controlling Interests	30,413	16,451	56,395	82,507	142,392	(59,962)
Earnings per Share (Note 2)	2.39	3.25	3.76	3.54	2.70	0.36

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

<div style="display: flex; align-items: center;"> <div style="flex: 1; text-align: center;">Year</div> <div style="flex: 1; text-align: center;">Item</div> </div>		Most-Recent 5-Year Financial Information				
		2017	2018	2019	2020	2021
Current assets		5,266,070	6,625,406	7,306,207	7,566,635	7,866,766
Property, plant and equipment		1,409,677	1,420,548	1,372,629	1,352,887	1,341,650
Intangible assets		3,375	1,672	2,943	13,660	21,101
Other assets		10,295,641	10,308,831	10,914,409	11,651,568	11,819,806
Total asset value		16,974,763	18,356,457	19,596,188	20,584,750	21,049,323
Current liabilities	Before distribution	2,220,075	2,384,532	2,326,250	2,384,532	2,408,678
	After distribution	4,507,799	4,809,519	(Note 1)	4,809,519	(Note 1)
Non-current liabilities		398,788	329,456	533,529	574,012	603,455
Total liabilities	Before distribution	2,549,531	2,918,061	2,900,262	2,918,061	3,012,133
	After distribution	4,837,255	5,343,588	(Note 1)	5,343,588	(Note 1)
Share capital		9,150,897	9,150,897	9,150,897	9,150,897	9,150,897
Capital surplus		83,124	93,045	109,718	127,392	144,066
Retained earnings	Before distribution	6,915,111	8,016,188	8,782,873	8,016,188	8,953,485
	After distribution	4,627,387	5,591,201	(Note 1)	5,591,201	(Note 1)
Other equity		(260,426)	(330,945)	(577,494)	(355,492)	(190,076)
Treasury stock		(21,182)	(21,182)	(21,182)	(21,182)	(21,182)
Total equity	Before distribution	15,806,926	16,678,127	17,684,488	16,678,127	18,037,190
	After distribution	13,519,202	14,253,140	(Note 1)	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				
	2017	2018	2019	2020	2021
Operating revenue	11,259,683	12,187,907	13,139,944	13,184,535	12,496,867
Gross profit	3,689,421	4,082,297	4,670,008	4,729,064	4,551,605
Operating profit (loss)	2,136,045	2,370,064	2,955,225	2,847,983	2,658,454
Non-operating revenue and expenses	427,729	1,117,097	1,228,861	1,073,384	326,112
Profit before income tax	2,563,774	3,487,161	4,184,086	3,921,367	2,984,566
Net income from continuing operations	2,173,044	2,949,089	3,416,097	3,212,801	2,456,628
Loss from discontinued operations	-	-	-	-	-
Net Income (Loss)	2,173,044	2,949,089	3,416,097	3,212,801	2,456,628
Other comprehensive income for the period (after tax)	(208,176)	(135,982)	(273,845)	200,873	167,124
Total comprehensive income for the period	1,964,868	2,813,107	3,142,252	3,413,674	2,623,752
Earnings per share (Note 1)	2.39	3.25	3.76	3.54	2.70

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
2021	Deloitte & Touche	Tza-Li Gung, Han-Ni Fang	Unmodified opinion
2020	Deloitte & Touche	Tza-Li Gung, Chih-Yuan Chen	Unmodified opinion
2019	Deloitte & Touche	Tza-Li Gung, Ching-Chiang Yang	Unmodified opinion
2018	Deloitte & Touche	Tza-Li Gung, Ching-Chiang Yang	Unmodified opinion
2017	Deloitte & Touche	Ting-Chen Hsü, Tza-Li Gung	Unmodified opinion

II. Financial Analysis in the Most Recent Five Years

(1) Consolidated Financial Analysis -IFRS (Consolidated)

Analysis Item (Note 1)		Year	Financial Analysis in the Most Recent Five Years					As of March 31, 2022 (Note)
			2017	2018	2019	2020	2021	
Financial Structure (%)	Debt-to-asset ratio (%)		33.84	33.16	33.50	35.25	34.68	29.22
	Ratio of long-term capital to property, plant, and equipment (%)		274.35	300.95	347.42	449.06	445.46	449.83
Debt service ability	Current ratio (%)		217.13	227.76	240.99	235.89	227.64	264.91
	Quick ratio (%)		129.47	150.05	175.10	160.32	146.09	161.31
	Interest coverage ratio (%)		37.26	46.53	98.03	84.54	65.33	53.26
Operating Ability	Accounts receivable turnover rate (times)		5.11	4.86	4.96	5.41	5.71	5.45
	Average days for cash receipts		71.42	75.10	73.58	67.46	63.92	66.97
	Inventory turnover rate (times)		4.31	4.36	5.51	5.67	4.82	3.71
	Accounts payable turnover rate (times)		9.96	9.76	9.28	10.87	10.45	9.03
	Average days for sale of goods		84.68	83.71	66.24	64.37	75.72	98.38
	Property, plant, and equipment turnover rate (times)		5.11	4.90	5.90	7.39	8.04	6.19
	Total assets turnover rate (times)		1.19	1.17	1.26	1.29	1.22	0.98
Profitability	Return on total assets (%)		10.21	12.99	14.11	12.37	9.06	4.94
	Return on equity (%)		15.01	19.11	20.94	18.62	13.71	7.12
	Pre-tax profit to paid-in capital (%) (Note 7)		30.00	40.17	49.71	46.87	34.46	18.91
	Net profit margin (%)		8.35	10.86	11.05	9.45	7.29	4.95
	Earnings per share (NT\$)		2.39	3.25	3.76	3.54	2.70	0.36
Cash Flows	Cash flow ratio (%)		35.62	35.14	65.43	27.13	42.40	1.18
	Cash flow adequacy ratio (%)		88.34	101.02	118.09	97.00	107.39	110.44
	Cash reinvestment ratio (%)		5.88	3.93	13.12	-	6.96	0.38
Leverage	Operating leverage		1.49	1.47	1.46	1.57	1.72	2.09
	Financial leverage		1.03	1.03	1.01	1.01	1.02	1.02

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

- (I) The decrease in times interest earned in 2021 was mainly due to a slight decrease in operating profit, resulting in a decrease net income before tax.
- (II) The decrease in return on assets ratio, return on equity ratio, ratio of profit before tax to paid-in capital, and net profit margin ratio in 2021 was mainly due to a slight decrease in operating profit, resulting in a decrease in net income before and after tax.
- (III) The decrease in the EPS (NTD) in 2021 was mainly due to a decrease in net income for the period compared to the same period last year.
- (IV) The increase in cash flow ratio in 2021 was mainly due to an increase in net cash flow from operating activities.

Note: Reviewed by CPAs.

Financial analysis - International Financial Reporting Standards (Individual)

Analysis Item (Note 1)		Financial Analysis in the Most Recent Five Years				
		2017	2018	2019	2020	2021
Financial Structure (%)	Debt-to-asset ratio (%)	12.90	13.89	14.89	14.09	14.31
	Ratio of long-term capital to property, plant, and equipment (%)	1,077.16	1,135.93	1,253.92	1,349.60	1,389.38
Debt service ability	Current ratio (%)	294.16	298.43	306.40	325.27	326.60
	Quick ratio (%)	170.75	202.26	214.80	238.03	240.25
	Interest coverage ratio (%)	-	5,091.75	3,125.78	3,618.50	3,541.41
Operating Ability	Accounts receivable turnover rate (times)	5.74	5.97	5.91	5.98	6.16
	Average days for cash receipts	63.58	61.13	61.75	61.03	59.25
	Inventory turnover rate (times)	4.05	4.36	4.51	4.50	4.51
	Accounts payable turnover rate (times)	9.39	9.90	9.35	9.65	9.80
	Average days for sale of goods	90.12	83.71	80.93	81.11	80.93
	Property, plant, and equipment turnover rate (times)	8.12	8.61	9.41	9.67	9.28
	Total assets turnover rate (times)	0.67	0.69	0.69	0.66	0.60
Profitability	Return on total assets (%)	12.98	16.70	18.01	16.00	11.81
	Return on equity (%)	14.98	19.28	21.03	18.70	13.75
	Ratio of Pre-tax Net Income to Paid-in Capital Ratio (%) (Note 5)	28.02	38.11	45.72	42.85	32.62
	Net profit margin (%)	19.30	24.20	26.00	24.37	19.66
	Earnings per share (NT\$)	2.39	3.25	3.76	3.54	2.70
Cash Flows	Cash flow ratio (%)	107.93	79.67	105.51	54.96	113.48
	Cash flow adequacy ratio (%)	129.44	119.95	114.28	92.15	90.02
	Cash reinvestment ratio (%)	3.09	(0.34)	1.18	(5.58)	2.14
Leverage	Operating leverage	1.40	1.35	1.29	1.34	1.35
	Financial leverage	1.00	1.00	1.00	1.00	1.00

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

- (I) The decrease in return on assets ratio, return on equity ratio and ratio of profit before tax to paid-in capital in 2021 was mainly due to a slight decrease in operating profit, resulting in a decrease in net income before and after tax.
- (II) The decrease in the EPS (NTD) in 2021 was mainly due to a decrease in net income for the period compared to the same period last year.
- (III) The increase in cash flow ratio in 2021 was mainly due to an increase in net cash flow from operating activities.
- (IV) The increase in cash reinvestment ratio in 2021 was mainly due to net cash from operating activities.

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 2021 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 Tza-Li Gung and Han-Ni Fnag of Deloitte & Touche, 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 2022

Standard Foods Corporation

Convener of the Audit Committee: Ben Chang

March 22, 2022

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, 2021 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 28, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. 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, 2021. 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, 2021 is stated as follows:

Estimate of Return Liability

Standard Foods Corporation and its subsidiaries which are located in China mainly manufactures and sells nutrient-rich food, edible oil products, dairy products and beverages. Taking into account the current market conditions and the historical experience of its sales in the past, the Group 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 the 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, 2021 and 2020, 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, 2021 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 Han-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 3,748,069	14	\$ 4,332,018	16
Financial assets at fair value through profit or loss - current (Note 7)	1,174,960	4	1,490,336	5
Financial assets at fair value through other comprehensive income - current (Note 8)	313,940	1	249,485	1
Financial assets at amortized cost - current (Note 9)	1,936,561	7	1,728,070	6
Notes receivable (Notes 10 and 25)	18,370	-	3,154	-
Trade receivables (Notes 10 and 25)	5,699,413	20	6,295,581	23
Trade receivable from related parties (Notes 25 and 32)	7,290	-	9,011	-
Finance lease receivables - current (Note 11)	3,576	-	2,917	-
Other receivables (Note 10)	218,409	1	224,370	1
Current tax assets (Note 27)	4,765	-	23,063	-
Inventories (Note 12)	5,701,129	20	5,124,648	18
Prepayments (Note 13)	1,527,503	5	1,579,289	6
Other current assets (Notes 19 and 33)	97,350	-	63,844	-
Total current assets	20,451,335	72	21,125,786	76
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	7,235	-	10,666	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	507,240	2	267,178	1
Financial assets at amortized cost - non-current (Note 9)	716,466	3	-	-
Property, plant and equipment (Notes 15 and 33)	4,333,681	15	4,201,645	15
Right-of-use assets (Note 16)	652,121	2	626,440	2
Investment properties (Notes 17 and 33)	785,735	3	844,797	3
Goodwill	558	-	817	-
Other intangible assets (Note 18)	102,423	-	105,391	-
Deferred tax assets (Note 27)	437,485	2	417,127	2
Finance lease receivables - non-current (Note 11)	20,455	-	24,031	-
Net defined benefit assets - non-current (Note 23)	6,143	-	3,521	-
Other non-current assets (Note 19)	268,263	1	196,463	1
Total non-current assets	7,837,805	28	6,698,076	24
	<u>\$ 28,289,140</u>	<u>100</u>	<u>\$ 27,823,862</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 33)	\$ 1,372,463	5	\$ 1,846,767	7
Short-term bills payable (Note 20)	259,855	1	129,869	1
Contract liabilities - current (Note 25)	509,315	2	748,044	3
Notes payable (Note 21)	859,254	3	90,333	-
Trade payables (Note 21)	1,895,397	7	2,107,188	8
Trade payables to related parties (Note 32)	19,472	-	20,526	-
Other payables (Note 22)	3,440,103	12	3,442,258	12
Current tax liabilities (Note 27)	397,210	1	399,020	1
Lease liabilities - current (Note 16)	89,117	-	77,782	-
Other current liabilities (Notes 5 and 22)	141,994	1	94,108	-
Total current liabilities	8,984,180	32	8,955,895	32
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 27)	323,661	1	351,328	1
Lease liabilities - non-current (Note 16)	230,856	1	200,191	1
Net defined benefit liabilities - non-current (Note 23)	242,050	1	280,701	1
Other non-current liabilities (Note 22)	31,176	-	20,120	-
Total non-current liabilities	827,743	3	852,340	3
Total liabilities	9,811,923	35	9,808,235	35
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Ordinary shares	9,150,897	32	9,150,897	33
Capital surplus	144,066	1	127,392	-
Retained earnings				
Legal reserve	3,606,189	13	3,287,022	12
Special reserve	577,494	2	577,494	2
Unappropriated earnings	4,769,802	17	4,918,357	18
Total retained earnings	8,953,485	32	8,782,873	32
Other equity	(190,076)	(1)	(355,492)	(1)
Treasury shares	(21,182)	-	(21,182)	-
Total equity attributable to owners of the Company	18,037,190	64	17,684,488	64
NON-CONTROLLING INTERESTS (Note 24)	440,027	1	331,139	1
Total equity	18,477,217	65	18,015,627	65
TOTAL	<u>\$ 28,289,140</u>	<u>100</u>	<u>\$ 27,823,862</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, 2021 AND 2020**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 25 and 32)	\$ 34,307,044	100	\$ 34,466,244	100
OPERATING COSTS				
Cost of goods sold (Notes 12, 26 and 32)	<u>26,075,184</u>	<u>76</u>	<u>24,856,790</u>	<u>72</u>
GROSS PROFIT	<u>8,231,860</u>	<u>24</u>	<u>9,609,454</u>	<u>28</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	4,054,211	11	4,232,068	12
General and administrative expenses	1,023,005	3	1,152,067	3
Research and development expenses	177,876	1	166,035	1
Expected credit loss (gain)	<u>(4,817)</u>	<u>-</u>	<u>15,105</u>	<u>-</u>
Total operating expenses	<u>5,250,275</u>	<u>15</u>	<u>5,565,275</u>	<u>16</u>
OPERATING INCOME	<u>2,981,585</u>	<u>9</u>	<u>4,044,179</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Interest income	105,660	-	119,907	-
Other income	60,338	-	39,862	-
Other gains	54,442	-	136,100	1
Finance costs	<u>(49,011)</u>	<u>-</u>	<u>(51,337)</u>	<u>-</u>
Total non-operating income and expenses	<u>171,429</u>	<u>-</u>	<u>244,532</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,153,014	9	4,288,711	13
INCOME TAX EXPENSE (Note 27)	<u>651,908</u>	<u>2</u>	<u>1,032,881</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>2,501,106</u>	<u>7</u>	<u>3,255,830</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,515	-	(26,831)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	304,523	1	140,235	-

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	\$ (2,148)	-	\$ 5,347	-
Total items that will not be reclassified subsequently to profit or loss	<u>305,890</u>	<u>1</u>	<u>118,751</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(51,015)	-	151,809	-
Income tax relating to the items that may be reclassified subsequently to profit or loss (Note 27)	<u>10,163</u>	<u>-</u>	<u>(30,209)</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(40,852)</u>	<u>-</u>	<u>121,600</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>265,038</u>	<u>1</u>	<u>240,351</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,766,144</u>	<u>8</u>	<u>\$ 3,496,181</u>	<u>10</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,456,628	7	\$ 3,212,801	10
Non-controlling interests	<u>44,478</u>	<u>-</u>	<u>43,029</u>	<u>-</u>
	<u>\$ 2,501,106</u>	<u>7</u>	<u>\$ 3,255,830</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,623,752	8	\$ 3,413,674	10
Non-controlling interests	<u>142,392</u>	<u>-</u>	<u>82,507</u>	<u>-</u>
	<u>\$ 2,766,144</u>	<u>8</u>	<u>\$ 3,496,181</u>	<u>10</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 2.70</u>		<u>\$ 3.54</u>	
Diluted	<u>\$ 2.70</u>		<u>\$ 3.53</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Treasury Shares	Total	Non-controlling Interests	
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total				
BALANCE AT JANUARY 1, 2020	\$ 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
Appropriation of 2020 earnings													
Legal reserve	-	-	319,167	-	(319,167)	-	-	-	-	-	-	-	-
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	-	16,674	-	-	-	-	-	-	-	-	16,674	-	16,674
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,504)	(33,504)
Net profit for the year ended December 31, 2021	-	-	-	-	2,456,628	2,456,628	-	-	-	-	2,456,628	44,478	2,501,106
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	1,708	1,708	(40,651)	206,067	165,416	-	167,124	97,914	265,038
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,458,336	2,458,336	(40,651)	206,067	165,416	-	2,623,752	142,392	2,766,144
BALANCE AT DECEMBER 31, 2021	\$ 9,150,897	\$ 144,066	\$ 3,606,189	\$ 577,494	\$ 4,769,802	\$ 8,953,485	\$ (612,857)	\$ 422,781	\$ (190,076)	\$ (21,182)	\$ 18,037,190	\$ 440,027	\$ 18,477,217

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,153,014	\$ 4,288,711
Adjustments for:		
Depreciation expenses	605,138	596,990
Amortization expenses	77,892	65,479
Expected credit loss recognized (reversed) on trade receivables	(4,817)	15,105
Net gain (loss) on fair value changes of financial assets and financial liabilities at fair value through profit or loss	42,047	(929)
Finance costs	49,011	51,337
Interest income	(105,660)	(119,907)
Dividend income	(24,059)	(9,809)
Net loss on disposal of property, plant and equipment	20,862	2,959
Loss on disposal of investment	259	-
Others	(998)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as fair value through profit or loss	276,351	(823,078)
Notes receivable	(15,212)	(134)
Trade receivables	565,283	172,746
Trade receivables from related parties	1,721	(9,011)
Other receivables	5,990	(21,040)
Inventories	(593,914)	(1,427,914)
Prepayments	45,750	(172,766)
Other current assets	(33,568)	(34,073)
Accrued pension assets	(2,622)	(2,602)
Contract liabilities	(235,573)	409,533
Notes payable	768,540	(227,045)
Trade payables	(208,778)	85,049
Trade payables - related parties	(1,054)	(5,615)
Other payables	6,719	562,724
Other current liabilities	70,363	64,643
Net defined benefit liabilities	(33,751)	(46,228)
Cash generated from operations	4,428,934	3,415,125
Interest received	105,543	110,023
Interest paid	(49,624)	(51,777)
Income tax paid	(675,794)	(1,043,196)
Net cash generated from operating activities	<u>3,809,059</u>	<u>2,430,175</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(3,668,940)	(3,929,027)
Refund of financial assets at amortized cost	2,744,087	4,412,156
Payments for property, plant and equipment	(619,206)	(281,891)
Proceeds from disposal of property, plant and equipment	3,968	20,943
Payments for intangible assets	(17,247)	(42,768)

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
Decrease in finance lease receivables	\$ 2,917	\$ 2,775
Increase in other financial assets	(82,902)	-
Decrease in other financial assets	-	83,674
Increase in other non-current assets	(53,969)	(73,606)
Other dividends received	<u>24,059</u>	<u>9,809</u>
Net cash generated from (used in) investing activities	<u>(1,667,233)</u>	<u>202,065</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	440,344
Decrease in short-term borrowings	(467,003)	-
Increase in short-term bills payable	129,986	29,901
Payments for long-term borrowings	-	(6,000)
Repayment of the principal portion of lease liabilities	(83,532)	(88,207)
Increase in other financial liabilities	11,112	-
Decrease in other financial liabilities	-	(286)
Decrease in other non-current liabilities	-	(2,851)
Dividends paid to owners of the Company	<u>(2,304,554)</u>	<u>(2,431,245)</u>
Net cash used in financing activities	<u>(2,713,991)</u>	<u>(2,058,344)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(11,784)</u>	<u>52,219</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(583,949)	626,115
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,332,018</u>	<u>3,705,903</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,748,069</u>	<u>\$ 4,332,018</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, 2021 AND 2020 (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 21, 2022.

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)

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.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendment to IFRS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendment to IFRS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 apply to exchanges or modification of terms of financial liabilities for annual reporting periods beginning after January 1, 2022; the amendments to IAS 41 “Agriculture” apply to annual reporting periods beginning after January 1, 2022. Fair value measurement of IFRS 1; the amendments to IFRS 1 “First application of IFRSs” apply retrospectively to annual reporting periods beginning after January 1, 2022.

Note 2: This amendment applies to business combinations whose acquisition date begins after January 1, 2022 during the annual reporting period.

Note 3: This amendment applies to plant, property and equipment that is in the necessary location and condition for the manner in which management intends to operate after January 1, 2021.

Note 4: This amendment applies to contracts for which all obligations have not been fulfilled as of January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of other standards and interpretations will not have impact on the Group's financial position and financial performance.

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)
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 IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	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 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2022 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred tax on temporary differences in lease and decommissioning obligations at January 1, 2022.

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, investment properties, 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	
	2021	2020
Cash on hand	\$ 1,940	\$ 2,336
Checking accounts and demand deposits	2,279,149	4,258,398
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>1,466,980</u>	<u>71,284</u>
	<u>\$ 3,748,069</u>	<u>\$ 4,332,018</u>

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

	December 31	
	2021	2020
Bank balance	0.001%-4.125%	0.001%-3.220%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<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	\$ 1,146,721	\$ 1,461,304
Note cash	<u>28,239</u>	<u>29,032</u>
	<u>\$ 1,174,960</u>	<u>\$ 1,490,336</u>

(Continued)

	December 31	
	2021	2020
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Listed shares	\$ 4,991	\$ 4,434
Domestic unlisted shares	<u>2,244</u>	<u>6,232</u>
	<u>\$ 7,235</u>	<u>\$ 10,666</u>
		(Concluded)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
<u>Current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	<u>\$ 313,940</u>	<u>\$ 249,485</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 507,240</u>	<u>\$ 267,178</u>

a. Investments in equity instruments at FVTOCI

	December 31	
	2021	2020
<u>Current</u>		
Listed shares and emerging market shares		
Ordinary shares - Far Eastern International Bank	\$ 15,523	\$ 15,374
Ordinary shares - Chunghwa Telecom Co., Ltd	5,662	5,297
Ordinary shares - Formosa Plastics Corporation	9,510	8,815
Ordinary shares - China Steel Corporation	28,395	19,881
Ordinary shares - Polytronics Technology Corp.	199,500	152,418
Ordinary shares - Taiwan Semiconductor Manufacturing Co., Ltd.	<u>55,350</u>	<u>47,700</u>
	<u>\$ 313,940</u>	<u>\$ 249,485</u>
<u>Non-current</u>		
Listed shares and emerging market shares		
Ordinary shares - GeneFerm Biotechnology Co., Ltd.	\$ 95,136	\$ 62,423
Unlisted shares		
Ordinary shares - Dah Chung Bills Finance Corp.	17,129	14,918
Ordinary shares - InnoComm Mobile Technology Corp.	393,948	188,784
Ordinary shares - AsiaVest Liquidation Co.	<u>1,027</u>	<u>1,053</u>
	<u>\$ 507,240</u>	<u>\$ 267,178</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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 1,936,561</u>	<u>\$ 1,728,070</u>
	December 31	
	2021	2020
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 716,466</u>	<u>\$ -</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.40%-4.13% and 0.35%-4.13% per annum as of December 31, 2021 and 2020, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
Operating	<u>\$ 18,370</u>	<u>\$ 3,154</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 5,722,846	\$ 6,328,068
Less: Allowance for impairment loss	<u>(23,433)</u>	<u>(32,487)</u>
	<u>\$ 5,699,413</u>	<u>\$ 6,295,581</u>
<u>Other receivables</u>		
Accrued interest	\$ 19,100	\$ 19,033
Payments on behalf of others	-	3,259
Subsidy receivable	-	19,543
Others	<u>199,309</u>	<u>182,535</u>
	<u>\$ 218,409</u>	<u>\$ 224,370</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, 2021

	Not Past Due	Less than 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.02%	0.96%	1.32%	11.66%	56.74%	
Gross carrying amount	\$ 5,148,907	\$ 115,592	\$ 415,704	\$ 42,173	\$ 18,840	\$ 5,741,216
Loss allowance (Lifetime ECL)	<u>(1,237)</u>	<u>(1,106)</u>	<u>(5,484)</u>	<u>(4,916)</u>	<u>(10,690)</u>	<u>(23,433)</u>
Amortized cost	<u>\$ 5,147,670</u>	<u>\$ 114,486</u>	<u>\$ 410,220</u>	<u>\$ 37,257</u>	<u>\$ 8,150</u>	<u>\$ 5,717,783</u>

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>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 32,487	\$ 20,933
Add: Net remeasurement of loss allowance	-	15,105
Less: Net remeasurement of loss allowance	(4,817)	-
Less: Amounts written off	(3,828)	(4,206)
Foreign exchange translation gains and losses	<u>(409)</u>	<u>655</u>
Balance at December 31	<u>\$ 23,433</u>	<u>\$ 32,487</u>

11. FINANCE LEASE RECEIVABLES

	December 31	
	2021	2020
<u>Undiscounted lease payments</u>		
Year 1	\$ 4,700	\$ 4,200
Year 2	4,800	4,700
Year 3	4,800	4,800
Year 4	4,800	4,800
Year 5	4,800	4,800
Year 6 onwards	<u>3,800</u>	<u>8,600</u>
	27,700	31,900
Less: Unearned finance income	<u>(3,669)</u>	<u>(4,952)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 24,031</u>	<u>\$ 26,948</u>

As of December 31, 2021, 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	
	2021	2020
Merchandise	\$ 389,687	\$ 640,373
Finished goods	2,300,070	1,977,416
Work in progress	736,022	350,629
Raw materials	2,198,038	2,092,141
Packing materials	<u>77,312</u>	<u>64,089</u>
	<u>\$ 5,701,129</u>	<u>\$ 5,124,648</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2021 included loss on write-downs of inventories of \$64,547 thousand and loss on abandoned inventories of \$36,587 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2020 included reversals of write-down of inventories of \$12,132 thousand and loss on abandoned inventories of \$44,415 thousand.

13. PREPAYMENTS

	December 31	
	2021	2020
Prepayments for purchases	\$ 1,045,918	\$ 1,025,145
Prepayments for rent	5,317	5,274
Prepayments for insurance	974	980
Excess business tax paid	234,419	212,798
Prepayments for advertisements	25,870	19,490
Others	<u>215,005</u>	<u>315,602</u>
	<u>\$ 1,527,503</u>	<u>\$ 1,579,289</u>

14. SUBSIDIARIES

Subsidiaries included in consolidated financial statements.

Investor	Investee	Main Business	Proportion of Ownership		Remark
			2021	2020	
The Company	Standard Dairy Products Taiwan Limited (“Standard Dairy Products”)	Manufacture and sale of dairy products and beverages	100.0	100.0	-
The Company	Charng Hui Ltd. (“Charng Hui”)	Investing	100.0	100.0	-
The Company	Domex Technology Corporation (“Domex Technology”)	Manufacture and sale of computer peripherals and computer appliances	52.0	52.0	-
The Company	Standard Beverage Company Limited (“Standard Beverage”)	Manufacture and sale of beverages	100.0	100.0	-
The Company	Accession Limited	Investing	100.0	100.0	-
The Company	Standard Investment (“Cayman”) Limited (“Cayman Standard”)	Investing	100.0	100.0	-
The Company	Le Bonta Wellness International Corporation (“Le Bonta Wellness”)	Sale of health food	0.0	100.0	Le Bonta Wellness has been liquidated in August 2021.
The Company	Standard Foods, LLC.	Sale of health food	100.0	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	Accession Limited invested Dermalab CHF1,450 thousand in March 2021
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	Shanghai Le Ben Tuo Health Technology Co., Ltd. (“Shanghai Le Ben Tuo”)	Sale of nutritional foods and engage in import and export business	100.0	100.0	-
China Standard Investment	Standard Foods (Xiamen) Co., Ltd. (“Xiamen Standard”)	Manufacture and sale of edible oils and nutritious foods	100.0	100.0	-

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Other Equipment	Property in Construction	Total
<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>

(Continued)

	Freehold Land	Buildings	Equipment	Other Equipment	Property in Construction	Total
<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>
<u>Cost</u>						
Balance at January 1, 2021	\$ 705,345	\$ 3,392,715	\$ 4,168,193	\$ 574,828	\$ 127,003	\$ 8,968,084
Additions	-	-	4,240	2,047	612,919	619,206
Disposals	-	(59,058)	(169,035)	(33,515)	(1,209)	(262,817)
Reclassified	10,805	72,387	167,977	51,126	(302,295)	-
Transfers to investment properties	-	36,012	-	-	-	36,012
Effects of foreign currency exchange differences	-	(7,961)	(4,921)	(1,601)	29	(14,454)
Balance at December 31, 2021	<u>\$ 716,150</u>	<u>\$ 3,434,095</u>	<u>\$ 4,166,454</u>	<u>\$ 592,885</u>	<u>\$ 436,447</u>	<u>\$ 9,346,031</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 1,410,765	\$ 2,914,753	\$ 440,921	\$ -	\$ 4,766,439
Disposals	-	(48,168)	(158,090)	(31,729)	-	(237,987)
Depreciation expenses	-	160,426	268,424	42,877	-	471,727
	-	-	(109)	109	-	-
Transfers to investment properties	-	17,526	-	-	-	17,526
Effects of foreign currency exchange differences	-	(2,125)	(2,204)	(1,026)	-	(5,355)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 1,538,424</u>	<u>\$ 3,022,774</u>	<u>\$ 451,152</u>	<u>\$ -</u>	<u>\$ 5,012,350</u>
Carrying amount at December 31, 2021	<u>\$ 716,150</u>	<u>\$ 1,895,671</u>	<u>\$ 1,143,680</u>	<u>\$ 141,733</u>	<u>\$ 434,447</u>	<u>\$ 4,333,681</u>

(Concluded)

No impairment assessment was performed for the years ended December 31, 2021 and 2020 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 33 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	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ 386,459	\$ 399,166
Buildings	259,442	218,696
Office equipment	348	444
Transportation equipment	<u>5,872</u>	<u>8,134</u>
	<u>\$ 652,121</u>	<u>\$ 626,440</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 196,069</u>	<u>\$ 15,812</u>
Depreciation charge for right-of-use assets		
Land	\$ 12,414	\$ 12,314
Buildings	77,229	77,501
Office equipment	96	76
Transportation equipment	<u>6,125</u>	<u>3,633</u>
	<u>\$ 95,864</u>	<u>\$ 93,524</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 89,117</u>	<u>\$ 77,782</u>
Non-current	<u>\$ 230,856</u>	<u>\$ 200,191</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
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%-3.77%

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	
	2021	2020
Expenses relating to short-term leases	\$ 100,631	\$ 92,994
Expenses relating to low-value asset leases	\$ 2,789	\$ 1,144
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 78	\$ 77
Total cash outflow for leases	\$ (195,533)	\$ (192,131)

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, 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>
<u>Cost</u>			
Balance at January 1, 2021	\$ 1,009,740	\$ 5,635	\$ 1,015,375
Transfers from property, plant and equipment	(36,012)	-	(36,012)
Effects of foreign currency exchange differences	<u>(3,456)</u>	<u>(23)</u>	<u>(3,479)</u>
Balance at December 31, 2021	<u>\$ 970,272</u>	<u>\$ 5,612</u>	<u>\$ 975,884</u>

(Continued)

	Completed Investment Properties	Right-of-use Assets	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 169,797	\$ 781	\$ 170,578
Depreciation expenses	37,107	440	37,547
Transfers from property, plant and equipment	(17,526)	-	(17,526)
Effects of foreign currency exchange differences	<u>(447)</u>	<u>(3)</u>	<u>(450)</u>
Balance at December 31, 2021	<u>\$ 188,931</u>	<u>\$ 1,218</u>	<u>\$ 190,149</u>
Carrying amount at December 31, 2021	<u>\$ 781,341</u>	<u>\$ 4,394</u>	<u>\$ 785,735</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

Some of the Group's investment properties are located in Suzhou City, Jiangsu Province, China. Because the location is an industrial zone, there is no price available of similar properties for comparison in the market. Therefore, the Group cannot obtain a reliable alternative to estimate and determine the fair value

In addition to the above, the fair values of the investment properties were \$1,129,067 thousand and \$1,146,959 thousand as of December 31, 2021 and 2020, 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 33.

18. INTANGIBLE ASSETS

	Trademark	Computer Software	Total
<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> (Continued)

	Trademark	Computer Software	Total
<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>
<u>Cost</u>			
Balance at January 1, 2021	\$ 261,737	\$ 225,239	\$ 486,976
Additions	59	17,188	17,247
Disposals	(185)	-	(185)
Effects of foreign currency exchange differences	<u>(3,134)</u>	<u>(3)</u>	<u>(3,137)</u>
Balance at December 31, 2021	<u>\$ 258,477</u>	<u>\$ 242,424</u>	<u>\$ 500,901</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ 170,665	\$ 210,920	\$ 381,585
Disposals	(185)	-	(185)
Amortization expenses	4,790	9,924	14,714
Effects of foreign currency exchange differences	<u>2,366</u>	<u>(2)</u>	<u>2,364</u>
Balance at December 31, 2021	<u>\$ 177,636</u>	<u>\$ 220,842</u>	<u>\$ 398,478</u>
Carrying amount at December 31, 2021	<u>\$ 80,841</u>	<u>\$ 21,582</u>	<u>\$ 102,423</u> (Concluded)
No impairment assessment was performed for the year ended December 31, 2021 and 2020 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	
	2021	2020
<u>Current</u>		
Pledge time deposits (Note 33)	\$ 4,019	\$ 4,016
Advances to officers	17,340	24,291
Temporary payments	9	10,094
Right to recover a product	75,190	25,320
Others	<u>792</u>	<u>123</u>
	<u>\$ 97,350</u>	<u>\$ 63,844</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 29,583	\$ 24,737
Refundable deposits	139,038	56,259
Others	<u>99,642</u>	<u>115,467</u>
	<u>\$ 268,263</u>	<u>\$ 196,463</u>

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
<u>Secured borrowings (Note 34)</u>		
Bank loans	\$ 200,000	\$ 180,000
<u>Unsecured borrowings</u>		
Bank loans	1,172,463	1,650,614
Others	<u>-</u>	<u>16,153</u>
	<u>\$ 1,372,463</u>	<u>\$ 1,846,767</u>

The range of interest rates on bank loans was 1.10%-3.00% and 0.95%-3.20% per annum as of December 31, 2021 and 2020, respectively.

b. Short-term bills payable

	December 31	
	2021	2020
Commercial paper	\$ 260,000	\$ 130,000
Less: Unamortized discount on bills payable	<u>(145)</u>	<u>(131)</u>
	<u>\$ 259,855</u>	<u>\$ 129,869</u>

Outstanding short-term bills payable were as follows:

December 31, 2021

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	\$ (10)	\$ 49,990	1.19%	-	\$ -
Taiwan Cooperative Financial Holding Co., Ltd.	50,000	(28)	49,972	1.19%	-	-
International Bills Finance Corp.	60,000	(5)	59,995	1.19%	-	-
Dah Chung Bills Finance Corp.	50,000	(70)	49,930	1.39%	-	-
Taiwan Bills Finance Corp.	<u>50,000</u>	<u>(32)</u>	<u>49,968</u>	1.29%	-	<u>-</u>
	<u>\$ 260,000</u>	<u>\$ (145)</u>	<u>\$ 259,855</u>			<u>\$ -</u>

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>
	<u>\$ 130,000</u>	<u>\$ (131)</u>	<u>\$ 129,869</u>			<u>\$ -</u>

21. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes payable</u>		
Operating	\$ 859,254	\$ 90,288
Non-operating	<u>-</u>	<u>45</u>
	<u>\$ 859,254</u>	<u>\$ 90,333</u>
<u>Trade payables</u>		
Operating	<u>\$ 1,895,397</u>	<u>\$ 2,107,188</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	
	2021	2020
<u>Current</u>		
Other payables		
Payable for salaries and bonuses	\$ 450,726	\$ 368,144
Payable for compensation of employees	38,903	49,921
Payable for remuneration of directors	16,716	21,965
Payable for commission and rebates	1,343,638	1,234,532
Advertisement payable	218,665	226,393
Payable for royalties	24,817	23,682
Payable for freight	99,060	116,854
Payable for equipment	89,108	86,794
Others	<u>1,158,470</u>	<u>1,313,973</u>
	<u>\$ 3,440,103</u>	<u>\$ 3,442,258</u>
Other liabilities		
Advance receipts from customers	\$ 2,349	\$ 2,430
Return liability	120,465	41,596
Others	<u>19,180</u>	<u>50,082</u>
	<u>\$ 141,994</u>	<u>\$ 94,108</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	\$ 31,055	\$ 19,990
Others	<u>121</u>	<u>130</u>
	<u>\$ 31,176</u>	<u>\$ 20,120</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	
	2021	2020
Present value of funded defined benefit obligation	\$ 672,049	\$ 719,471
Fair value of plan assets	<u>(436,142)</u>	<u>(442,291)</u>
Net defined benefit liabilities	<u>\$ 235,907</u>	<u>\$ 277,180</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, 2020	<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>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Service cost			
Current service cost	\$ 10,361	\$ -	\$ 10,361
Net interest expense (income)	<u>3,324</u>	<u>(2,102)</u>	<u>1,222</u>
Recognized in profit or loss	<u>13,685</u>	<u>(2,102)</u>	<u>11,583</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(9,618)	(9,618)
Actuarial loss - changes in demographic assumptions	12,609	-	12,609
Actuarial gain - changes in financial assumptions	(3,125)	-	(3,125)
Actuarial gain - experience adjustments	<u>(3,381)</u>	<u>-</u>	<u>(3,381)</u>
Recognized in other comprehensive income	<u>6,103</u>	<u>(9,618)</u>	<u>(3,515)</u>
Contributions from the employer	<u>-</u>	<u>(47,823)</u>	<u>(47,823)</u>
Contributions from plan participants	<u>2,673</u>	<u>(2,673)</u>	<u>-</u>
Benefits paid	<u>(65,065)</u>	<u>65,065</u>	<u>-</u>
Exchange differences	<u>(4,818)</u>	<u>3,300</u>	<u>(1,518)</u>
Balance at December 31, 2021	<u>\$ 672,049</u>	<u>\$ (436,142)</u>	<u>\$ 235,907</u> (Concluded)

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	
	2021	2020
Discount rates	0.375%-0.650%	0.150%-0.500%
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	
	2021	2020
Discount rates		
0.250% increase	<u>\$ (16,991)</u>	<u>\$ (21,920)</u>
0.250% decrease	<u>\$ 17,718</u>	<u>\$ 22,771</u>
Expected rates of salary increase		
0.250% increase	<u>\$ 15,118</u>	<u>\$ 19,705</u>
0.250% decrease	<u>\$ (14,821)</u>	<u>\$ (19,192)</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	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 44,203</u>	<u>\$ 46,456</u>
The average duration of the defined benefit obligation	1.0-14.7 years	1.0-16.7 years

24. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>920,000</u>	<u>920,000</u>
Shares authorized	<u>\$ 9,200,000</u>	<u>\$ 9,200,000</u>
Number of shares issued and fully paid (in thousands)	<u>915,089</u>	<u>915,089</u>
Shares issued	<u>\$ 9,150,897</u>	<u>\$ 9,150,897</u>

2) Global depositary receipts

As of December 31, 2021, 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	
	2021	2020
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	143,599	126,925
<u>May be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	466	466
	<u>\$ 144,066</u>	<u>\$ 127,392</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries that result from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the 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.

The appropriations of earnings 2020 and 2019 approved in the shareholders' meetings on July 22, 2021 and June 16, 2020, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 319,167	\$ 341,610
Special reserve	\$ -	\$ 246,549
Cash dividends	\$ 2,287,724	\$ 2,424,987
Cash dividends per share (NT\$)	\$2.5	\$2.65

The appropriations of earnings for 2021 had been proposed by the Company's board of directors on March 21, 2022. The appropriations and dividends per share were as follows:

	For the Year Ended December 31, 2021
Legal reserve	\$ 245,834
Special reserve	\$ 1,738,670
Cash dividends	\$1.9

The appropriations of earnings for 2021 are subject to the resolution of the shareholders in their meeting to be held on June 16, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Beginning at January 1	\$ 577,494	\$ 330,945
Appropriation in respect of:		
Debit to other equity items	-	246,549
Balance at December 31	\$ 577,494	\$ 577,494

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	
	2021	2020
Balance at January 1	\$ (572,206)	\$ (693,038)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(40,651)	120,832
Other comprehensive income recognized for the year	(40,651)	120,832
Balance at December 31	\$ (612,857)	\$ (572,206)

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 216,714	\$ 115,544
Recognized for the year		
Unrealized gain (loss) - equity instruments	<u>206,067</u>	<u>101,170</u>
Other comprehensive income recognized for the year	<u>206,067</u>	<u>101,170</u>
Balance at December 31	<u>\$ 422,781</u>	<u>\$ 216,714</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 331,139	\$ 272,564
Share in profit for the year	44,478	43,029
Other comprehensive income (loss) during the year		
Exchange difference on translation of the financial statements of foreign operations	(201)	768
Unrealized gain (loss) on financial assets at FVTOCI	98,459	39,045
Remeasurement on defined benefit plans	(430)	(419)
Related income tax	86	84
Cash dividends distributed by subsidiaries to non-controlling interests	<u>(33,504)</u>	<u>(23,932)</u>
Balance at December 31	<u>\$ 440,027</u>	<u>\$ 331,139</u>

g. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at December 31, 2021 and January 1, 2021	<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, 2021</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 352,815</u>
<u>December 31, 2020</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 408,839</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	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 34,307,044</u>	<u>\$ 34,466,244</u>

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (Note 10)	<u>\$ 18,370</u>	<u>\$ 3,154</u>	<u>\$ 2,977</u>
Trade receivables (Note 10)	<u>\$ 5,722,846</u>	<u>\$ 6,328,068</u>	<u>\$ 6,460,483</u>
Trade receivables from related parties (Note 32)	<u>\$ 7,290</u>	<u>\$ 9,011</u>	<u>\$ -</u>
Contract liabilities - current			
Sale of goods	<u>\$ 509,315</u>	<u>\$ 748,044</u>	<u>\$ 326,644</u>

b. Disaggregation of revenue

	Reportable Segments			
	Nutritious Foods	Cooking Products	Others	Total
For the year ended <u>December 31, 2021</u>				
Types of goods or services				
Sale of goods	<u>\$ 11,076,849</u>	<u>\$ 17,783,808</u>	<u>\$ 5,446,387</u>	<u>\$ 34,307,044</u>
For the year ended <u>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>

26. NET PROFIT

Net profit includes:

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	\$ 50,425	\$ 68,516
Financial assets at amortized cost	53,948	49,530
Repurchase agreements collateralized by bonds	72	515
Others	<u>1,215</u>	<u>1,346</u>
	<u>\$ 105,660</u>	<u>\$ 119,907</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income		
Operating lease rental income		
Investment properties	\$ 35,073	\$ 28,978
Others	<u>1,206</u>	<u>1,075</u>
	<u>36,279</u>	<u>30,053</u>
Dividends		
Investments in equity instruments at FVTOCI	<u>24,059</u>	<u>9,809</u>
	<u>\$ 60,338</u>	<u>\$ 39,862</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Fair value changes of financial assets and financial liabilities		
Financial assets held for trading	\$ (42,047)	\$ 929
Net foreign exchange gains (losses)	(4,488)	(3,753)
Net loss on disposal of property, plant and equipment	(20,862)	(2,959)
Government grants	29,333	110,649
Others	<u>92,506</u>	<u>31,234</u>
	<u>\$ 54,442</u>	<u>\$ 136,100</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 38,606	\$ 40,535
Interest on short-term bills payable	1,412	1,044
Interest on lease liabilities	8,503	9,709
Other interest expense	<u>490</u>	<u>49</u>
	<u>\$ 49,011</u>	<u>\$ 51,337</u>

e. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2021	2020
Trade receivables	\$ (4,817)	\$ 15,105
Inventories (included in operating costs)	<u>\$ 64,547</u>	<u>\$ (12,132)</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 402,657	\$ 397,766
Operating expenses	164,934	184,994
Non-operating revenue and expenses	<u>37,547</u>	<u>14,230</u>
	<u>\$ 605,138</u>	<u>\$ 596,990</u>
An analysis of amortization by function		
Operating costs	\$ 26,359	\$ 20,311
Operating expenses	<u>51,533</u>	<u>45,168</u>
	<u>\$ 77,892</u>	<u>\$ 65,479</u>

g. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Direct operating expenses of investment properties that generated rental income	\$ 3,491	\$ 705
Direct operating expenses of investment properties that did not generated rental income	<u>596</u>	<u>576</u>
	<u>\$ 4,087</u>	<u>\$ 1,281</u>

h. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	\$ 175,604	\$ 59,992
Defined benefit plans (see Note 23)	<u>11,583</u>	<u>12,566</u>
	187,187	72,558
Other employee benefits	<u>2,615,885</u>	<u>2,719,686</u>
Total employee benefits expense	<u>\$ 2,803,072</u>	<u>\$ 2,792,244</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 956,668	\$ 799,830
Operating expenses	<u>1,846,404</u>	<u>1,992,414</u>
	<u>\$ 2,803,072</u>	<u>\$ 2,792,244</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, 2021 and 2020, which were approved by the Company's board of directors on March 21, 2022 and March 22, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	1.28%	1.25%
Remuneration of directors	0.55%	0.55%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 38,903	\$ 49,921
Remuneration of directors	16,716	21,965

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, 2020 and 2019.

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	
	2021	2020
Foreign exchange gains	\$ 85,802	\$ 143,729
Foreign exchange losses	<u>(90,290)</u>	<u>(147,482)</u>
Net gains	<u>\$ (4,488)</u>	<u>\$ (3,753)</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	
	2021	2020
Current tax		
In respect of the current year	\$ 704,066	\$ 907,556
Income tax on unappropriated earnings	29,359	19,115
Adjustments for prior years	<u>(41,020)</u>	<u>(8,697)</u>
	<u>692,405</u>	<u>917,974</u>
Deferred tax		
In respect of the current year	<u>(40,497)</u>	<u>114,907</u>
Income tax expense recognized in profit or loss	<u>\$ 651,908</u>	<u>\$ 1,032,881</u>

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

	For the Year Ended December 31	
	2021	2020
Profit before tax	<u>\$ 3,153,014</u>	<u>\$ 4,288,711</u>
Income tax expense calculated at the statutory rate	\$ 702,350	\$ 1,098,861
Nondeductible expenses in determining taxable income	26,087	21,721
Tax-exempt income	(71,006)	(212,783)
Unrecognized deductible temporary differences and loss carryforwards	6,138	114,664
Income tax on unappropriated earnings	29,359	19,115
Adjustments for prior years' tax	<u>(41,020)</u>	<u>(8,697)</u>
Income tax expense recognized in profit or loss	<u>\$ 651,908</u>	<u>\$ 1,032,881</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (10,163)	\$ 30,209
Fair value changes of financial assets at FVTOCI	(3)	20
Remeasurement of defined benefit plans	<u>2,151</u>	<u>(5,367)</u>
Total income tax recognized in other comprehensive income	<u>\$ (8,015)</u>	<u>\$ 24,862</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	\$ <u>4,765</u>	\$ <u>23,063</u>
Current tax liabilities		
Income tax payable	\$ <u>397,210</u>	\$ <u>399,020</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, 2021

	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	\$ 49,881	\$ 22,960	\$ -	\$ -	\$ 72,841
Exchange differences on translation of the financial statements of foreign operations	143,049	-	10,163	-	153,212
Defined benefit plans	89,251	(3,502)	(677)	(289)	84,783
Advertisement payable	53,425	-	-	(217)	53,208
Deferred sales returns and allowances	11,225	1,366	-	-	12,591
Allowance for inventory loss	8,570	1,831	-	-	10,401
Financial assets measured at cost	43,869	-	3	-	43,872
Others	<u>17,857</u>	<u>(11,231)</u>	<u>-</u>	<u>(49)</u>	<u>6,577</u>
	<u>\$ 417,127</u>	<u>\$ 11,424</u>	<u>\$ 9,489</u>	<u>\$ (555)</u>	<u>\$ 437,485</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 307,620	\$ (24,753)	\$ -	\$ -	\$ 282,867
Reserve for land value increment tax	33,685	-	-	-	33,685
Defined benefit plans	2,884	(248)	1,474	-	4,110
Others	<u>7,139</u>	<u>(4,072)</u>	<u>-</u>	<u>(68)</u>	<u>2,999</u>
	<u>\$ 351,328</u>	<u>\$ (29,073)</u>	<u>\$ 1,474</u>	<u>\$ (68)</u>	<u>\$ 323,661</u>

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	18,613	(788)	-	32	17,857
	<u>\$ 473,398</u>	<u>\$ (32,455)</u>	<u>\$ (24,839)</u>	<u>\$ 1,023</u>	<u>\$ 417,127</u>

Deferred tax liabilities

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	680	6,419	-	40	7,139
	<u>\$ 268,813</u>	<u>\$ 82,452</u>	<u>\$ 23</u>	<u>\$ 40</u>	<u>\$ 351,328</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>2021</u>	<u>2020</u>
Loss carryforwards		
Expiry in 2021	\$ -	\$ 23,686
Expiry in 2022	36,989	37,139
Expiry in 2023	63,104	63,361
Expiry in 2024	74,100	74,401
Expiry in 2025	74,541	94,067
Expiry in 2026	150,234	-
	<u>\$ 398,968</u>	<u>\$ 292,654</u>
Deductible temporary differences	<u>\$ 570,709</u>	<u>\$ 657,317</u>

- f. Income tax assessments

The income tax returns of Standard Dairy Products, Charng Hui and Domex Technology for the year ended December 31, 2019 had been assessed by the tax authorities.

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

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	<u>\$ 2.70</u>	<u>\$ 3.54</u>
Diluted earnings per share	<u>\$ 2.70</u>	<u>\$ 3.53</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	
	2021	2020
Earnings used in the computation of basic earnings per share	<u>\$ 2,456,628</u>	<u>\$ 3,212,801</u>

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

	For the Year Ended December 31	
	2021	2020
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>968</u>	<u>1,070</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>909,388</u>	<u>909,490</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. CASH FLOWS INFORMATION

Changes in liabilities from financing activities:

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			Addition Lease/Lease Modification	Exchanging Rate Adjustments	
Short-term borrowings	\$ 1,846,767	\$ (467,003)	\$ -	\$ (7,301)	\$ 1,372,463
Short-term bills payable	129,869	129,986	-	-	259,855
Lease liabilities	277,973	(83,532)	146,896	(21,364)	319,973
Guarantee deposits received	19,990	11,112	-	(47)	31,055
Other non-current liabilities	<u>130</u>	<u>-</u>	<u>-</u>	<u>(9)</u>	<u>121</u>
	<u>\$ 2,274,729</u>	<u>\$ (409,437)</u>	<u>\$ 146,896</u>	<u>\$ (28,721)</u>	<u>\$ 1,983,467</u>

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			Addition Lease/Lease Modification	Exchanging Rate Adjustments	
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)	15,812	2,753	277,973
Guarantee deposits received	20,044	(286)	-	232	19,990
Other non-current liabilities	<u>2,934</u>	<u>(2,851)</u>	<u>-</u>	<u>47</u>	<u>130</u>
	<u>\$ 1,859,516</u>	<u>\$ 372,901</u>	<u>\$ 15,812</u>	<u>\$ 26,500</u>	<u>\$ 2,274,729</u>

30. 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.

31. FINANCIAL INSTRUMENTS

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

- 1) Fair value hierarchy

December 31, 2021

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

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 4,434	\$ -	\$ -	\$ 4,434
Unlisted shares	-	-	6,232	6,232
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>\$ 1,465,738</u>	<u>\$ 29,032</u>	<u>\$ 6,232</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>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

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

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2021	\$ 6,232	\$ 204,755	\$ 210,987
Acquisition	(4,338)	-	(4,338)
Recognized in profit or loss (included in other gains and losses)	350	-	350
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	207,353	207,353
Impact of exchange rates	<u>-</u>	<u>(4)</u>	<u>(4)</u>
Balance at December 31, 2021	<u>\$ 2,244</u>	<u>\$ 412,104</u>	<u>\$ 414,348</u>
Recognized in other gains and losses - unrealized	<u>\$ 350</u>	<u>\$ -</u>	<u>\$ 350</u>

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
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)	-	80,684	80,684
Impact of exchange rates	-	16	16
Balance at December 31, 2020	<u>\$ 6,232</u>	<u>\$ 204,755</u>	<u>\$ 210,987</u>
Recognized in other gains and losses - unrealized	<u>\$ (1,062)</u>	<u>\$ -</u>	<u>\$ (1,062)</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	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 1,182,195	\$ 1,501,002
Financial assets at amortized cost (1)	12,487,635	12,652,479
Financial assets at FVTOCI		
Equity instruments	821,180	516,663
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	4,529,069	4,304,650

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade and other 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 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 35.

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	
	2021	2020	2021	2020
Profit or loss	\$ 29,098 (i)	\$ 27,134 (i)	\$ 535 (ii)	\$ 10,875 (ii)

	EUR Impact		AUD Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Profit or loss	\$ (2,259) (iii)	\$ - (iii)	\$ - (iv)	\$ 1,038 (iv)

	CHF Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	\$ 796 (v)	\$ 1,083 (v)

- 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, 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 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	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 3,168,157	\$ 1,136,118
Financial liabilities	1,784,660	2,147,609
Cash flow interest rate risk		
Financial assets	979,900	694,200
Financial liabilities	167,631	107,000

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, 2021 and 2020 would have increased (decreased) by \$8,123 thousand and \$5,872 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, 2021 would have increased/decreased by \$11,822 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, 2021 would have increased/decreased by \$8,212 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, 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.

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.

Accounts receivable are addressed to wide range of clients and are dispersed across different industries and geographies. The consolidated company continuously evaluates the collateral and financial position obtained by customers receivable.

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, 2021 and 2020, the Group had available unutilized bank loan facilities in the amounts of \$5,397,639 thousand and \$5,296,868 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, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 932,720	\$ 1,863,680	\$ 68,348	\$ 31,055
Lease liabilities	8,186	18,808	68,826	238,837
Variable interest rate liabilities	-	105,669	62,018	-
Fixed interest rate liabilities	770,437	109,951	282,618	304,297
Contract liabilities	<u>169,772</u>	<u>339,543</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,881,115</u>	<u>\$ 2,437,651</u>	<u>\$ 481,810</u>	<u>\$ 574,189</u>

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>

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.

32. 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

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
The Company is one of the directors GeneFerm	<u>\$ 24,683</u>	<u>\$ 26,058</u>

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

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
The Company is one of the directors GeneFerm	<u>\$ 76,368</u>	<u>\$ 72,095</u>

Purchases from related parties were conducted on normal commercial terms.

d. Receivables from related parties

<u>Line Items</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2021</u>	<u>2020</u>
Trade receivables	The Company is one of the directors GeneFerm	<u>\$ 7,290</u>	<u>\$ 9,011</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

<u>Line Items</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2021</u>	<u>2020</u>
Trade payables	The Company is one of the directors GeneFerm	<u>\$ 19,472</u>	<u>\$ 20,526</u>

The outstanding payables from related parties were unsecured.

f. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 28,036	\$ 38,785
Post-employment benefits	<u>241</u>	<u>326</u>
	<u>\$ 28,277</u>	<u>\$ 39,111</u>

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

33. 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	
	2021	2020
Pledge time deposits (included in other current assets)	\$ 4,019	\$ 4,016
Property, plant and equipment, net	105,997	121,362
Investment properties, net	<u>35,257</u>	<u>55,122</u>
	<u>\$ 145,273</u>	<u>\$ 180,500</u>

34. 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, 2021 were as follows:

- a. The Company has entered into a license agreement with The Quaker Oats Company (Quaker) for a period ending July 11, 2034. The agreement provides that the Company may use Quaker's trademark, and process, manufacture, market and sell Quaker baby cereal, oatmeal, fruit cereal, ready-to-eat cereal, sesame paste, milk powder and other cereal products in the ROC. In consideration of the above, the Company shall pay Quaker royalties at an agreed percentage of net sales (as defined).
- b. Unused letters of credit of approximately US\$2,507 thousand and JPY18,567 thousand, respectively.
- c. Unrecognized commitments for acquisition of property, plant and equipment of approximately \$135,568 thousand.
- d. Unrecognized commitments for acquiring approximately 14,753 tons of colostrum from dairymen.

35. 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, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,229	27.68 (USD:NTD)	\$ 338,501
USD	1,280	6.37 (USD:RMB)	35,405
EUR	450	31.32 (EUR:NTD)	14,103
RMB	223,285	4.34 (RMB:NTD)	969,948
CHF	600	30.18 (CHF:NTD)	18,105
CHF	279	6.95 (CHF:RMB)	<u>8,432</u>
			<u>\$ 1,384,494</u>
<u>Financial liabilities</u>			
Monetary items			
USD	12,864	27.68 (USD:NTD)	\$ 356,088
EUR	2,854	31.32 (EUR:RMB)	<u>89,390</u>
			<u>\$ 445,478</u>

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>
<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>

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	2021		2020	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ (4,150)	1 (NTD:NTD)	\$ 2,855
RMB	4.34 (RMB:NTD)	246	4.28 (RMB:NTD)	(6,161)
CHF	30.64 (CHF:NTD)	<u>(584)</u>	31.47 (CHF:NTD)	<u>(447)</u>
		<u>\$ (4,488)</u>		<u>\$ (3,753)</u>

36. SEPARATELY DISCLOSED ITEMS

- a. Financings provided (Table 1)
- b. Endorsement/guarantee provided (Table 2)
- c. Marketable securities held (excluding investments in subsidiaries) (Table 3)
- 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 (Table 4)
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- i. Trading in derivative instruments: None.
- j. Others: Intercompany relationships and significant intercompany transactions (Table 6)
- k. Information on investees (excluding investees of mainland China) (Table 7)
- 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 (Table 8)
 - 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)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of corporation. 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, 2021</u>						
Sales from external customers	\$ 11,093,421	\$ 2,529,089	\$ 16,440,415	\$ 4,244,119	\$ -	\$ 34,307,044
Sales among intersegments	<u>1,403,446</u>	<u>858,375</u>	<u>4,956</u>	<u>4,674</u>	<u>(2,271,451)</u>	<u>-</u>
Total sales	<u>\$ 12,496,867</u>	<u>\$ 3,387,464</u>	<u>\$ 16,445,371</u>	<u>\$ 4,248,793</u>	<u>\$ (2,271,451)</u>	<u>\$ 34,307,044</u>
Interest income	\$ 19,427	\$ 2,771	\$ 91,405	\$ 2,979	\$ (10,922)	\$ 105,660
Financial cost	<u>843</u>	<u>18</u>	<u>45,909</u>	<u>13,163</u>	<u>(10,922)</u>	<u>49,011</u>
Depreciation expense	<u>226,629</u>	<u>48,346</u>	<u>235,756</u>	<u>97,993</u>	<u>(3,586)</u>	<u>605,138</u>
Amortization expense	<u>15,378</u>	<u>4,823</u>	<u>43,460</u>	<u>14,231</u>	<u>-</u>	<u>77,892</u>
Operating segment income (loss)	<u>\$ 2,675,153</u>	<u>\$ 616,209</u>	<u>\$ (83,383)</u>	<u>\$ (5,500)</u>	<u>\$ (49,465)</u>	<u>\$ 3,153,014</u>
Unallocated amount						<u>-</u>
Income before income tax						<u>\$ 3,153,014</u>
<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	<u>225,981</u>	<u>48,967</u>	<u>232,684</u>	<u>92,900</u>	<u>(3,542)</u>	<u>596,990</u>
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>

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	
	2021	2020
Taiwan	\$ 17,558,601	\$ 17,660,448
Mainland China	16,635,451	16,697,133
Others	<u>112,992</u>	<u>108,663</u>
	<u>\$ 34,307,044</u>	<u>\$ 34,466,244</u>
	Non-current Assets	
	December 31	
	2021	2020
Taiwan	\$ 2,528,704	\$ 2,207,407
Mainland China	2,629,248	2,806,758
Others	<u>59,499</u>	<u>59,516</u>
	<u>\$ 5,217,451</u>	<u>\$ 5,073,681</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, 2021
(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	\$ 63,578	\$ 18,105	\$ 18,105	1.000%	b.	\$ -	Need for operation	\$ -	-	\$ -	\$ 6,963,681 (Note 3)	\$ 6,963,681 (Note 3)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	350,984	217,355	217,355	1.000%	b.	-	Need for operation	-	-	-	3,481,840 (Note 4)	6,963,681 (Note 5)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	653,670	652,065	652,065	1.000%	b.	-	Need for operation	-	-	-	3,481,840 (Note 4)	6,963,681 (Note 5)	Note 11
		Standard Beverage Company Limited	Financing receivables - related parties	Y	50,000	50,000	10,300	0.950%	b.	-	Need for operation	-	-	-	6,963,681 (Note 3)	6,963,681 (Note 3)	Note 11
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Y	175,492	173,884	107,543	1.000%	b.	-	Need for operation	-	-	-	1,941,274 (Note 6)	1,941,274 (Note 6)	Note 11
		Shanghai Le Ben Tuo Health Technology Co., Ltd.	Financing receivables - related parties	Y	175,492	173,884	143,646	1.000%	b.	-	Need for operation	-	-	-	1,941,274 (Note 6)	1,941,274 (Note 6)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	526,476	521,652	19,797	1.000%	b.	-	Need for operation	-	-	-	1,941,274 (Note 6)	1,941,274 (Note 6)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	438,730	434,710	431,098	1.000%	b.	-	Need for operation	-	-	-	1,941,274 (Note 6)	1,941,274 (Note 6)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	614,222	608,594	402,585	1.000%	b.	-	Need for operation	-	-	-	1,263,406 (Note 7)	1,263,406 (Note 7)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	460,667	456,446	456,446	1.000%	b.	-	Need for operation	-	-	-	1,263,406 (Note 7)	1,263,406 (Note 7)	Note 11
3	Shanghai Le Ben De Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	10,968	10,868	10,868	1.000%	b.	-	Need for operation	-	-	-	11,884 (Note 8)	11,884 (Note 8)	Note 11
4	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	8,775	8,694	6,686	1.000%	b.	-	Need for operation	-	-	-	189,013 (Note 9)	189,013 (Note 9)	Note 11
5	Shanghai Le Min Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	21,789	21,736	17,693	1.000%	b.	-	Need for operation	-	-	-	118,024 (Note 10)	118,024 (Note 10)	Note 11

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 \$6,963,681 thousand (the net value per financial statements of \$17,409,202 thousand x 40% as of September 30, 2021).

Note 4: The total amount shall not exceed 20% of net value of Standard Foods Corporation, which was calculated to be \$3,481,840 thousand (the net value per financial statements of \$17,409,202 thousand x 20% as of September 30, 2021).

Note 5: The total amount shall not exceed 40% of net value of Standard Foods Corporation, which was calculated to be \$6,963,681 thousand (the net value per financial statements of \$17,409,202 thousand x 40% as of September 30, 2021).

Note 6: The total amount shall not exceed 40% of net value of Standard Investment (China) Co., Ltd., which was calculated to be \$1,941,274 thousand (the net value per financial statements of \$4,853,185 thousand x 40% as of September 30, 2021).

Note 7: The total amount shall not exceed 40% of net value of Shanghai Standard Foods Co., Ltd., which was calculated to be \$1,263,406 thousand (the net value per financial statements of \$3,158,515 thousand x 40% as of September 30, 2021).

Note 8: The total amount shall not exceed 40% of net value of Shanghai Le Ben De Health Technology Co., Ltd., which was calculated to be \$11,884 thousand (the net value per financial statements of \$29,709 thousand x 40% as of September 30, 2021).

Note 9: The total amount shall not exceed 40% of net value of Shanghai Le Ho Industrial Co., Ltd., which was calculated to be \$189,013 thousand (the net value per financial statements of \$472,532 thousand x 40% as of September 30, 2021).

Note 10: The total amount shall not exceed 40% of net value of Shanghai Le Min Industrial Co., Ltd., which was calculated to be \$118,024 thousand (the net value per financial statements of \$295,060 thousand x 40% as of September 30, 2021).

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

TABLE 2**STANDARD FOODS CORPORATION AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(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.	\$ 13,927,362 (Note 3)	\$ 145,605	\$ 143,040	\$ -	\$ -	0.82%	\$ 17,409,202 (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 \$13,927,362 thousand (the net value per financial statements of \$17,409,202 thousand x 80% as of September 30, 2021).

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 \$17,409,202 thousand (the net value per financial statements of \$17,409,202 thousand x 100% as of September 30, 2021).

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, 2021****(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, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Foods Corporation	<u>Shares</u>	The Company is one of the directors						
	Far Eastern International Commercial Bank Co., Ltd.		Financial assets at fair value through other comprehensive income - current	1,444,013	\$ 15,523	-	\$ 15,523	
	Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - current	48,600	5,662	-	5,662	
	GeneFerm Biotechnology Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	2,145,110	95,136	5.3	95,136	
	Dah Chung Bills Finance Corp.		Financial assets at fair value through other comprehensive income - non-current	1,274,480	17,129	0.3	17,129	
	<u>Mutual funds</u>							
	Mega Diamond Money Market Fund		Financial assets at fair value through profit or loss - current	15,776,977	200,014	-	200,014	
	Jih Sun Money Market Fund		Financial assets at fair value through profit or loss - current	14,031,671	210,294	-	210,294	
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	9,285,458	127,012	-	127,012	
	Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	3,585,869	101,408	-	101,408	
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	4,720,915	60,701	-	60,701	
	FSITC Taiwan Money Market Fund		Financial assets at fair value through profit or loss - current	9,312,631	144,079	-	144,079	
	Cathay Global Aggressive Fund		Financial assets at fair value through profit or loss - current	2,284,844	61,645	-	61,645	
	President Hang Seng TECH Index		Financial assets at fair value through profit or loss - current	5,900,000	39,825	-	39,825	
	<u>Note cash</u>							
	CODEIS Smart Cash Note		Financial assets at fair value through profit or loss - current	10,000	28,239	-	28,239	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Dairy Products Taiwan Limited	<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	153,320	2,244	7.0	2,244	
	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	-	
	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> Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	1,195,290	33,803	-	33,803	
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	786,819	10,117	-	10,117	
	Cathay Global Aggressive Fund		Financial assets at fair value through profit or loss - current	761,615	20,548	-	20,548	
Charng Hui Ltd.	<u>Shares</u> Standard Foods Corporation	Parent of Charng Hui Ltd.	Financial assets at fair value through other comprehensive income - current	6,669,471	352,815	0.7	352,815	Note
	Formosa Plastics Corporation	Charng Hui Ltd. is one of the directors	Financial assets at fair value through other comprehensive income - current	91,440	9,510	-	9,510	
	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	803,258	28,395	-	28,395	
	Polytronics Technology Corp.		Financial assets at fair value through other comprehensive income - current	1,596,000	199,500	2.0	199,500	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through other comprehensive income - current	90,000	55,350	-	55,350	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Beverage Company Limited	<u>Mutual funds</u> Fuh Hwa Global Strategic Allocation FoF	Charng Hui Ltd. is one of the directors	Financial assets at fair value through profit or loss - current	1,000,000	\$ 13,380	-	\$ 13,380	
	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds-Accu.		Financial assets at fair value through profit or loss - current	1,453,360	18,218	-	18,218	
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	73,768	1,009	-	1,009	
	<u>Shares</u> 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	4,991	-	4,991	
	<u>Mutual funds</u> Fuh Hwa Greater China Mid & Small Cap		Financial assets at fair value through profit or loss - current	225,000	3,258	-	3,258	
	Franklin Templeton SinoAm Global Bd Acc		Financial assets at fair value through profit or loss - current	282,988	3,547	-	3,547	
	<u>Shares</u> InnoComm Mobile Technology Corp.		Financial assets at fair value through other comprehensive income - non-current	3,600,000	393,948	13.4	393,948	
	<u>Shares</u> AsiaVest Liquidation Co.		Financial assets at fair value through other comprehensive income - non-current	200	1,027	0.7	1,027	
	<u>Mutual funds</u> Term Liquidity Fund		Financial assets at fair value through profit or loss - current	33,453	97,863	-	97,863	

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, 2021
(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	\$ (1,403,341)	11.23	55 days after month end closing (net of receivables and payables)	-	-	\$ 120,483	6.15	Note
			Purchases	858,375	12.79	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	1,403,341	58.65	55 days after month end closing (net of receivables and payables)	-	-	(120,483)	39.49	Note
			Sales	(858,375)	25.34	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	(2,064,727)	72.79	60 days after month-end closing	-	-	577,402	99.76	Note
			Purchases	661,822	22.44	60 days after month-end closing	-	-	(203,137)	87.95	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	2,064,727	14.72	60 days after month-end closing	-	-	(577,402)	13.54	Note
			Sales	(661,822)	4.19	60 days after month-end closing	-	-	203,137	6.47	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(6,665,006)	98.90	60 days after month-end closing	-	-	1,439,345	99.97	Note
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	6,665,006	47.49	60 days after month-end closing	-	-	(1,439,345)	33.75	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Brother company of Standard Foods (China) Co., Ltd.	Purchases	265,648	4.23	60 days after month-end closing	-	-	(230,445)	51.40	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Sales	(265,648)	4.40	60 days after month-end closing	-	-	230,445	11.34	Note
	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	(5,259,295)	87.03	60 days after month-end closing	-	-	1,489,519	73.31	Note
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	5,259,295	37.47	60 days after month-end closing	-	-	(1,489,519)	34.92	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, 2021

(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	\$ 120,483	11.31	\$ -	\$ 120,483 (Note 1)	\$ -	(Note 2)
			Other receivables	4,087		-	4,087 (Note 1)	-	(Note 2)
				<u>\$ 124,570</u>		<u>\$ -</u>	<u>\$ 124,570</u> (Note 1)	<u>\$ -</u>	
	Standard Foods (China) Co., Ltd.	The Company's subsidiary	Financing receivables	\$ 217,355		\$ -	\$ - (Note 1)	\$ -	(Note 2)
			Other receivables	1,048		-	- (Note 1)	-	(Note 2)
				<u>\$ 218,403</u>		<u>\$ -</u>	<u>\$ -</u> (Note 1)	<u>\$ -</u>	
	Standard Foods (Xiamen) Co., Ltd.	The Company's subsidiary	Financing receivables	\$ 652,065		\$ -	\$ - (Note 1)	\$ -	(Note 2)
			Other receivables	3,144		-	- (Note 1)	-	(Note 2)
				<u>\$ 655,209</u>		<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	\$ 577,402	3.66	\$ -	\$ 577,402 (Note 1)	\$ -	(Note 2)
			Financing receivables	402,585		-	- (Note 1)	-	(Note 2)
			Other receivables	10,605		-	10,605 (Note 1)	-	(Note 2)
	Standard Foods (Xiamen) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.		<u>\$ 990,592</u>		<u>\$ -</u>	<u>\$ 588,007</u> (Note 1)	<u>\$ -</u>	
			Financing receivables	\$ 456,446		\$ -	\$ 456,446 (Note 1)	\$ -	(Note 2)
			Other receivables	4,717		-	4,615 (Note 1)	-	(Note 2)
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.		<u>\$ 461,163</u>		<u>\$ -</u>	<u>\$ 461,061</u> (Note 1)	<u>\$ -</u>	
			Trade receivables	\$ 1,439,345	4.27	\$ -	\$ 1,439,345 (Note 1)	\$ -	(Note 2)
			Other receivables	18,080		-	18,080 (Note 1)	-	(Note 2)
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary		<u>\$ 1,457,425</u>		<u>\$ -</u>	<u>\$ 1,457,425</u> (Note 1)	<u>\$ -</u>	
			Trade receivables	\$ 6	82.18	\$ -	\$ 6 (Note 1)	\$ -	(Note 2)
			Financing receivables	431,098		-	- (Note 1)	-	(Note 2)
	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Other receivables	22,502		-	22,469 (Note 1)	-	(Note 2)
				<u>\$ 453,606</u>		<u>\$ -</u>	<u>\$ 22,475</u> (Note 1)	<u>\$ -</u>	
	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Trade receivables	\$ 11	63.00	\$ -	\$ 11 (Note 1)	\$ -	(Note 2)
			Financing receivables	19,797		-	- (Note 1)	-	(Note 2)
			Other receivables	14,299		-	14,299 (Note 1)	-	(Note 2)
	Shanghai Le Ben Tuo Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary		<u>\$ 34,107</u>		<u>\$ -</u>	<u>\$ 14,310</u> (Note 1)	<u>\$ -</u>	
			Trade receivables	\$ 203,137	5.10	\$ -	\$ 203,137 (Note 1)	\$ -	(Note 2)
			Other receivables	4,085		-	4,085 (Note 1)	-	(Note 2)
	Shanghai Dermalab Corporation	Standard Investment (China) Co., Ltd.'s subsidiary		<u>\$ 207,222</u>		<u>\$ -</u>	<u>\$ 207,222</u> (Note 1)	<u>\$ -</u>	
			Financing receivables	\$ 143,646		\$ -	\$ - (Note 1)	\$ -	(Note 2)
			Other receivables	1,053		-	1,053 (Note 1)	-	(Note 2)
				<u>\$ 144,699</u>		<u>\$ -</u>	<u>\$ 1,053</u> (Note 1)	<u>\$ -</u>	
			Financing receivables	\$ 107,543		\$ -	\$ - (Note 1)	\$ -	(Note 2)
			Other receivables	820		-	820 (Note 1)	-	(Note 2)
				<u>\$ 108,363</u>		<u>\$ -</u>	<u>\$ 820</u> (Note 1)	<u>\$ -</u>	

(Continued)

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 (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	\$ 1,489,519	3.79	\$ -	\$ 1,278,866 (Note 1)	\$ -	(Note 2)
			Note receivables	311,798	3.79	-	311,798 (Note 1)	-	(Note 2)
			Other receivables	6,561		-	6,561 (Note 1)	-	(Note 2)
				<u>\$ 1,807,878</u>		<u>-</u>	<u>\$ 1,597,225</u> (Note 1)	<u>-</u>	
	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	<u>\$ 230,445</u>	1.28	<u>-</u>	<u>\$ 230,445</u> (Note 1)	<u>-</u>	(Note 2)

Note 1: Amounts received before March 28, 2022.

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

(Concluded)

TABLE 6

STANDARD FOODS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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	\$ 120,483	According to the general conditions	0.4
		Standard Dairy Products Taiwan Limited	a	Other receivables - related parties	4,087	According to the general conditions	-
		Standard Dairy Products Taiwan Limited	a	Sales	1,403,341	According to the general conditions	4.1
		Standard Dairy Products Taiwan Limited	a	Purchases	858,375	According to the general conditions	2.5
		Standard Dairy Products Taiwan Limited	a	Royalty revenue	9,032	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	10,300	Interest rate 0.950%	-
		Standard Beverage Company Limited	a	Interest income	151	Interest rate 0.950%	-
		Standard Beverage Company Limited	a	Service revenue	1,320	According to the general conditions	-
		Dermalab	a	Financing receivables - related parties	18,105	Interest rate 1.000%	0.1
		Dermalab	a	Interest income	443	Interest rate 1.000%	-
		Standard Foods (China) Co., Ltd.	a	Other receivables - related parties	1,048	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Financing receivables - related parties	217,355	Interest rate 1.000%	0.8
		Standard Foods (China) Co., Ltd.	a	Interest income	2,126	Interest rate 1.000%	-
		Standard Foods (Xiamen) Co., Ltd.	a	Other receivables - related parties	3,144	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Financing receivables - related parties	652,065	Interest rate 1.000%	2.3
		Standard Foods (Xiamen) Co., Ltd.	a	Interest income	4,952	Interest rate 1.000%	-
1	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	c	Trade receivables - related parties	577,402	According to the general conditions	2.0
		Standard Investment (China) Co., Ltd.	c	Financing receivables - related parties	402,585	Interest rate 1.000%	1.4
		Standard Investment (China) Co., Ltd.	c	Other receivables - related parties	10,605	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c	Trade payables - related parties	203,137	According to the general conditions	0.7
		Standard Investment (China) Co., Ltd.	c	Other payables - related parties	4,085	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c	Sales	2,064,727	According to the general conditions	6.0
		Standard Investment (China) Co., Ltd.	c	Purchases	661,822	According to the general conditions	1.9
		Standard Investment (China) Co., Ltd.	c	Interest income	649	Interest rate 1.000%	-
		Standard Investment (China) Co., Ltd.	c	Other expenses	342	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c	Research and development expenses	4,081	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c	Sales	9,889	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c	Purchases	4,784	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Trade receivables - related parties	1,388	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Sales	4,425	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Other receivables - related parties	4,717	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Financing receivables - related parties	456,446	Interest rate 1.000%	1.6
		Standard Foods (Xiamen) Co., Ltd.	c	Sales	18,024	According to the general conditions	0.1
		Standard Foods (Xiamen) Co., Ltd.	c	Interest income	4,607	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	\$ 6	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Other receivables - related parties	22,502	According to the general conditions	0.1
		Standard Foods (China) Co., Ltd.	a	Financing receivables - related parties	431,098	Interest rate1.000%	1.5
		Standard Foods (China) Co., Ltd.	a	Trade payables - related parties	1,439,345	According to the general conditions	5.1
		Standard Foods (China) Co., Ltd.	a	Other payables - related parties	18,080	According to the general conditions	0.1
		Standard Foods (China) Co., Ltd.	a	Sales	452	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Purchases	6,665,006	According to the general conditions	19.4
		Standard Foods (China) Co., Ltd.	a	Interest income	4,520	Interest rate1.000%	-
		Standard Foods (China) Co., Ltd.	a	Other revenue	22,447	According to the general conditions	0.1
		Standard Foods (China) Co., Ltd.	a	Rental expenses	96	According to the general conditions	-
		Shanghai Dermalab Corporation	a	Other receivables - related parties	820	According to the general conditions	-
		Shanghai Dermalab Corporation	a	Financing receivables - related parties	107,543	Interest rate1.000%	0.4
		Shanghai Dermalab Corporation	a	Interest income	1,507	Interest rate1.000%	-
		Shanghai Dermalab Corporation	a	Expense	1,009	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Trade receivables - related parties	11	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Other receivables - related parties	14,299	According to the general conditions	0.1
		Standard Foods (Xiamen) Co., Ltd.	a	Financing receivables - related parties	19,797	Interest rate1.000%	0.1
		Standard Foods (Xiamen) Co., Ltd.	a	Notes payable - related parties	311,798	According to the general conditions	1.1
		Standard Foods (Xiamen) Co., Ltd.	a	Trade receivables - related parties	1,489,519	According to the general conditions	5.3
		Standard Foods (Xiamen) Co., Ltd.	a	Other payables - related parties	6,561	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Sales	441	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Purchases	5,259,295	According to the general conditions	15.3
		Standard Foods (Xiamen) Co., Ltd.	a	Interest income	19,091	Interest rate1.000%	0.1
		Standard Foods (Xiamen) Co., Ltd.	a	Other revenue	14,284	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a	Other receivables - related parties	1,053	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a	Financing receivables - related parties	143,646	Interest rate1.000%	0.5
		Shanghai Le Ben Tuo Co., Ltd.	a	Trade payables - related parties	702	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a	Sales	4	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a	Purchases	2,233	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Other expenses	1,333	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Interest income	1,297	Interest rate1.000%	-
		Shanghai Le Ho Industrial Co., Ltd.	c	Other payables - related parties	150	According to the general conditions	-
		Shanghai Le Ho Industrial Co., Ltd.	c	Financing payables - related parties	6,686	Interest rate1.000%	-
		Shanghai Le Ho Industrial Co., Ltd.	c	Interest expenses	149	Interest rate1.000%	-
		Shanghai Le Min Industrial Co., Ltd.	c	Other payables - related parties	189	According to the general conditions	-
		Shanghai Le Min Industrial Co., Ltd.	c	Financing payables - related parties	17,693	Interest rate1.000%	0.1
		Shanghai Le Min Industrial Co., Ltd.	c	Interest expenses	188	Interest rate1.000%	-
		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	10,868	Interest rate1.000%	-
		Shanghai Le Ben De Co., Ltd.	c	Purchases	110	Interest rate1.000%	-
3	Shanghai Dermalab Corporation	Dermalab	c	Trade payables - related parties	11,619	According to the general conditions	-
		Dermalab	c	Purchases	93,529	According to the general conditions	0.3
		Shanghai Le Ben Tuo Co., Ltd.	c	Trade receivables - related parties	101	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Sales	99	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Other expenses	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.	Shanghai Le Ben Tuo Co., Ltd.	c	Other receivables - related parties	\$ 968	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Sales	491	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Rental revenue	3,586	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Other expenses	4,808	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Trade payables - related parties	230,445	According to the general conditions	0.8
		Standard Foods (Xiamen) Co., Ltd.	c	Sales	226	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Purchases	265,648	According to the general conditions	0.8
5	Shanghai Le Ben Tuo Co., Ltd.	Shanghai Le Ben De Co., Ltd.	c	Sales	476	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c	Purchases	489	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, 2021
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	\$ 3,936,267	\$ 3,936,267	123,600,000	100	\$ 3,546,644	\$ (41,944)	\$ (57,202)	Subsidiary (Note 7)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	4,710,865	4,710,865	150,124,815	100	5,538,645	(123,764)	(123,764)	Subsidiary (Note 7)
	Standard Dairy Products Taiwan Limited	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100	1,134,020	492,673	491,772	Subsidiary (Note 7)
	Charng Hui Ltd.	Taipei, Taiwan	Investment business	230,000	230,000	24,100,000	100	422,385	21,936	5,262	Subsidiary (Note 7)
	Domex Technology Corporation	Hsinchu, Taiwan	Manufacture and sale of computer peripherals and computer and information products	114,116	114,116	10,374,399	52	425,275	94,719	49,263	Subsidiary (Note 7)
	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	82,390	1,805	1,795	Subsidiary (Note 7)
	Le Bonta Wellness International Corporation	Taipei, Taiwan	Sale of health foods	-	14,350	Note 5	-	-	(115)	(115)	Subsidiary (Notes 6 and 7)
	Standard Foods, LLC.	U.S.A.	Sale of health foods	9,056	9,056	Note 5	100	8,304	-	-	Subsidiary (Note 7)
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	379,489	335,215	4,050	100	229,420	6,369	-	Indirect subsidiary (Note 7)
Dermalab S.A.	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100	-	-	-	Indirect subsidiary (Note 7)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investment business	4,708,566	4,708,566	150,050,815	100	5,538,394	(123,445)	-	Indirect subsidiary (Note 7)

Note 1: This amount was the share of loss of the investee of \$41,944 thousand minus the unrealized gain on sidestream transactions of \$15,258 thousand.

Note 2: This amount was the share of profit of the investee of \$492,673 thousand minus the unrealized gain on sidestream transactions of \$901 thousand.

Note 3: This amount was the share of profit of the investee of \$21,936 thousand minus the Standard Foods Corporation Cash dividends paid of \$16,674 thousand.

Note 4: This amount was the share of profit of the investee of \$1,805 thousand minus the unrealized gain on upstream transactions of \$10 thousand.

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

Note 6: Le Bonta Wellness International Corporation has been liquidated in August, 2021.

Note 7: 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, 2021

(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	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)	\$ (33,916)	100.0	\$ (33,915) (Note 9)	\$ 3,189,833	\$ -	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)	(97,861)	99.0	(96,882) (Note 9)	4,765,228	-	Note 11
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,714,756	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	43,441	99.0	37,470 (Note 9)	2,111,896	-	Note 11
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetics and international trading	93,989	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	(10,944)	99.0	(10,835) (Note 9)	(2,567)	-	Note 11
Shanghai Le Ben Tuo Health Technology Co., Ltd.	Sale of nutritional foods and international trading	380,418	a. and c. (Note 7)	181,048 (Note 7)	-	-	181,048 (Note 7)	(112,803)	99.5	(112,251) (Note 9)	62,684	-	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)	154	100.0	154 (Note 9)	29,864	-	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)	73,863	99.0	62,038 (Note 9)	1,511,632	-	Note 11
Shanghai Le Ho Industrial Co., Ltd.	Property management	607,717	b. (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	(16,342)	100.0	(16,342) (Note 9)	475,694	-	Note 11
Shanghai Le Min Industrial Co., Ltd.	Property management	378,009	b. (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	(10,055)	100.0	(10,055) (Note 9)	297,052	-	Note 11

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$8,919,525	\$9,656,767	Unlimited amount of investment (Note 10)

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

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

(Continued)

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

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

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

Note 4: There was no difference between the beginning balance and the ending balance of the accumulated amount invested from Taiwan for the year ended December 31, 2021; 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 AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Mu Te Investment Co., Ltd. Trust Property Account	157,822,400	17.24
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, 2021 and 2020, 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, 2021 and 2020, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. 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, 2021. 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, 2021 is stated as follows:

Estimate of Return Liability

The Company mainly manufactures and sells nutrient-rich food, edible oil products, dairy products and beverages. Taking into account the current market conditions and 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 the Company's 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 the 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, 2021 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 Han-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 607,824	3	\$ 205,747	1
Financial assets at fair value through profit or loss - current (Note 7)	973,217	4	1,118,813	5
Financial assets at fair value through other comprehensive income - current (Note 8)	21,185	-	20,671	-
Financial assets at amortized cost - current (Note 9)	1,309,153	6	1,092,961	5
Notes receivable (Notes 10 and 22)	175	-	5	-
Trade receivables from unrelated parties (Notes 10 and 22)	1,828,686	9	1,980,474	10
Trade receivables from related parties (Notes 22 and 28)	127,773	1	136,585	1
Other receivables (Note 10)	12,673	-	34,420	-
Other receivables from related parties (Note 28)	906,220	4	947,545	5
Inventories (Note 11)	1,690,929	8	1,834,330	9
Prepayments (Note 12)	354,000	2	167,706	1
Other current assets (Notes 17 and 19)	34,931	-	27,378	-
Total current assets	7,866,766	37	7,566,635	37
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	2,244	-	1,894	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	112,265	1	77,341	-
Investments accounted for using the equity method (Note 13)	11,189,831	53	11,167,932	54
Property, plant and equipment (Note 14)	1,341,650	6	1,352,887	7
Right-of-use assets (Note 15)	140,460	1	63,174	-
Other intangible assets (Note 16)	21,101	-	13,660	-
Deferred tax assets (Note 24)	346,687	2	321,299	2
Other non-current assets (Note 17)	28,319	-	19,928	-
Total non-current assets	13,182,557	63	13,018,115	63
TOTAL	\$ 21,049,323	100	\$ 20,584,750	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 22)	\$ 17,285	-	\$ 21,440	-
Notes payable (Note 18)	20,201	-	289	-
Trade payables (Note 18)	732,876	4	827,945	4
Trade payables to related parties (Note 28)	19,472	-	20,526	-
Other payables (Note 19)	1,260,824	6	1,110,589	5
Current tax liabilities (Note 24)	282,639	1	299,812	2
Lease liabilities - current (Note 15)	31,963	-	20,979	-
Other current liabilities (Notes 5 and 19)	43,418	-	24,670	-
Total current liabilities	2,408,678	11	2,326,250	11
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 24)	319,821	2	347,410	2
Lease liabilities - non-current (Note 15)	108,617	-	38,059	-
Net defined benefit liabilities (Note 20)	174,867	1	188,393	1
Other non-current liabilities (Note 19)	150	-	150	-
Total non-current liabilities	603,455	3	574,012	3
Total liabilities	3,012,133	14	2,900,262	14
EQUITY (Note 21)				
Ordinary shares	9,150,897	43	9,150,897	44
Capital surplus	144,066	1	127,392	1
Retained earnings				
Legal reserve	3,606,189	17	3,287,022	16
Special reserve	577,494	3	577,494	3
Unappropriated earnings	4,769,802	23	4,918,357	24
Total retained earnings	8,953,485	43	8,782,873	43
Other equity	(190,076)	(1)	(355,492)	(2)
Treasury shares	(21,182)	-	(21,182)	-
Total equity	18,037,190	86	17,684,488	86
TOTAL	\$ 21,049,323	100	\$ 20,584,750	100

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

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 22 and 28)	\$ 12,496,867	100	\$ 13,184,535	100
OPERATING COSTS				
Cost of goods sold (Notes 11, 23 and 28)	<u>7,945,262</u>	<u>64</u>	<u>8,455,471</u>	<u>64</u>
GROSS PROFIT	<u>4,551,605</u>	<u>36</u>	<u>4,729,064</u>	<u>36</u>
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	1,387,798	11	1,340,048	10
General and administrative expenses	418,982	3	453,697	3
Research and development expenses	85,952	-	87,553	1
Expected credit loss (gain)	<u>419</u>	<u>-</u>	<u>(217)</u>	<u>-</u>
Total operating expenses	<u>1,893,151</u>	<u>14</u>	<u>1,881,081</u>	<u>14</u>
OPERATING INCOME	<u>2,658,454</u>	<u>22</u>	<u>2,847,983</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 23 and 28)	19,427	-	21,974	-
Other income (Notes 23 and 28)	10,503	-	11,298	-
Other gains (Note 23)	(12,388)	-	50,398	-
Finance costs (Note 23)	(843)	-	(1,084)	-
Share of the profit of subsidiaries	<u>309,413</u>	<u>2</u>	<u>990,798</u>	<u>8</u>
Total non-operating income and expenses	<u>326,112</u>	<u>2</u>	<u>1,073,384</u>	<u>8</u>
PROFIT BEFORE INCOME TAX	2,984,566	24	3,921,367	30
INCOME TAX EXPENSE (Note 24)	<u>527,938</u>	<u>4</u>	<u>708,566</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>2,456,628</u>	<u>20</u>	<u>3,212,801</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(1,293)	-	(20,575)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	35,438	-	(5,155)	-

(Continued)

STANDARD FOODS CORPORATION

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
Share of the other comprehensive income of subsidiaries accounted for using the equity method	\$ 174,817	2	\$ 101,676	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>(1,187)</u>	<u>-</u>	<u>4,095</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>207,775</u>	<u>2</u>	<u>80,041</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(50,814)	(1)	151,041	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	<u>10,163</u>	<u>-</u>	<u>(30,209)</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(40,651)</u>	<u>(1)</u>	<u>120,832</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income (loss) tax	<u>167,124</u>	<u>1</u>	<u>200,873</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>\$ 2,623,752</u></u>	<u><u>21</u></u>	<u><u>\$ 3,413,674</u></u>	<u><u>26</u></u>
EARNINGS PER SHARE (Note 25)				
Basic	<u><u>\$ 2.70</u></u>		<u><u>\$ 3.54</u></u>	
Diluted	<u><u>\$ 2.70</u></u>		<u><u>\$ 3.53</u></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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2020	\$ 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
Appropriation of 2020 earnings											
Legal reserve	-	-	319,167	-	(319,167)	-	-	-	-	-	-
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	-	16,674	-	-	-	-	-	-	-	-	16,674
Net profit for the year ended December 31, 2021	-	-	-	-	2,456,628	2,456,628	-	-	-	-	2,456,628
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	1,708	1,708	(40,651)	206,067	165,416	-	167,124
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,458,336	2,458,336	(40,651)	206,067	165,416	-	2,623,752
BALANCE AT DECEMBER 31, 2021	\$ 9,150,897	\$ 144,066	\$ 3,606,189	\$ 577,494	\$ 4,769,802	\$ 8,953,485	\$ (612,857)	\$ 422,781	\$ (190,076)	\$ (21,182)	\$ 18,037,190

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

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,984,566	\$ 3,921,367
Adjustments for:		
Depreciation expenses	226,629	225,981
Amortization expenses	15,378	8,105
Expected credit loss recognized (reversed) on trade receivables	419	(217)
Net gain (loss) on fair value changes of financial assets and liabilities designated as at fair value through profit or loss	35,432	(3,063)
Finance costs	843	1,084
Interest income	(19,427)	(21,974)
Dividend income	(1,471)	(1,721)
Share of the profit of subsidiaries	(309,413)	(990,798)
Net loss on disposal of property, plant and equipment	15,247	951
Net loss on disposal of investment	259	-
Others	(922)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	109,814	(553,676)
Notes receivable	(170)	(5)
Trade receivables	134,622	168,589
Trade receivables from related parties	8,812	4,899
Other receivables	21,244	(20,660)
Other receivables from related parties	41,325	(944,303)
Inventories	143,401	92,441
Prepayments	(186,294)	74,443
Other current assets	(7,553)	(12,030)
Contract liabilities	(4,155)	6,405
Notes payable	19,912	(288)
Trade payables	(95,069)	(48,317)
Trade payables to related parties	(1,054)	(5,615)
Other payables	150,235	69,453
Other current liabilities	35,495	16,386
Net defined benefit liabilities	(14,819)	(43,387)
Cash generated from operations	3,303,286	1,944,050
Interest received	19,930	23,737
Interest paid	(843)	(1,084)
Income tax paid	(589,112)	(688,243)
Net cash generated from operating activities	<u>2,733,261</u>	<u>1,278,460</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(2,307,737)	(2,240,636)
Proceeds from sale of financial assets at amortized cost	2,091,545	2,757,870
Net cash inflow on disposal of subsidiary	8,584	-
Payments for property, plant and equipment	(204,677)	(185,413)
		(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
Proceeds from disposal of property, plant and equipment	\$ 2,649	\$ 2,417
Payments for intangible assets	(16,979)	(13,541)
Increase in other financial assets	(7,474)	-
Decrease in other financial assets	-	1,323
Increase in other non-current assets	(6,757)	(3,409)
Dividends received from subsidiaries	419,348	442,255
Other dividends received	<u>1,471</u>	<u>1,721</u>
Net cash generated from (used in) investing activities	<u>(20,027)</u>	<u>762,587</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(23,433)	(25,688)
Dividends paid to owners of the Company	(2,287,724)	(2,424,987)
Acquisition of interest in subsidiaries	<u>-</u>	<u>(9,056)</u>
Net cash used in financing activities	<u>(2,311,157)</u>	<u>(2,459,731)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	402,077	(418,684)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>205,747</u>	<u>624,431</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 607,824</u>	<u>\$ 205,747</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, 2021 AND 2020

(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 21, 2022.

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)

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.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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)
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 IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	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 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2022 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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.

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	
	2021	2020
Cash on hand	\$ 1,130	\$ 1,432
Checking accounts and demand deposits	294,015	168,318
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>312,679</u>	<u>35,997</u>
	<u>\$ 607,824</u>	<u>\$ 205,747</u>

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

	December 31	
	2021	2020
Bank balance	0.001%-2.900%	0.010%-2.500%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<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	\$ 944,978	\$ 1,089,781
Note cash	<u>28,239</u>	<u>29,032</u>
	<u>\$ 973,217</u>	<u>\$ 1,118,813</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	<u>\$ 2,244</u>	<u>\$ 1,894</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
<u>Current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	<u>\$ 21,185</u>	<u>\$ 20,671</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 112,265</u>	<u>\$ 77,341</u>
Investments in Equity Instruments at FVTOCI		
	December 31	
	2021	2020
<u>Current</u>		
Listed shares and emerging market shares		
Ordinary shares - Far Eastern International Bank	\$ 15,523	\$ 15,374
Ordinary shares - Chunghwa Telecom Co., Ltd.	<u>5,662</u>	<u>5,297</u>
	<u>\$ 21,185</u>	<u>\$ 20,671</u>
<u>Non-current</u>		
Listed shares and emerging market shares		
Ordinary shares - GeneFerm Biotechnology Co., Ltd.	\$ 95,136	\$ 62,423
Unlisted shares		
Ordinary shares - Dah Chung Bills Finance Corp.	<u>17,129</u>	<u>14,918</u>
	<u>\$ 112,265</u>	<u>\$ 77,341</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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 1,309,153</u>	<u>\$ 1,092,961</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.40%-2.62% and 0.40%-2.08% per annum as of December 31, 2021 and 2020, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
Operating	<u>\$ 175</u>	<u>\$ 5</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,829,594	\$ 1,981,590
Less: Allowance for impairment loss	<u>(908)</u>	<u>(1,116)</u>
	<u>\$ 1,828,686</u>	<u>\$ 1,980,474</u>
<u>Other receivables</u>		
Accrued interest	\$ 2,939	\$ 3,442
Payment on behalf of others	-	3,259
Accrued promoted subsidy	-	19,543
Others	<u>9,734</u>	<u>8,176</u>
	<u>\$ 12,673</u>	<u>\$ 34,420</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, 2021

	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%	4.98%	15.82%	50.00%	100.00%	
Gross carrying amount	\$ 1,822,307	\$ 5,083	\$ 2,194	\$ 102	\$ 83	\$ 1,829,769
Loss allowance (Lifetime ECL)	(174)	(253)	(347)	(51)	(83)	(908)
Amortized cost	<u>\$ 1,822,133</u>	<u>\$ 4,830</u>	<u>\$ 1,847</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ 1,828,861</u>

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)	(186)	(34)	(70)	(161)	(665)	(1,116)
Amortized cost	<u>\$ 1,979,601</u>	<u>\$ 472</u>	<u>\$ 252</u>	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ 1,980,479</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 1,116	\$ 1,333
Add: Net remeasurement of loss allowance	419	-
Less: Net remeasurement of loss allowance	-	(217)
Less: Amounts written off	<u>(627)</u>	<u>-</u>
Balance at December 31	<u>\$ 908</u>	<u>\$ 1,116</u>

11. INVENTORIES

	December 31	
	2021	2020
Merchandise	\$ 214,067	\$ 481,002
Finished goods	881,331	724,984
Work in progress	130,125	145,137
Raw materials	422,421	451,762
Packing materials	<u>42,985</u>	<u>31,445</u>
	<u>\$ 1,690,929</u>	<u>\$ 1,834,330</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2021 included loss on write-downs of inventories \$9,508 thousand and loss on abandoned inventories of \$7,434 thousand. 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.

12. PREPAYMENTS

	December 31	
	2021	2020
Prepayments for purchases	\$ 294,232	\$ 128,696
Prepayments for rent	20,037	-
Prepayments for equipment parts	18,351	18,338
Prepayments for fuel oil	2,520	2,352
Prepayments for insurance	426	482
Prepayments for advertisements	2,224	1,540
Others	<u>16,210</u>	<u>16,298</u>
	<u>\$ 354,000</u>	<u>\$ 167,706</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
<u>Unlisted companies</u>		
Accession Limited	\$ 3,546,644	\$ 3,623,593
Standard Investment (Cayman) Limited (“Cayman Standard”)	5,538,645	5,685,589
Standard Dairy Products Taiwan Limited (“Standard Dairy Products”)	1,134,020	1,006,590
Charng Hui Ltd. (“Charng Hui”)	422,385	354,881
Domex Technology Corporation (“Domex Technology”)	425,275	305,990
Standard Beverage Company Limited (“Standard Beverage”)	82,390	83,597
Le Bonta Wellness International Corporation (“Le Bonta Wellness”)	-	8,958
Shanghai Le Ben Tuo Health Technology Co., Ltd. (“Shanghai Le Ben Tuo”)	32,168	90,190
Standard Foods, LLC.	<u>8,304</u>	<u>8,544</u>
	<u>\$ 11,189,831</u>	<u>\$ 11,167,932</u>

Name of Subsidiary	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
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 (Note 1)	-	100.0%
Shanghai Le Ben Tuo	51.0%	51.0%
Standard Foods, LLC. (Note 2)	100.0%	100.0%

Note 1: Le Bonta Wellness has been liquidated in August, 2021.

Note 2: 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, 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>
<u>Cost</u>						
Balance at January 1, 2021	\$ 399,296	\$ 1,063,424	\$ 2,270,902	\$ 184,244	\$ 117,624	\$ 4,035,490
Additions	-	-	-	-	204,677	204,677
Disposals	-	(56,063)	(156,403)	(17,238)	-	(229,704)
Reclassified	10,805	59,790	115,620	35,752	(221,967)	-
Balance at December 31, 2021	<u>\$ 410,101</u>	<u>\$ 1,067,151</u>	<u>\$ 2,230,119</u>	<u>\$ 202,758</u>	<u>\$ 100,334</u>	<u>\$ 4,010,463</u>

(Continued)

	Freehold Land	Buildings	Equipment	Other Equipment	Property in Construction	Total
Accumulated depreciation and impairment						
Balance at January 1, 2021	\$ -	\$ 680,676	\$ 1,850,084	\$ 151,843	\$ -	\$ 2,682,603
Disposals	-	(45,844)	(149,646)	(16,318)	-	(211,808)
Depreciation expenses	-	58,855	124,880	14,283	-	198,018
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 693,687</u>	<u>\$ 1,825,318</u>	<u>\$ 149,808</u>	<u>\$ -</u>	<u>\$ 2,668,813</u>
Carrying amount at December 31, 2021	<u>\$ 410,101</u>	<u>\$ 373,464</u>	<u>\$ 404,801</u>	<u>\$ 52,950</u>	<u>\$ 100,334</u>	<u>\$ 1,341,650</u>
						(Concluded)

No impairment assessment was performed for the years ended December 31, 2021 and 2020 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	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ 2,179	\$ 2,898
Buildings	136,528	56,602
Office equipment	349	445
Transportation equipment	<u>1,404</u>	<u>3,229</u>
	<u>\$ 140,460</u>	<u>\$ 63,174</u>

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	\$ 149,116	\$ 3,073
Depreciation charge for right-of-use assets		
Land	\$ 1,853	\$ 1,851
Buildings	25,870	21,190
Office equipment	96	76
Transportation equipment	792	1,077
	<u>\$ 28,611</u>	<u>\$ 24,194</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	\$ 31,963	\$ 20,979
Non-current	\$ 108,617	\$ 38,059

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.07%	1.07%
Buildings	1.07%	1.07%
Office equipment	1.07%	1.07%
Transportation equipment	1.07%	-

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	
	2021	2020
Expenses relating to short-term leases	\$ 19,860	\$ 23,730
Total cash outflow for leases	<u>\$ (44,136)</u>	<u>\$ (50,362)</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, 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>
<u>Cost</u>	
Balance at January 1, 2021	\$ 223,924
Additions	<u>16,979</u>
Balance at December 31, 2021	<u>\$ 240,903</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2021	\$ 210,264
Amortization expenses	<u>9,538</u>
Balance at December 31, 2021	<u>\$ 219,802</u>
Carrying amount at December 31, 2021	<u>\$ 21,101</u>

No impairment assessment was performed for the years ended December 31, 2021 and 2020 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	
	2021	2020
<u>Current</u>		
Advances to officers	\$ 17,330	\$ 24,177
Right to recover a product	16,978	3,201
Others	<u>623</u>	<u>-</u>
	<u>\$ 34,931</u>	<u>\$ 27,378</u>
<u>Non-current</u>		
Refundable deposits	\$ 23,633	\$ 16,159
Others	<u>4,686</u>	<u>3,769</u>
	<u>\$ 28,319</u>	<u>\$ 19,928</u>

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
<u>Notes payable</u>		
Operating	<u>\$ 20,201</u>	<u>\$ 289</u>
<u>Trade payables</u>		
Operating	<u>\$ 732,876</u>	<u>\$ 827,945</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	
	2021	2020
<u>Current</u>		
Other payables		
Payable for salaries and bonuses	\$ 194,941	\$ 183,654
Payable for compensation of employees	38,903	49,921
Payable for remuneration of directors	16,716	21,965
Payable for commission and rebates	476,823	432,133
Advertisement payable	194,686	157,725
Payable for royalties	24,817	23,682
Payable for freight	6,011	5,993

(Continued)

	December 31	
	2021	2020
Payable for purchases of equipment	\$ 65,890	\$ 54,891
Payable for labor and health insurance	17,613	15,773
Payable for environmental recycling fee	10,322	10,343
Others	<u>214,102</u>	<u>154,509</u>
	<u>\$ 1,260,824</u>	<u>\$ 1,110,589</u>
Other liabilities		
Return liability and Others	<u>\$ 43,418</u>	<u>\$ 24,670</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	<u>\$ 150</u>	<u>\$ 150</u>
		(Concluded)

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	
	2021	2020
Present value of defined benefit obligation	\$ 493,434	\$ 515,182
Fair value of plan assets	<u>(318,567)</u>	<u>(326,789)</u>
Net defined benefit liability	<u>\$ 174,867</u>	<u>\$ 188,393</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, 2020	<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>
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>
Service cost			
Current service cost	3,647	-	3,647
Net effects in employee transfer	18,983	-	18,983
Net interest expense (income)	<u>2,576</u>	<u>(1,694)</u>	<u>882</u>
Recognized in profit or loss	<u>25,206</u>	<u>(1,694)</u>	<u>23,512</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,097)	(4,097)
Actuarial loss - changes in demographic assumptions	12,953	-	12,953
Actuarial profit - experience adjustments	<u>(7,563)</u>	<u>-</u>	<u>(7,563)</u>
Recognized in other comprehensive income	<u>5,390</u>	<u>(4,097)</u>	<u>1,293</u>
Contributions from the employer	<u>-</u>	<u>(38,331)</u>	<u>(38,331)</u>
Benefits paid	<u>(52,344)</u>	<u>52,344</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 493,434</u>	<u>\$ (318,567)</u>	<u>\$ 174,867</u>

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	
	2021	2020
Discount rate	0.500%	0.500%
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	
	2021	2020
Discount rate		
0.250% increase	<u>\$ (11,755)</u>	<u>\$ (12,759)</u>
0.250% decrease	<u>\$ 12,168</u>	<u>\$ 13,219</u>
Expected rate of salary increase		
0.250% increase	<u>\$ 11,678</u>	<u>\$ 12,680</u>
0.250% decrease	<u>\$ (11,347)</u>	<u>\$ (12,310)</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	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 28,055</u>	<u>\$ 23,807</u>
The average duration of the defined benefit obligation	9.6 years	10.3 years

21. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2021	2020
Shares authorized (in thousands of shares)	920,000	920,000
Shares authorized, par value of \$10 (in thousands of NT\$)	\$ 9,200,000	\$ 9,200,000
Shares issued and fully paid (in thousands of shares)	915,089	915,089
Shares issued (in thousands of NT\$)	\$ 9,150,897	\$ 9,150,897

2) Global depositary receipts

As of December 31, 2021, 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	
	2021	2020
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	143,599	126,925
<u>May be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	466	466
	\$ 144,066	\$ 127,392

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.

The appropriations of earnings 2020 and 2019 approved in the shareholders' meetings on July 22, 2021 and June 16, 2020, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 319,167	\$ 341,610
Special reserve	\$ -	\$ 246,549
Cash dividends	\$ 2,287,724	\$ 2,424,987
Cash dividends per share (NT\$)	\$2.5	\$2.65

The appropriations of earnings for 2021 had been proposed by the Company's board of directors on March 21, 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	\$ 245,834
Special reserve	\$ 1,738,670
Cash dividends	\$1.9

The appropriations of earnings for 2021 are subject to the resolution of the shareholders in their meeting to be held on June 16, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Beginning at January 1	\$ 577,494	\$ 330,945
Appropriation in respect of:		
Debit to other equity items	-	246,549
Balance at December 31	\$ 577,494	\$ 577,494

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	
	2021	2020
Balance at January 1	\$ (572,206)	\$ (693,038)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>(40,651)</u>	<u>120,832</u>
Other comprehensive income recognized for the year	<u>(40,651)</u>	<u>120,832</u>
Balance at December 31	<u>\$ (612,857)</u>	<u>\$ (572,206)</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 216,714	\$ 115,544
Recognized for the year		
Unrealized gain (loss) - equity instruments	<u>206,067</u>	<u>101,170</u>
Other comprehensive income recognized for the year	<u>206,067</u>	<u>101,170</u>
Balance at December 31	<u>\$ 422,781</u>	<u>\$ 216,714</u>

f. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2021 and December 31, 2021	<u>6,669</u>
Number of shares at January 1, 2020 and December 31, 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, 2021</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 352,815</u>
<u>December 31, 2020</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 408,839</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

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 12,496,867</u>	<u>\$ 13,184,535</u>

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (Note 10)	<u>\$ 175</u>	<u>\$ 5</u>	<u>\$ -</u>
Trade receivables (Note 10)	<u>\$ 1,829,594</u>	<u>\$ 1,981,590</u>	<u>\$ 2,150,179</u>
Trade receivables from related parties (Note 10)	<u>\$ 127,773</u>	<u>\$ 136,585</u>	<u>\$ 141,484</u>
Contract liabilities - current			
Sale of goods	<u>\$ 17,285</u>	<u>\$ 21,440</u>	<u>\$ 15,035</u>

b. Disaggregation of revenue

	Reportable Segments			
	Nutritious Foods	Cooking Products	Others	Total
For the year ended <u>December 31, 2021</u>				
Type of goods or services				
Sale of goods	<u>\$ 9,938,204</u>	<u>\$ 2,238,090</u>	<u>\$ 320,573</u>	<u>\$ 12,496,867</u>
For the year ended <u>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>

23. NET PROFIT

Net Profit

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Bank deposits	\$ 4,591	\$ 2,850
Financial assets at amortized cost	7,010	13,886
Repurchase agreements collateralized by bonds	70	361
Loans to related parties	7,672	4,812
Others	<u>84</u>	<u>65</u>
	<u>\$ 19,427</u>	<u>\$ 21,974</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Royalties	\$ 9,032	\$ 9,577
Dividends	<u>1,471</u>	<u>1,721</u>
	<u>\$ 10,503</u>	<u>\$ 11,298</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Fair value changes of financial assets and financial liabilities		
Net gain (loss) on financial assets mandatorily classified as at FVTPL	\$ (35,432)	\$ 3,063
Net foreign exchange gains	3,029	37,129
Net loss on disposal of property, plant and equipment	(15,247)	(951)
Government grants	-	98
Others	<u>35,262</u>	<u>11,059</u>
	<u>\$ (12,388)</u>	<u>\$ 50,398</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loan	\$ -	\$ 140
Interest on lease liabilities	<u>843</u>	<u>944</u>
	<u>\$ 843</u>	<u>\$ 1,084</u>

e. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2021	2020
Trade receivables	\$ 419	\$ (217)
Inventories (included in operating costs)	<u>9,508</u>	<u>(2,765)</u>
	<u>\$ 9,927</u>	<u>\$ (2,982)</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 169,049	\$ 173,659
Operating expenses	<u>57,580</u>	<u>52,322</u>
	<u>\$ 226,629</u>	<u>\$ 225,981</u>
An analysis of amortization by function		
Operating costs	\$ 8,987	\$ 4,127
Operating expenses	<u>6,391</u>	<u>3,978</u>
	<u>\$ 15,378</u>	<u>\$ 8,105</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	\$ 36,693	\$ 34,577
Defined benefit plans (see Note 20)	<u>23,512</u>	<u>5,739</u>
	60,205	40,316
Other employee benefits	<u>1,154,969</u>	<u>1,148,500</u>
Total employee benefits expense	<u>\$ 1,215,174</u>	<u>\$ 1,188,816</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 534,097	\$ 523,231
Operating expenses	<u>681,077</u>	<u>665,585</u>
	<u>\$ 1,215,174</u>	<u>\$ 1,188,816</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, 2021 and 2020, which were approved by the Company's board of directors on March 21, 2022 and March 22, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	1.28%	1.25%
Remuneration of directors	0.55%	0.55%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 38,903	\$ 49,921
Remuneration of directors	16,716	21,965

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, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 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	
	2021	2020
Foreign exchange gains	\$ 33,208	\$ 85,396
Foreign exchange losses	<u>(30,179)</u>	<u>(48,267)</u>
Net gain	<u>\$ 3,029</u>	<u>\$ 37,129</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	
	2021	2020
Current tax		
In respect of the current year	\$ 550,479	\$ 588,864
Income tax on unappropriated earnings	29,239	18,783
Adjustments for prior years	<u>(7,779)</u>	<u>(11,340)</u>
	571,939	596,307
Deferred tax		
In respect of the current year	<u>(44,001)</u>	<u>112,259</u>
Income tax expense recognized in profit or loss	<u>\$ 527,938</u>	<u>\$ 708,566</u>

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

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	<u>\$ 2,984,566</u>	<u>\$ 3,921,367</u>
Income tax expense calculated at the statutory rate (20%)	\$ 596,913	\$ 784,273
Nondeductible expenses in determining taxable income	23,524	18,089
Tax-exempt income	(113,959)	(101,239)
Income tax on unappropriated earnings	29,239	18,783
Adjustments for prior years' tax	<u>(7,779)</u>	<u>(11,340)</u>
Income tax expense recognized in profit or loss	<u>\$ 527,938</u>	<u>\$ 708,566</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (10,163)	\$ 30,209
Remeasurement of defined benefit plans	1,190	(4,115)
Fair value changes of financial assets at FVTOCI	<u>(3)</u>	<u>20</u>
Total income tax recognized in other comprehensive income	<u>\$ (8,976)</u>	<u>\$ 26,114</u>

c. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	<u>\$ 282,639</u>	<u>\$ 299,812</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, 2021

	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	\$ 49,881	\$ 22,960	\$ -	\$ 72,841
Exchange differences on translation of the financial statements of foreign operations	143,050	-	10,163	153,213
Defined benefit plans	68,829	163	259	69,251
Deferred sales returns and allowances	3,916	(141)	-	3,775
Allowance for inventory loss	1,624	1,902	-	3,526
FVTOCI financial assets	43,869	-	3	43,872
Others	10,130	(9,921)	-	209
	<u>\$ 321,299</u>	<u>\$ 14,963</u>	<u>\$ 10,425</u>	<u>\$ 346,687</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 307,620	\$ (24,753)	\$ -	\$ 282,867
Reserve for land value increment tax	33,685	-	-	33,685
Defined benefit plans	-	(213)	1,449	1,236
Others	6,105	(4,072)	-	2,033
	<u>\$ 347,410</u>	<u>\$ (29,038)</u>	<u>\$ 1,449</u>	<u>\$ 319,821</u>

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	10,020	110	-	10,130
	<u>\$ 378,132</u>	<u>\$ (30,719)</u>	<u>\$ (26,114)</u>	<u>\$ 321,299</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
Others	-	6,105	-	6,105
	<u>\$ 265,870</u>	<u>\$ 81,540</u>	<u>\$ -</u>	<u>\$ 347,410</u>

e. Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	<u>\$ 2.70</u>	<u>\$ 3.54</u>
Diluted earnings per share	<u>\$ 2.70</u>	<u>\$ 3.53</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	
	2021	2020
Earnings used in the computation of basic earnings per share	<u>\$ 2,456,628</u>	<u>\$ 3,212,801</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2021	2020
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>968</u>	<u>1,070</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>909,388</u>	<u>909,490</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, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 2,244	\$ 2,244
Mutual funds	944,978	-	-	944,978
Note cash	-	28,239	-	28,239
	<u>\$ 944,978</u>	<u>\$ 28,239</u>	<u>\$ 2,244</u>	<u>\$ 975,461</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 116,321	\$ -	\$ -	\$ 116,321
Unlisted shares	-	-	17,129	17,129
	<u>\$ 116,321</u>	<u>\$ -</u>	<u>\$ 17,129</u>	<u>\$ 133,450</u>

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>

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, 2021

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2021	\$ 1,894	\$ 14,918	\$ 16,812
Recognized in profit or loss (included in other gains and losses)	350	-	350
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	2,211	2,211
Balance at December 31, 2021	<u>\$ 2,244</u>	<u>\$ 17,129</u>	<u>\$ 19,373</u>
Recognized in other gains and losses - unrealized	<u>\$ 350</u>		<u>\$ 350</u>

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>

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	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 975,461	\$ 1,120,707
Financial assets at amortized cost (1)	4,816,137	4,413,896
Financial assets at FVTOCI		
Equity instruments	133,450	98,012
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	838,589	903,801

- 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 30.

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	
	2021	2020	2021	2020
Profit or loss	\$ 29,119 (i)	\$ 26,980 (i)	\$ (1,403) (ii)	\$ 5,874 (ii)
	EUR Impact		AUD Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Profit or loss	\$ (2,259) (iii)	\$ - (iii)	\$ 113 (iv)	\$ 775 (iv)
	CHF Impact			
	For the Year Ended December 31			
	2021	2020		
Profit or loss			\$ 543 (v)	\$ 1,405 (v)

- i. This was mainly attributable to the exposure of outstanding RMB bank deposits, receivables and payables 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 and receivables 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	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 742,732	\$ 434,758
Financial liabilities	140,580	59,038
Cash flow interest rate risk		
Financial assets	879,100	694,200

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, 2021 and 2020 would have increased/decreased by \$8,791 thousand and \$6,942 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, 2021 and 2020 would have increased/decreased by \$9,755 thousand and \$11,207 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, 2021 and 2020 would have increased/decreased by \$1,335 thousand and \$980 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 74% and 79% in total trade receivables as of December 31, 2021 and 2020, was related to the Company's four largest customers.

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, 2021 and 2020, the Company had available unutilized bank loan facilities in the amounts of \$1,977,047 thousand and \$2,032,062 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, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing	\$ 263,595	\$ 525,427	\$ 49,417	\$ 150
Lease liabilities	2,811	5,540	24,933	110,708
Contract liabilities	<u>5,762</u>	<u>11,523</u>	<u>-</u>	<u>-</u>
	<u>\$ 272,168</u>	<u>\$ 542,490</u>	<u>\$ 74,350</u>	<u>\$ 110,858</u>

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	<u>7,147</u>	<u>14,293</u>	<u>-</u>	<u>-</u>
	<u>\$ 308,393</u>	<u>\$ 594,851</u>	<u>\$ 43,244</u>	<u>\$ 38,422</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

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Standard Dairy Products	Subsidiary
Standard Beverage	Subsidiary
Dermalab S.A. ("Dermalab")	Subsidiary
Standard Foods (China) Co., Ltd. ("Chain Standard Foods")	Subsidiary
Standard Foods (Xiamen) Co., Ltd. ("Xiamen Standard Foods")	Subsidiary
Shanghai Le Ben Tuo Health Technology Co., Ltd.	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	
		2021	2020
Sales	Subsidiaries		
	Standard Dairy Products	\$ 1,403,341	\$ 1,442,012
	GeneFerm	24,683	26,058
	Others	<u>105</u>	<u>-</u>
		<u>\$ 1,428,129</u>	<u>\$ 1,468,070</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	
	2021	2020
Subsidiaries		
Standard Dairy Products	\$ 858,375	\$ 900,852
Others	-	1,015
The Company is one of the directors		
GeneFerm	<u>76,368</u>	<u>72,095</u>
	<u>\$ 934,743</u>	<u>\$ 973,692</u>

Purchases from related parties were conducted on normal commercial terms.

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2021	2020
Trade receivables	Subsidiaries		
	Standard Dairy Products	\$ 120,483	\$ 127,574
	The Company is one of the directors		
	GeneFerm	<u>7,290</u>	<u>9,011</u>
		<u>\$ 127,773</u>	<u>\$ 136,585</u>
Other receivables	Subsidiaries		
	Standard Dairy Products	\$ 4,087	\$ 2,761
	Standard Beverage	10,416	20,117
	Dermalab	18,105	46,842
	China Standard Foods	218,403	351,346
	Xiamen Standard Foods	<u>655,209</u>	<u>526,479</u>
		<u>\$ 906,220</u>	<u>\$ 947,545</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized on receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2021	2020
Trade payables	The Company is one of the directors		
	GeneFerm	<u>\$ 19,472</u>	<u>\$ 20,526</u>

The outstanding payables from related parties are unsecured.

f. Loans to related parties

Related Party Category/Name	December 31	
	2021	2020
Standard Beverage	\$ 10,300	\$ 20,000
Dermalab	18,105	46,842
China Standard Foods	217,355	349,184
Xiamen Standard Foods	<u>652,065</u>	<u>523,776</u>
	<u>\$ 897,825</u>	<u>\$ 939,802</u>

Interest expenses

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Standard Beverage	\$ 151	\$ 15
Dermalab	443	-
China Standard Foods	2,126	2,128
Xiamen Standard Foods	<u>4,952</u>	<u>2,669</u>
	<u>\$ 7,672</u>	<u>\$ 4,812</u>

g. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31	
	2021	2020
Subsidiaries		
Standard Beverage		
Amount endorsed	\$ 143,040	\$ 202,400
Amount utilized	-	-

h. Other transactions with related parties

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Royalty revenue	Subsidiaries		
	Standard Dairy Products	<u>\$ 9,032</u>	<u>\$ 9,577</u>
Service revenue	Subsidiaries		
	Standard Beverage	<u>\$ 1,320</u>	<u>\$ 1,320</u>

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 28,036	\$ 38,785
Post-employment benefits	<u>241</u>	<u>326</u>
	<u>\$ 28,277</u>	<u>\$ 39,111</u>

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, 2021 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\$1,812 thousand and JP¥18,567 thousand.
- Unrecognized commitments for acquisition of property, plant and equipment of approximately \$101,532 thousand.
- Unrecognized commitments for acquiring approximately 14,753 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, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,949	27.68 (USD:NTD)	\$ 247,707
EUR	450	31.32 (EUR:NTD)	14,104
RMB	223,285	4.35 (RMB:NTD)	970,640
AUD	187	20.08 (AUD:NTD)	3,754
CHF	600	30.18 (CHF:NTD)	<u>18,105</u>
			<u>\$ 1,254,310</u>
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using the equity method			
USD	\$ 300	27.68 (USD:NTD)	\$ 8,304
RMB	2,097,347	4.35 (RMB:NTD)	<u>9,117,457</u>
			<u>\$ 9,125,761</u>

Financial liabilities

Monetary items			
USD	10,639	27.68 (USD:NTD)	\$ 294,489
EUR	2,854	31.32 (EUR:NTD)	<u>89,390</u>
			<u>\$ 383,879</u>
			(Concluded)

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>
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>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
Foreign Currency	2021		2020	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.01 (USD:NTD)	\$ 8,365	29.55 (USD:NTD)	\$ 962
RMB	4.34 (RMB:NTD)	(6,392)	4.28 (RMB:NTD)	32,372
EUR	33.16 (EUR:NTD)	3,471	33.71 (EUR:NTD)	2,040
AUD	21.06 (AUD:NTD)	449	20.40 (AUD:NTD)	(215)
CHF	30.64 (CHF:NTD)	(3,105)	31.47 (CHF:NTD)	1,675
SGD	20.85 (SGD:NTD)	(16)	21.43 (SGD:NTD)	143
Others		<u>257</u>		<u>152</u>
		<u>\$ 3,029</u>		<u>\$ 37,129</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) Trading in derivative instruments: None.

b. Information on reinvestments (excluding investees in mainland China): (Table 6).

c. 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, 2021
(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	\$ 63,578	\$ 18,105	\$ 18,105	1.000%	b.	\$ -	Need for operation	\$ -	-	\$ -	\$ 6,963,681 (Note 3)	\$ 6,963,681 (Note 3)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	350,984	217,355	217,355	1.000%	b.	-	Need for operation	-	-	-	3,481,840 (Note 4)	6,963,681 (Note 5)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	653,670	652,065	652,065	1.000%	b.	-	Need for operation	-	-	-	3,481,840 (Note 4)	6,963,681 (Note 5)	Note 11
		Standard Beverage Company Limited	Financing receivables - related parties	Y	50,000	50,000	10,300	0.950%	b.	-	Need for operation	-	-	-	6,963,681 (Note 3)	6,963,681 (Note 3)	Note 11
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Y	175,492	173,884	107,543	1.000%	b.	-	Need for operation	-	-	-	1,941,274 (Note 6)	1,941,274 (Note 6)	Note 11
		Shanghai Le Ben Tuo Health Technology Co., Ltd.	Financing receivables - related parties	Y	175,492	173,884	143,646	1.000%	b.	-	Need for operation	-	-	-	1,941,274 (Note 6)	1,941,274 (Note 6)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	526,476	521,652	19,797	1.000%	b.	-	Need for operation	-	-	-	1,941,274 (Note 6)	1,941,274 (Note 6)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	438,730	434,710	431,098	1.000%	b.	-	Need for operation	-	-	-	1,941,274 (Note 6)	1,941,274 (Note 6)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	614,222	608,594	402,585	1.000%	b.	-	Need for operation	-	-	-	1,263,406 (Note 7)	1,263,406 (Note 7)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	460,667	456,446	456,446	1.000%	b.	-	Need for operation	-	-	-	1,263,406 (Note 7)	1,263,406 (Note 7)	Note 11
3	Shanghai Le Ben De Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	10,968	10,868	10,868	1.000%	b.	-	Need for operation	-	-	-	11,884 (Note 8)	11,884 (Note 8)	Note 11
4	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	8,775	8,694	6,686	1.000%	b.	-	Need for operation	-	-	-	189,013 (Note 9)	189,013 (Note 9)	Note 11
5	Shanghai Le Min Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	21,789	21,736	17,693	1.000%	b.	-	Need for operation	-	-	-	118,024 (Note 10)	118,024 (Note 10)	Note 11

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 \$6,963,681 thousand (the net value per financial statements of \$17,409,202 thousand x 40% as of September 30, 2021).

Note 4: The total amount shall not exceed 20% of net value of Standard Foods Corporation, which was calculated to be \$3,481,840 thousand (the net value per financial statements of \$17,409,202 thousand x 20% as of September 30, 2021).

Note 5: The total amount shall not exceed 40% of net value of Standard Foods Corporation, which was calculated to be \$6,963,681 thousand (the net value per financial statements of \$17,409,202 thousand x 40% as of September 30, 2021).

Note 6: The total amount shall not exceed 40% of net value of Standard Investment (China) Co., Ltd., which was calculated to be \$1,941,274 thousand (the net value per financial statements of \$4,853,185 thousand x 40% as of September 30, 2021).

Note 7: The total amount shall not exceed 40% of net value of Shanghai Standard Foods Co., Ltd., which was calculated to be \$1,263,406 thousand (the net value per financial statements of \$3,158,515 thousand x 40% as of September 30, 2021).

Note 8: The total amount shall not exceed 40% of net value of Shanghai Le Ben De Health Technology Co., Ltd., which was calculated to be \$11,884 thousand (the net value per financial statements of \$29,709 thousand x 40% as of September 30, 2021).

Note 9: The total amount shall not exceed 40% of net value of Shanghai Le Ho Industrial Co., Ltd., which was calculated to be \$189,013 thousand (the net value per financial statements of \$472,532 thousand x 40% as of September 30, 2021).

Note 10: The total amount shall not exceed 40% of net value of Shanghai Le Min Industrial Co., Ltd., which was calculated to be \$118,024 thousand (the net value per financial statements of \$295,060 thousand x 40% as of September 30, 2021).

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

(Concluded)

TABLE 2

STANDARD FOODS CORPORATION

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(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.	\$ 13,927,362 (Note 3)	\$ 145,605	\$ 143,040	\$ -	\$ -	0.82%	\$ 17,409,202 (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 \$13,927,362 thousand (the net value per financial statements of \$17,409,202 thousand x 80% as of September 30, 2021).

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 \$17,409,202 thousand (the net value per financial statements of \$17,409,202 thousand x 100% as of September 30, 2021).

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, 2021

(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, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Foods Corporation	<u>Shares</u>	The Company is one of the directors						
	Far Eastern International Commercial Bank Co., Ltd.		Financial assets at fair value through other comprehensive income - current	1,444,013	\$ 15,523	-	\$ 15,523	
	Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - current	48,600	5,662	-	5,662	
	GeneFerm Biotechnology Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	2,145,110	95,136	5.3	95,136	
	Dah Chung Bills Finance Corp.		Financial assets at fair value through other comprehensive income - non-current	1,274,480	17,129	0.3	17,129	
	<u>Mutual funds</u>							
	Mega Diamond Money Market Fund		Financial assets at fair value through profit or loss - current	15,776,977	200,014	-	200,014	
	Jih Sun Money Market Fund		Financial assets at fair value through profit or loss - current	14,031,671	210,294	-	210,294	
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	9,285,458	127,012	-	127,012	
	Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	3,585,869	101,408	-	101,408	
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	4,720,915	60,701	-	60,701	
	FSITC Taiwan Money Market Fund		Financial assets at fair value through profit or loss - current	9,312,631	144,079	-	144,079	
	Cathay Global Aggressive Fund		Financial assets at fair value through profit or loss - current	2,284,844	61,645	-	61,645	
	President Hang Seng TECH Index		Financial assets at fair value through profit or loss - current	5,900,000	39,825	-	39,825	
	<u>Note cash</u>							
	CODEIS Smart Cash Note		Financial assets at fair value through profit or loss - current	10,000	28,239	-	28,239	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	<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	153,320	2,244	7.0	2,244	
	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	-	
	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	-	
Standard Dairy Products Taiwan Limited	<u>Mutual funds</u> Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	1,195,290	33,803	-	33,803	
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	786,819	10,117	-	10,117	
	Cathay Global Aggressive Fund		Financial assets at fair value through profit or loss - current	761,615	20,548	-	20,548	
Charng Hui Ltd.	<u>Shares</u> Standard Foods Corporation	Parent of Charng Hui Ltd.	Financial assets at fair value through other comprehensive income - current	6,669,471	352,815	0.7	352,815	Note
	Formosa Plastics Corporation		Financial assets at fair value through other comprehensive income - current	91,440	9,510	-	9,510	
	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	803,258	28,395	-	28,395	
	Polytronics Technology Corp.	Charng Hui Ltd. is one of the directors	Financial assets at fair value through other comprehensive income - current	1,596,000	199,500	2.0	199,500	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through other comprehensive income - current	90,000	55,350	-	55,350	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	<u>Mutual funds</u> Fuh Hwa Global Strategic Allocation FoF	Charng Hui Ltd. is one of the directors	Financial assets at fair value through profit or loss - current	1,000,000	\$ 13,380	-	\$ 13,380	
	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds-Accu.		Financial assets at fair value through profit or loss - current	1,453,360	18,218	-	18,218	
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	73,768	1,009	-	1,009	
	<u>Shares</u> 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	4,991	-	4,991	
	<u>Mutual funds</u> Fuh Hwa Greater China Mid & Small Cap		Financial assets at fair value through profit or loss - current	225,000	3,258	-	3,258	
	Franklin Templeton SinoAm Global Bd Acc		Financial assets at fair value through profit or loss - current	282,988	3,547	-	3,547	
	<u>Shares</u> InnoComm Mobile Technology Corp.		Financial assets at fair value through other comprehensive income - non-current	3,600,000	393,948	13.4	393,948	
	<u>Shares</u> AsiaVest Liquidation Co.		Financial assets at fair value through other comprehensive income - non-current	200	1,027	0.7	1,027	
Standard Beverage Company Limited	<u>Mutual funds</u> Term Liquidity Fund		Financial assets at fair value through profit or loss - current	33,453	97,863	-	97,863	
Domex Technology Corporation								
Accession Limited								

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, 2021
(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	\$(1,403,341)	11.23	55 days after month end closing (net of receivables and payables)	-	-	\$ 120,483	6.15	Note
			Purchases	858,375	12.79	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	1,403,341	58.65	55 days after month end closing (net of receivables and payables)	-	-	(120,483)	39.49	Note
			Sales	(858,375)	25.34	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	(2,064,727)	72.79	60 days after month-end closing	-	-	577,402	99.76	Note
			Purchases	661,822	22.44	60 days after month-end closing	-	-	(203,137)	87.95	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	2,064,727	14.72	60 days after month-end closing	-	-	(577,402)	13.54	Note
			Sales	(661,822)	4.19	60 days after month-end closing	-	-	203,137	6.47	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(6,665,006)	98.90	60 days after month-end closing	-	-	1,439,345	99.97	Note
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	6,665,006	47.49	60 days after month-end closing	-	-	(1,439,345)	33.75	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Brother company of Standard Foods (China) Co., Ltd.	Purchases	265,648	4.23	60 days after month-end closing	-	-	(230,445)	51.40	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Sales	(265,648)	4.40	60 days after month-end closing	-	-	230,445	11.34	Note
	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	(5,259,295)	87.03	60 days after month-end closing	-	-	1,489,519	73.31	Note
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	5,259,295	37.47	60 days after month-end closing	-	-	(1,489,519)	34.92	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, 2021

(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	11.31	\$ -		\$ 120,483 (Note 1)	\$ -	(Note 2)
			Other receivables		-		4,087 (Note 1)	-	(Note 2)
					<u>\$ 124,570</u>		<u>\$ 124,570</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>\$ 218,403</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>\$ 655,209</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	3.66	\$ -		\$ 577,402 (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
			Other receivables		-		10,605 (Note 1)	-	(Note 2)
	Standard Foods (Xiamen) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.			<u>\$ 990,592</u>		<u>\$ 588,007</u> (Note 1)	<u>\$ -</u>	
			Financing receivables		-		\$ 456,446 (Note 1)	\$ -	(Note 2)
			Other receivables		-		4,615 (Note 1)	-	(Note 2)
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.		4.27	<u>\$ 461,163</u>		<u>\$ 461,061</u> (Note 1)	<u>\$ -</u>	
			Trade receivables		\$ -		\$ 1,439,345 (Note 1)	\$ -	(Note 2)
			Other receivables		-		18,080 (Note 1)	-	(Note 2)
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary		82.18	<u>\$ 1,457,425</u>		<u>\$ 1,457,425</u> (Note 1)	<u>\$ -</u>	
			Trade receivables		\$ -		\$ 6 (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Other receivables		-		22,469 (Note 1)	-	(Note 2)
					<u>\$ 453,606</u>		<u>\$ 22,475</u> (Note 1)	<u>\$ -</u>	
			Trade receivables	63.00	\$ -		\$ 11 (Note 1)	\$ -	(Note 2)
	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Financing receivables		-		- (Note 1)	-	(Note 2)
			Other receivables		-		14,299 (Note 1)	-	(Note 2)
					<u>\$ 34,107</u>		<u>\$ 14,310</u> (Note 1)	<u>\$ -</u>	
	Shanghai Le Ben Tuo Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Trade receivables	5.10	\$ -		\$ 203,137 (Note 1)	\$ -	(Note 2)
			Other receivables		-		4,085 (Note 1)	-	(Note 2)
					<u>\$ 207,222</u>		<u>\$ 207,222</u> (Note 1)	<u>\$ -</u>	
Shanghai Dermalab Corporation	Standard Investment (China) Co., Ltd.'s subsidiary	Standard Investment (China) Co., Ltd.'s subsidiary	Financing receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		-		1,053 (Note 1)	-	(Note 2)
					<u>\$ 144,699</u>		<u>\$ 1,053</u> (Note 1)	<u>\$ -</u>	
Shanghai Dermalab Corporation	Standard Investment (China) Co., Ltd.'s subsidiary	Standard Investment (China) Co., Ltd.'s subsidiary	Financing receivables		\$ -		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		-		820 (Note 1)	-	(Note 2)
					<u>\$ 108,363</u>		<u>\$ 820</u> (Note 1)	<u>\$ -</u>	

(Continued)

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 (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	\$ 1,489,519	3.79	\$ -	\$ 1,278,866 (Note 1)	\$ -	(Note 2)
			Note receivables	311,798	3.79	-	311,798 (Note 1)	-	(Note 2)
			Other receivables	6,561		-	6,561 (Note 1)	-	(Note 2)
				<u>\$ 1,807,878</u>		<u>\$ -</u>	<u>\$ 1,597,225</u> (Note 1)	<u>\$ -</u>	
	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	<u>\$ 230,445</u>	1.28	<u>\$ -</u>	<u>\$ 230,445</u> (Note 1)	<u>\$ -</u>	(Note 2)

Note 1: Amounts received before March 28, 2022.

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

(Concluded)

TABLE 6**STANDARD FOODS CORPORATION**

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	\$ 3,936,267	\$ 3,936,267	123,600,000	100	\$ 3,546,644	\$ (41,944)	\$ (57,202) (Note 1)	Subsidiary (Note 7)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	4,710,865	4,710,865	150,124,815	100	5,538,645	(123,764)	(123,764)	Subsidiary (Note 7)
	Standard Dairy Products Taiwan Limited	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100	1,134,020	492,673	491,772 (Note 2)	Subsidiary (Note 7)
	Charng Hui Ltd.	Taipei, Taiwan	Investment business	230,000	230,000	24,100,000	100	422,385	21,936	5,262 (Note 3)	Subsidiary (Note 7)
	Domex Technology Corporation	Hsinchu, Taiwan	Manufacture and sale of computer peripherals and computer and information products	114,116	114,116	10,374,399	52	425,275	94,719	49,263	Subsidiary (Note 7)
	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	82,390	1,805	1,795 (Note 4)	Subsidiary (Note 7)
	Le Bonta Wellness International Corporation	Taipei, Taiwan	Sale of health foods	-	14,350	Note 5	-	-	(115)	(115)	Subsidiary (Notes 6 and 7)
	Standard Foods, LLC.	U.S.A.	Sale of health foods	9,056	9,056	Note 5	100	8,304	-	-	Subsidiary (Note 7)
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	379,489	335,215	4,050	100	229,420	6,369	-	Indirect subsidiary (Note 7)
Dermalab S.A.	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100	-	-	-	Indirect subsidiary (Note 7)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investment business	4,708,566	4,708,566	150,050,815	100	5,538,394	(123,445)	-	Indirect subsidiary (Note 7)

Note 1: This amount was the share of loss of the investee of \$41,944 thousand minus the unrealized gain on sidestream transactions of \$15,258 thousand.

Note 2: This amount was the share of profit of the investee of \$492,673 thousand minus the unrealized gain on sidestream transactions of \$901 thousand.

Note 3: This amount was the share of profit of the investee of \$21,936 thousand minus the Standard Foods Corporation cash dividends paid of \$16,674 thousand.

Note 4: This amount was the share of profit of the investee of \$1,805 thousand minus the unrealized gain on upstream transactions of \$10 thousand.

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

Note 6: Le Bonta Wellness International Corporation has been liquidated in August, 2021.

Note 7: 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, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	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)	\$ (33,916)	100.0	\$ (33,915) (Note 9)	\$ 3,189,833	\$ -	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)	(97,861)	99.0	(96,882) (Note 9)	4,765,228	-	Note 11
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,714,756	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	43,441	99.0	37,470 (Note 9)	2,111,896	-	Note 11
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetics and international trading	93,989	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	(10,944)	99.0	(10,835) (Note 9)	(2,567)	-	Note 11
Shanghai Le Ben Tuo Health Technology Co., Ltd.	Sale of nutritional foods and international trading	380,418	a. and c. (Note 7)	181,048 (Note 7)	-	-	181,048 (Note 7)	(112,803)	99.5	(112,251) (Note 9)	62,684	-	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)	154	100.0	154 (Note 4)	29,864	-	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)	73,863	99.0	62,038 (Note 9)	1,511,632	-	Note 11
Shanghai Le Ho Industrial Co., Ltd.	Property management	607,717	b. (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	(16,342)	100.0	(16,342) (Note 9)	475,694	-	Note 11
Shanghai Le Min Industrial Co., Ltd.	Property management	378,009	b. (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	(10,055)	100.0	(10,055) (Note 9)	297,052	-	Note 11

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$8,919,525	\$9,656,767	Unlimited amount of investment (Note 10)

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

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

(Continued)

- Note 2: For the investment income (loss) recognized in the current period:
- a. There was no investment income (loss) recognized due to the investment still being in the development stage.
 - b. The investment income (loss) was determined based on the following basis:
 - 1) The financial report was audited and certified by an international accounting firm in cooperation with an ROC accounting firm.
 - 2) The financial statements audited by the CPA of the parent company in Taiwan.
 - 3) Others.
- Note 3: Accession Limited is the investor company in third region.
- Note 4: There was no difference between the beginning balance and the ending balance of the accumulated amount invested from Taiwan for the year ended December 31, 2021; 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 8**STANDARD FOODS CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Mu Te Investment Co., Ltd. Trust Property Account	157,822,400	17.24
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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SCHEDULE 1**STANDARD FOODS CORPORATION****SCHEDULE OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Interest Rate	Amount
Cash on hand			\$ 1,130
Cash in banks			
Checking account deposits			115,146
Demand deposits		0.001%-0.030%	842
Foreign currency demand deposits	Including US\$5,705 thousand @27.68, EUR450 thousand @31.32, AUD187 thousand @20.08, RMB521 thousand @4.35	0.001%-0.030%	<u>178,027</u>
			<u>294,015</u>
Cash equivalents			
Time deposits		0.350%	200,075
Foreign time deposits	Including US\$1,800 thousand @27.68 and RMB14,442 thousand @4.35	0.380%-2.900%	<u>112,604</u>
			<u>312,679</u>
			<u>\$ 607,824</u>

SCHEDULE 2**STANDARD FOODS CORPORATION****SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS****DECEMBER 31, 2021****(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	15,776,976.66	12.68	\$ 200,014	\$ 200,000	12.68	\$ 200,014	\$ 14	
Jih Sun Money Market Fund	14,031,671.03	14.99	210,294	210,000	14.99	210,294	294	
Taishin 1699 Money Market Fund	9,285,458.39	13.68	127,012	127,000	13.68	127,012	12	
	3,585,869.30	28.28	101,408	120,000	28.28	101,408	(18,592)	
	4,720,915.20	12.86	60,701	60,000	12.86	60,701	701	
FSITC Taiwan Money Market Fund	9,312,631.20	15.47	144,079	144,023	15.47	144,079	56	
	2,284,843.90	26.98	61,645	60,000	26.98	61,645	1,645	
	<u>5,900,000.00</u>	6.75	<u>39,825</u>	<u>62,528</u>	6.75	<u>39,825</u>	<u>(22,703)</u>	
	<u>64,898,365.68</u>		<u>944,978</u>	<u>983,551</u>		<u>944,978</u>	<u>(38,573)</u>	
Note cash								
CODEIS Smart Cash Note	<u>10,000.00</u>	102.02	<u>28,239</u>	<u>30,830</u>	102.02	<u>28,239</u>	<u>(2,591)</u>	
	<u>64,908,365.68</u>		<u>\$ 973,217</u>	<u>\$ 1,014,381</u>		<u>\$ 973,217</u>	<u>\$ (41,164)</u>	

SCHEDULE 3**STANDARD FOODS CORPORATION****SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME - CURRENT****DECEMBER 31, 2021****(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	\$ -	116.50	\$ 5,662
Far Eastern International Commercial Bank Co., Ltd.	1,444,013	10.00	<u>14,440</u>	<u>17,114</u>	<u>-</u>	10.75	<u>15,523</u>
			<u>\$ 14,926</u>	<u>\$ 21,177</u>	<u>\$ -</u>		<u>\$ 21,185</u>

SCHEDULE 4

STANDARD FOODS CORPORATION

SCHEDULE OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

DECEMBER 31, 2021

(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 2022, maturity interest	2	4,900	NTD	\$ 9,800	0.80%	\$ 9,800	Floating
Far Eastern International Bank time deposit	Expiry in February 2022, maturity interest	7	4,900	NTD	34,300	0.80%	34,300	Floating
Far Eastern International Bank time deposit	Expiry in March 2022, maturity interest	8	4,900	NTD	39,200	0.76%	39,200	Fixed
Far Eastern International Bank time deposit	Expiry in August 2022, maturity interest	9	4,900	NTD	44,100	0.80%	44,100	Floating
Far Eastern International Bank time deposit	Expiry in October 2022, maturity interest	3	2,900	NTD	8,700	0.80%	8,700	Floating
Far Eastern International Bank time deposit	Expiry in November 2022, maturity interest	9	4,900	NTD	44,100	0.80%	44,100	Floating
Far Eastern International Bank time deposit	Expiry in December 2022, maturity interest	6	4,900	NTD	29,400	0.80%	29,400	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in January 2022, maturity interest	3	49,900	NTD	149,700	0.56%	149,700	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in May 2022, maturity interest	1	40,000	NTD	40,000	0.65%	40,000	Fixed
The Shanghai Commercial & Saving Bank time deposit	Expiry in February 2022, maturity interest	1	40,000	NTD	40,000	0.40%	40,000	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in February 2022, maturity interest	1	20,000	NTD	20,000	0.40%	20,000	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in February 2022, maturity interest	4	49,900	NTD	199,600	0.40%	199,600	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in March 2022, maturity interest	1	49,900	NTD	49,900	0.54%	49,900	Fixed
The Shanghai Commercial & Saving Bank time deposit	Expiry in March 2022, maturity interest	4	49,900	NTD	199,600	0.56%	199,600	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in April 2022, maturity interest	4	49,900	NTD	199,600	0.54%	199,600	Fixed
The Shanghai Commercial & Saving Bank time deposit	Expiry in June 2022, maturity interest	2	49,900	NTD	99,800	0.56%	99,800	Floating
President Securities Corporation time deposit	Expiry in May 2022, maturity interest	1	70,000	NTD	70,000	0.38%	70,000	Fixed
Bank of China foreign time deposit	Expiry in May 2022, maturity interest	1	1,619	RMB	7,040	2.54%	7,040	Fixed (@4.3471)
Bank of China foreign time deposit	Expiry in June 2022, maturity interest	1	5,593	RMB	<u>24,313</u>	2.62%	<u>24,313</u>	Fixed (@4.3471)
					<u>\$ 1,309,153</u>		<u>\$ 1,309,153</u>	

SCHEDULE 5**STANDARD FOODS CORPORATION****SCHEDULE OF TRADE RECEIVABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Unrelated parties	
Company A	\$ 590,613
Company B	341,309
Company C	132,526
Company D	293,774
Others (Note)	<u>471,372</u>
	1,829,594
Less: Allowance for impairment loss	<u>(908)</u>
	<u>\$ 1,828,636</u>
Related party	
Standard Dairy Products Taiwan Limited	\$ 120,483
GeneFerm Biotechnology Co., Ltd.	<u>7,290</u>
	<u>\$ 127,773</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

SCHEDULE 6**STANDARD FOODS CORPORATION****SCHEDULE OF INVENTORIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Merchandise	\$ 214,067	\$ 350,639
Finished goods	881,331	1,546,518
Work in progress	130,125	227,074
Raw materials	422,421	727,088
Packaging materials	<u>42,985</u>	<u>56,693</u>
	<u>\$ 1,690,929</u>	<u>\$ 2,908,012</u>

SCHEDULE 7**STANDARD FOODS CORPORATION**
SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investees	Balance at January 1, 2021		Addition		Deduction		Accumulated Reversal of Impairment Loss	Balance at December 31, 2021		Collateral	Accumulated Impairment	Remark
	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount		Shares/Units	Fair Value			
Paradigm Venture Capital Corporation	180,376	\$ 1,894	-	\$ 621	27,056	\$ 271	\$ -	153,320	\$ 2,244	Nil	\$ -	Note
Authenex, Inc.	2,424,242	-	-	-	-	-	-	2,424,242	-	Nil	-	-
Techgains Pan-Pacific Corporation	500,000	-	-	-	-	-	-	500,000	-	Nil	-	-
U-Teck Environment Corporation, Ltd.	11,200	-	-	-	-	-	-	11,200	-	Nil	-	-
Octamer, Inc. - Series E 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>\$ 1,894</u>		<u>\$ 621</u>		<u>\$ 271</u>	<u>\$ -</u>		<u>\$ 2,244</u>			

Note: The increased due to the changes in the fair value; the decreased due to the capital reduction and cash refund.

STANDARD FOODS CORPORATION

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021		Addition		Deduction		Unrealized Gain (Loss)	Balance at December 31, 2021		Accumulated Impairment	Collateral	Remark
	Shares	Fair Value	Shares	Amount	Shares	Amount		Shares	Fair Value			
Emerging market shares												
GeneFerm Biotechnology Co., Ltd.	2,145,110	\$ 62,423	-	\$ -	-	\$ -	\$ 32,713	2,145,110	\$ 95,136	\$ -	Nil	-
Dah Chung Bills Finance Corp	1,243,213	<u>14,918</u>	31,267	<u>-</u>	-	<u>-</u>	<u>2,211</u>	1,274,480	<u>17,129</u>	<u>-</u>	Nil	Note
		<u>\$ 77,341</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 34,924</u>		<u>\$ 112,265</u>	<u>\$ -</u>		

Note: The increased due to the share dividend.

STANDARD FOODS CORPORATION

**SCHEDULE OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Investees	Balance at January 1, 2021		Addition		Decrease		Balance at December 31, 2021			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	\$ 3,623,593	-	\$ 7,223	-	\$ 84,172	123,600,000	100.00	\$ 3,546,644	29.08	\$ 3,593,954	Nil	Note 1
Standard Dairy Products Taiwan Limited	30,000,000	1,006,590	-	491,772	-	364,342	30,000,000	100.00	1,134,020	38.29	1,148,641	Nil	Note 2
Charng Hui Ltd.	24,100,000	354,881	-	85,878	-	18,374	24,100,000	100.00	422,385	32.17	775,200	Nil	Note 3
DOMEX Technology Corporation	10,374,399	305,990	-	155,595	-	36,310	10,374,399	52.00	425,275	40.93	424,637	Nil	Note 4
Standard Beverage Company Limited	7,907,000	83,597	-	1,897	-	3,104	7,907,000	100.00	82,390	10.42	82,390	Nil	Note 5
Standard Investment (Cayman) Limited	150,124,815	5,685,589	-	-	-	146,944	150,124,815	100.00	5,538,645	36.89	5,538,645	Nil	Note 6
Le Bonta Wellness International Corporation	-	8,958	-	-	-	8,958	-	-	-	-	-	Nil	Notes 7 and 10
Shanghai Le Ben Tuo Health Technology Co., Ltd.	-	90,190	-	-	-	58,022	-	51.00	32,168	-	32,168	Nil	Notes 8 and 10
Standard Foods, LLC.	-	<u>8,544</u>	-	<u>-</u>	-	<u>240</u>	-	100.00	<u>8,304</u>	-	<u>8,304</u>	Nil	Notes 9 and 10
		<u>\$ 11,167,932</u>		<u>\$ 742,365</u>		<u>\$ 720,466</u>			<u>\$ 11,189,831</u>		<u>\$ 11,603,939</u>		

- Note 1: For the year ended December 31, 2021, the increase amount of other comprehensive income accounted for using the equity method was \$7,223 thousand; the decrease amount of investment income accounted for using the equity method was \$57,202 thousand; and the decrease amount of translation adjustment was \$26,970 thousand.
- Note 2: For the year ended December 31, 2021, the increase amount of investment income accounted for using the equity method was \$491,772 thousand; the decrease amount of the cash dividend issued by the investee was \$361,560 thousand; and the decrease amount of other comprehensive income was \$2,782 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 \$85,878 thousand, of which adjustment to the capital surplus was \$16,674 thousand and other comprehensive income was \$63,942 thousand. The investment income accounted for using the equity method was \$5,262 thousand. For the year ended December 31, 2021, the decrease amount of the cash dividend which was issued by the investee was \$18,374 thousand.
- Note 4: For the year ended December 31, 2021, the increase amount of investments amounted to a total of \$155,595 thousand, of which the equity method adopted for the accounting of the investment income was \$49,263 thousand; other comprehensive income was \$106,332 thousand; and the decrease amount of cash dividend which was issued by the investee was \$36,310 thousand.
- Note 5: For the year ended December 31, 2021, the increase amount of investments amounted to \$1,897 thousand, of which the equity method adopted for the accounting of the investment income was \$1,795 thousand; other comprehensive income was \$102 thousand; the decrease amount of cash dividend which was issued by the investee was \$3,104 thousand.
- Note 6: For the year ended December 31, 2021, the decrease amount of investment income accounted for using the equity method was \$123,764 thousand; and the decrease amount of translation adjustment was \$23,180 thousand.
- Note 7: For the year ended December 31, 2021, the decrease amount of investment income accounted for using the equity method was \$115 thousand; and the decrease amount of investment was \$8,843 thousand.
- Note 8: For the year ended December 31, 2021, the decrease amount of investment income accounted for using the equity method was \$57,598 thousand; and the decrease amount of translation adjustment was \$424 thousand.
- Note 9: For the year ended December 31, 2021, the decrease amount of translation adjustment accounted for using the equity method was \$240 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, 2021****(In Thousands of New Taiwan Dollars)**

Item	Land	Buildings	Office Equipment	Transpor- tation Equipment	Amount
<u>Cost</u>					
As originally stated on January 1, 2021	\$ 4,011	\$ 96,664	\$ 550	\$ 6,460	\$ 107,685
Additions	1,134	145,875	-	2,107	149,116
Lease expiration/termination	<u>(1,134)</u>	<u>(94,281)</u>	<u>-</u>	<u>(6,460)</u>	<u>(101,875)</u>
Balance at December 31, 2021	<u>\$ 4,011</u>	<u>\$ 148,258</u>	<u>\$ 550</u>	<u>\$ 2,107</u>	<u>\$ 154,926</u>
<u>Accumulated depreciation</u>					
As originally stated on January 1, 2021	\$ 1,113	\$ 40,062	\$ 105	\$ 3,231	\$ 44,511
Depreciation expenses	1,853	25,870	96	792	28,611
Lease expiration/termination	<u>(1,134)</u>	<u>(54,202)</u>	<u>-</u>	<u>(3,320)</u>	<u>(58,656)</u>
Balance at December 31, 2021	<u>\$ 1,832</u>	<u>\$ 11,730</u>	<u>\$ 201</u>	<u>\$ 703</u>	<u>\$ 14,466</u>

SCHEDULE 11**STANDARD FOODS CORPORATION****SCHEDULE OF TRADE PAYABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Unrelated parties	
Company B	\$ 54,294
Company C	50,451
Company D	49,585
Company E	40,872
Company F	36,574
Others (Note)	<u>501,100</u>
	<u>\$ 732,876</u>
Related party	
GeneFerm Biotechnology Co., Ltd.	<u>\$ 19,472</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, 2021
(In Thousands of New Taiwan Dollars)**

	Lease Term	Discount Rate	Balance at December 31, 2021	Remark
Land	December 1, 2021 - November 30, 2022	1.07%	\$ 1,040	
Buildings	January 1, 2021 - October 31, 2026	1.07%	137,767	
Office equipment	August 1, 2019 - September 16, 2025	1.07%	361	
Transportation equipment	January 1, 2021 - December 31, 2023	1.07%	<u>1,412</u>	
			140,580	
Less: Within 1 year			<u>(31,963)</u>	
Lease liabilities - non-current			<u>\$ 108,617</u>	

SCHEDULE 13**STANDARD FOODS CORPORATION****SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Quantity (Tons)	Amount
Nutritious foods	94,956	\$ 11,514,792
Cooking products	26,058	2,508,673
Others	7,031	<u>410,212</u>
Total sales		14,433,677
Less: Sales returns		(137,332)
Sales allowances		<u>(1,799,478)</u>
Net sales		<u>\$ 12,496,867</u>

STANDARD FOODS CORPORATION
SCHEDULE OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold - finished goods	
Raw materials, beginning of year	\$ 483,207
Add: Raw materials purchased	5,270,383
Gain on physical inventory of raw materials	103
Less: Transferred to other accounts	(7,341)
Sales of raw materials	(115,025)
Raw materials scrapped	(3,014)
Raw materials, end of year	<u>(465,406)</u>
Raw materials consumed	5,162,907
Direct labor	250,597
Manufacturing expenses	<u>967,732</u>
Manufacturing costs	6,381,236
Work in progress, beginning of year	145,137
Less: Work in progress scrapped	(558)
Other use	<u>(10,110)</u>
Cost of finished goods	6,515,705
Work in progress, end of year	(130,125)
Finished goods, beginning of year	724,984
Less: Transferred to other accounts	(72,629)
Profit on physical inventory of finished goods	12
Finished goods scrapped	(1,242)
Cost of goods sold adjustment	(13,185)
Finished goods, end of year	<u>(881,331)</u>
Cost of goods sold - finished goods	<u>6,142,189</u>
Cost of goods sold - merchandise	
Merchandise, beginning of year	481,002
Add: Merchandise purchased	1,423,759
Profit on physical inventory of merchandise	75
Less: Other use	(6,754)
Merchandise scrapped	(2,620)
Cost of goods sold adjustment	(591)
Merchandise, end of year	<u>(214,067)</u>
Cost of goods sold - merchandise	<u>1,680,804</u>
Cost of sales of raw materials	<u>115,025</u>
Gain on physical inventory	<u>(190)</u>
Inventory scrap losses	<u>7,434</u>
	<u>\$ 7,945,262</u>

STANDARD FOODS CORPORATION**SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Amount
Advertising expenses	\$ 780,970	\$ -	\$ -	\$ 780,970
Salaries and pensions	328,857	253,302	37,255	619,414
Freight expenses	118,543	-	-	118,543
Taxes	10,432	110	11	10,553
Professional service fees	-	24,483	31	24,514
Rental	15,207	1,513	27	16,747
Insurance premiums	33,297	17,175	3,571	54,043
Amortization	2,452	3,939	-	6,391
Depreciation	23,188	22,316	12,076	57,580
Traveling expenses	16,347	772	434	17,553
Repair and maintenance expenses	5,019	484	889	6,392
Computer expenses	16,480	48,406	240	65,126
Meal expenses	10,585	3,857	1,076	15,518
Postage and telephone charges	295	2,859	277	3,431
Entertainment expenses	672	10,970	163	11,805
Employee welfare	8,448	2,965	841	12,254
Utilities	5,241	2,398	1,346	8,985
Donations	1,471	12,089	-	13,560
Others	10,294	31,617	27,715	69,626
Cost-sharing sectors	-	(19,854)	-	(19,854)(Note)
	<u>\$ 1,387,798</u>	<u>\$ 419,401</u>	<u>\$ 85,952</u>	<u>\$ 1,893,151</u>

Note: Transferred to manufacturing expenses.

STANDARD FOODS CORPORATION

**SCHEDULE OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

Item	For the Year Ended December 31					
	2021			2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 431,595	\$ 552,610	\$ 984,205	\$ 435,143	\$ 548,351	\$ 983,494
Labor and health insurance	42,582	46,050	88,632	39,624	40,193	79,817
Pension	28,650	31,555	60,205	17,029	23,287	40,316
Remuneration of directors	-	16,716	16,716	-	21,965	21,965
Others	<u>31,270</u>	<u>34,146</u>	<u>65,416</u>	<u>31,435</u>	<u>31,789</u>	<u>63,224</u>
	<u>\$ 534,097</u>	<u>\$ 681,077</u>	<u>\$ 1,215,174</u>	<u>\$ 523,231</u>	<u>\$ 665,585</u>	<u>\$ 1,188,816</u>
Depreciation	<u>\$ 169,049</u>	<u>\$ 57,580</u>	<u>\$ 226,629</u>	<u>\$ 173,659</u>	<u>\$ 52,322</u>	<u>\$ 225,981</u>
Amortization	<u>\$ 8,987</u>	<u>\$ 6,391</u>	<u>\$ 15,378</u>	<u>\$ 4,127</u>	<u>\$ 3,978</u>	<u>\$ 8,105</u>

Note 1: As of December 31, 2021 and 2020, the Company had 1,008 and 996 employees, respectively, of which 5 directors were not concurrently appointed as employees.

Note 2: The average employee benefit expense for 2021 is \$1,195 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 2020 is \$1,177 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 2021 is \$981 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 2020 is \$992 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 -1.11%. (“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 2021 is \$0.

Note 8: The supervisors salary expense for 2020 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, 2020	December 31, 2021	Difference	
			Amount	%
Current assets	21,125,786	20,451,335	(674,451)	-3.19
Property, plant and equipment	4,201,645	4,333,681	132,036	3.14
Intangible assets	106,208	102,981	(3,227)	-3.04
Other assets	2,390,223	3,401,143	1,010,920	42.29
Total asset value	27,823,862	28,289,140	465,278	1.67
Current liabilities	8,955,895	8,984,180	28,285	0.32
Non-current liabilities	852,340	827,743	(24,597)	-2.89
Total liabilities	9,808,235	9,811,923	3,688	0.04
Equity attributable to owners of parent company	17,684,488	18,037,190	352,702	1.99
Share capital	9,150,897	9,150,897	-	-
Capital surplus	127,392	144,066	16,674	13.09
Retained earnings	8,782,873	8,953,485	170,612	1.94
Other equity	(355,492)	(190,076)	165,416	-46.53
Treasury stock	(21,182)	(21,182)	-	-
Non-controlling Interests	331,139	440,027	108,888	32.88
Total equity	18,015,627	18,477,217	461,590	2.56
Description:				
(I) The increase in “other assets” in 2021 was a result of an increase in financial assets measured at fair value through other comprehensive income – non-current and financial assets measured at amortized cost – non-current.				
(II) The increase in “other equity” in 2021 was a result of an increase in the exchange rate of RMB against the Taiwan dollar, resulting in an increase in the translation differences in the financial statements of foreign operating companies compared to the same period last year.				
(III) The increase in “non-controlling equity” in 2021 was a result of an increase in unrealized gain on financial assets measured at fair value through other comprehensive income compared to the same period last year.				

II. Financial Performance

(I) Comparative Analysis of Operational Performance

Unit: NT\$ thousand

Item \ Year	2020	2021	Increase (decrease) in amounts	Increase (Decrease)
Operating revenue	34,466,244	34,307,044	(159,200)	-0.46
Gross profit	9,609,454	8,231,860	(1,377,594)	-14.34
Operating profit (loss)	4,044,179	2,981,585	(1,062,594)	-26.27
Non-operating revenue and expenses	244,532	171,429	(73,103)	-29.90
Profit before income tax	4,288,711	3,153,014	(1,135,697)	-26.48
Income tax expenses	1,032,881	651,908	(380,973)	-36.88
Net income from continuing operations	3,255,830	2,501,106	(754,724)	-23.18
Loss from discontinued operations	-	-	-	-
Profit for the period	3,255,830	2,501,106	(754,724)	-23.18
Other comprehensive income for the period (after tax)	240,351	265,038	24,687	10.27
Total comprehensive income for the period	3,496,181	2,766,144	(730,037)	-20.88
Analysis of the proportion of increase and decrease:				
(I) The decrease in “income tax expense” in 2021 was mainly due to a decrease of NTD396 million income tax expense calculated based on the statutory tax rate on profit before tax for the year.				

(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
4,332,018	3,809,059	4,393,008	3,748,069	N/A	N/A

1. Operating Activities: The net cash inflow in the current period was NT\$3,809,059 thousand, mainly due to operating profit.
2. Investment Activities: The net cash outflow in the current period was NT\$1,667,233 thousand, mainly due to an increase in amortised cost of a financial asset.
3. Financing Activities: The net cash outflow in the current period is NT\$2,713,991 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: None.

2. Liquidity analysis for the most recent two years:

Item	Year		Percentage of increase (decrease) (2)-(1)/(1)
	FY 2020 (1)	FY 2021(2)	
Cash flow ratio	27.13	42.40	56.28%
Cash flow adequacy ratio (%)	97.00	107.39	10.71%
Cash reinvestment ratio (%)	-	6.96	
Analysis of the proportion of increase and decrease:			
(I) Cash flow ratio: The increase in cash flow ratio in 2021 was mainly due to a decrease in inventories and financial assets mandatorily measured at fair value through profit or loss, resulting in an increase in net cash inflow from operating activities.			
(II) Cash reinvestment ratio: The increase in cash reinvestment ratio in 2021 was due to an increase in net cash flow from operating activities.			

(III) Cash Liquidity Analysis for the Following Year

Unit: NT\$ thousand

Cash balance at the beginning of 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
3,748,069	3,447,960	3,580,120	3,615,909	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		
				2021	2022	2023
Purchase of machinery, transportation and office equipment as well as computer software, renovation of houses and buildings, and land use rights (improvement)	Own funds	2022	718,504	326,752	365,591	26,161

- (II) Expected possible benefits:** Production lines will be increased, plant expanded and software for digital transformation installed to increase operational efficiency.

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 2021	Policy	Main reasons for profit or loss	Improvement plan	Investment plan for the following year
Shanghai Standard Foods Co., Ltd	(33,916)	It mainly operates the sales business of Standard Foods in China and the manufacturing base of edible oils.	Raw material costs have skyrocketed and the increase in costs are unable to be fully reflected in the final sales price.	Cooperate with the development of the Group to carry out resource integration.	At present, there is no definite investment plan.
Standard Dairy Products Taiwan Ltd.	492,673	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.	(97,861)	The main plan is Standard Foods Group's investment and sales center in China to expand domestic demand in mainland China and create profits.	Raw material costs have skyrocketed and the increase in costs are unable to be fully reflected in the final sales price.	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.	43,441	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.	73,863	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.	6,369	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:** In 2021, the Federal Reserve's Tapering Plan suggested that the FED's monetary policy had a change of attitude. The interest rates for U.S. bonds rose as FED was expected to raise interest rates in 2022 at the latest. The Group's interest rate risks primarily come from bank borrowings. In 2021, the ratio of interest expenses of bank borrowings to profit before tax was approximately 1.22%, which was within the control range. Therefore, interest rate changes on the Group's profit or loss was not significant. Looking ahead in 2022, we will continue to keep a close eye on global economic trends and interest rate changes, and reduce interest rate risks through adjusting asset and liability positions.
- (2) **Exchange rate:** In view of the pressure risen from inflation, the expected rise in U.S. interest rates has become a key factor for the U.S. In 2021, the Federal Reserve indicated that the timetable for the tapering should be accelerated in December and end bond purchases by March 2022, boosting the strong rebound of the U.S. dollar index. As many of our raw materials are imported, changes in exchange rates are bound to have an impact on profitability, coupled with the fact that there are many factors that could affect the changes in the foreign exchange market. For this, not only have we formulated clear strategy for foreign exchange hedges and strict risk control process, but we also keep a close eye on exchange rate changes and international financing situation at all times. As well as this, we adjust our operational strategy for foreign exchanges in a timely manner to reduce the risk of exchange rate fluctuations.
- (3) **Inflation:** Increasing global raw material prices in 2021 have led concerns for inflation, resulting in long-term inflation and slowdown of global economic recovery. On the subject of international raw material price fluctuations, we maintain a good interactive relationship with our suppliers, channels and customers through grasping global market changes and market prices of products at all times. At the same time, we will make adjustments on procurement, marketing and cost control strategies on rolling basis. As well as this, we aim to enhance the added value of our products through innovation and product differentiation in order to increase flexibility. In doing so, we will be able to cope with market changes, reducing the impact brought about by inflation.

(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 2021 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 2021 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 2021 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 2022 is NT\$140 million. We will invest in the development of new products, product nutritional upgrades and increased product functionality, new form of packaging and innovative technology development.

(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 and health safety while ensuring consumer rights, the government has improved the food safety management system over the years through revision of laws. Standard Foods will keep on monitoring domestic and international important policies and make adjustments to countermeasures on a rolling basis. As well as this, we will continue to be committed to our principle of “quality and safety” and strictly control food safety processes and implement supply chain management, as food safety and health of consumers is our priority.

(V) Impact of Changes in Technology and Industry on Corporate Finance and Business, and Countermeasures:

The Company is keen on realizing business model optimization with the application of new smart technology, workflow simplification, and improvement of customer services. This year, the Company proactively introduced new technology applications to achieve digital transformation namely: hybrid cloud applications, SaaS BI tools for business data analysis and trend predictions, automated integration of workflow and ERP system, and public opinion monitoring system for real-time response food safety and regulatory issues.

With respect to IT infrastructure and information security, we have introduced Microsoft O365 cloud office solution and SD WAN to replace dedicated lines and achieve high availability and reduce operating costs. As well as these, we also introduced next-generation integrated endpoint protection detection and anti-virus, AI cloud information security monitoring. An information security inspection is performed on a periodic basis.

While introducing new technology to fully improve corporate competitiveness, efficiency and performance of the Company, we will at the same time optimize the Company's IT infrastructure and improve information security protection. By making this effort, we hope to reduce potential risks and information security hazards.

(VI) Impact of Changes in Corporate Image on Corporate Risk Management, and Countermeasures:

No major negative events were affecting the corporate image in 2021. As a leading brand in the food industry, we are committed to exerting our corporate influence and fulfilling social responsibility. Through our power as an enterprise, we hope more people will emphasize the importance of nutrition and health. By connecting people, we hope to fill society with love and warmth.

We adhere to the belief of doing what we can to give back to society. Based on this, we plan a variety of care projects, such as Nutrition Project for Children, Nutrition Care Project during COVID-19, and Nutrition Project for the Elderly. By carrying on with our care projects, we hope to become an exemplary enterprise that gives back to society. In the future, the employee activity planning for corporate sustainability will begin from the workplace. By taking this approach, all employees of Standard Foods can partake in environmental protection, allowing sustainability to become a part of their work and life,

protect the earth with actions, and create environmental sustainability for the next generation.

(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:

At Standard Foods, we will continue to carry out replacement of existing product line equipment so as to enhance production capacity and quality. To reduce the use of manpower, we are planning for automation for the piecework line in the plant; to increase the standing pouch production line in the plant, we have established automation PE milk production and yogurt production line to increase production capacity and stabilize product quality; we have acquired land prepared for automated production base; the subsidiary Standard Investment (China) Co., Ltd. will expand its oil tank storage area in Taicang High Technology Development Zone to increase production capacity.

(IX) Risks Resulting from Concentrated Purchasing or Sales Operations and Countermeasures:

Standard Foods' main purchase company in 2021 was Company A, accounting for 20.2% 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 12.8% 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.

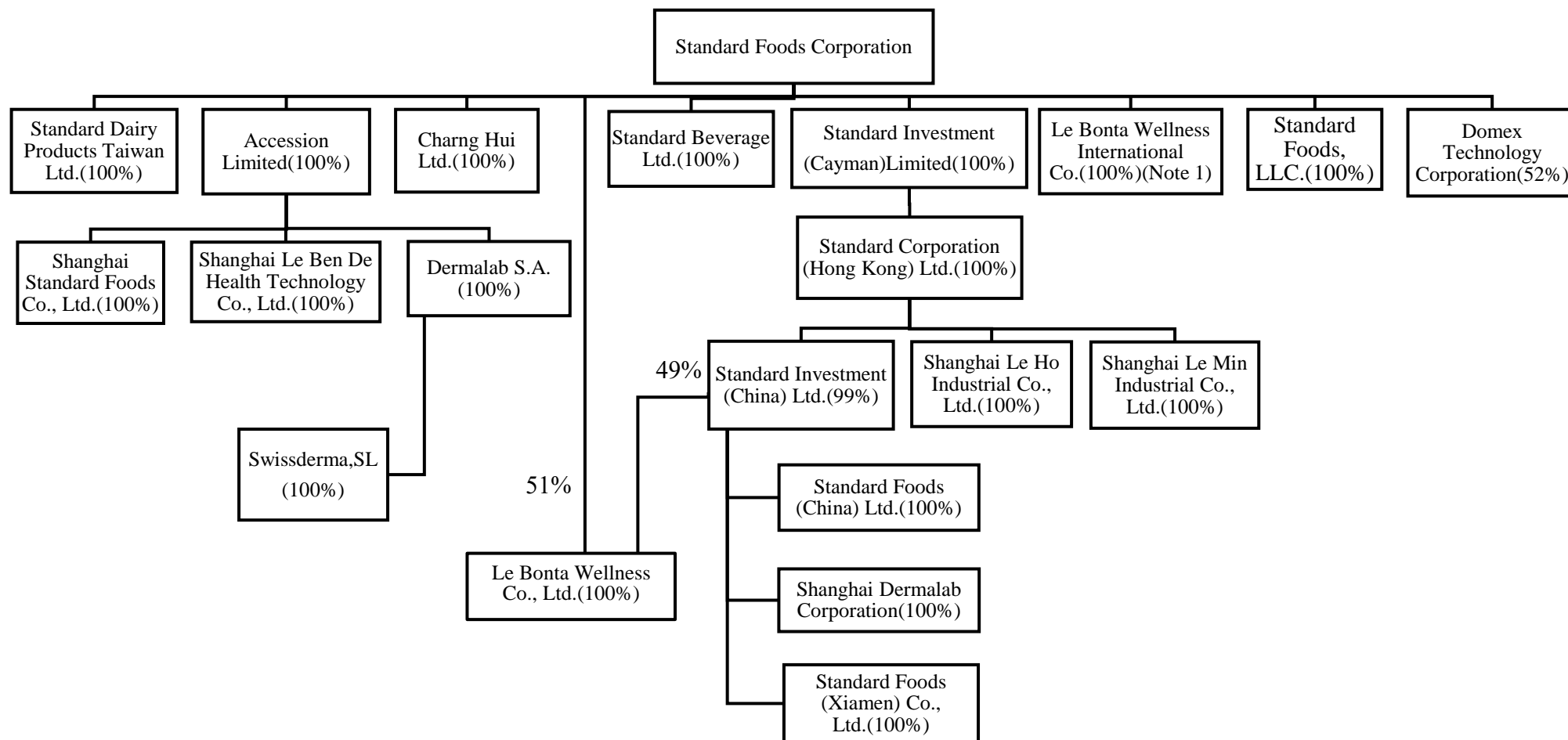
Chapter 8. Special Disclosure

I. Information on Affiliates

(I) The Consolidated Operating Report

(1) Consolidated Operating Report for Affiliated Enterprises in 2020

(1) Organizational chart of affiliates



Note 1: The liquidation of Le Bonta Wellness International Corporation was completed in August 2021.

(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	10F., No. 610, Ruiguang Rd., Neihu Dist., Taipei	300,000	Manufacturing and sale of dairy products and beverages
Standard Beverage Ltd.	1998.03.24	12F., No. 610, Ruiguang Rd., Neihu Dist., Taipei	79,070	Manufacturing and sale of beverages
Charng Hui Ltd.	1997.04.28	12F., No. 610, Ruiguang Rd., Neihu Dist., Taipei	241,000	Investments
Le Bonta Wellness International Co. (Note 1)	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 150,225 thousand	Investments
Standard Corporation (Hong Kong) Ltd.	2011.08.30	Rm 1004, AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	USD 150,099 thousand	Investments
Dermalab S.A.	1989.10.31	Seestrasse 59,8703 Erlenbach, Switzerland	CHF 4,050 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 728, 7F, No. 180 Hua Shen 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 80,100 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

Note 1: The liquidation of Le Bonta Wellness International Corporation was completed in August 2021.

(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% -
Chang Hui Ltd.	Director	Standard Foods Corporation Representative: Ter-Fung Tsao	24,100,000 shares -	100.00% -
Le Bonta Wellness International Co. (Note 1)	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 150,224,815 shares	- 100.00%
Standard Foods, LLC.	Director	Standard Foods Corporation Representative: Yao Steven Yih Chun	Investment amount: USD 300 thousand	100.00% -

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
Standard Corporation (Hong Kong) Ltd.	Director	Ter-Fung Tsao	- Standard Investment(Cayman) Limited holds 150,098,815 shares	- 100.00%
Dermalab S.A.	Director	Arthur Tsao	-	-
	Director	Yao Steven Yih Chun	-	-
	Director	Chiang-Hsiang Ying	-	-
	Director	Olgiati, Lorenzo	- Accession Limited holds 4,050 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	-	-

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
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 58,000 thousand	100.00%
	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Shanghai Dermalab Corporation	Chairman	Arthur Tsao	-	-
	Director	Mao Yuan-Cheng	-	-
	Director	Yen Ching-Lin	-	-
			Standard Investment (China) Ltd. Capital contribution: RMB 20,500 thousand	100.00%
	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Le Bonta Wellness Co., Ltd.	Chairman	Jason Hsuan	-	-
	Vice Chairman	Arthur Tsao	-	-
	Director	Lin, Chih-Hung	-	-
	Director	Mao Yuan-Cheng	-	-
			Standard Foods Corporation Capital contribution: RMB 40,900 thousand Standard Investment (China) Ltd. Capital contribution: RMB 39,200 thousand	51.00% 49.00%
	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
Shanghai Le Ben De Health Technology Co., Ltd.	Chairman	Arthur Tsao	-	-
	Director	Mao Yuan-Cheng	-	-
	Director	Yu Kuang-Yao	-	-
			Accession Limited Capital contribution: USD 1,000 thousand	100.00%
	Supervisor	Tang Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
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	-	-

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
Shanghai Le Min Industrial Co., Ltd.	Chairman Director Director	Arthur Tsao	-	-
		Mao Yuan-Cheng	-	-
		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	-	-

Note 1 : The liquidation of Le Bonta Wellness International Corporation was completed in August 2021.

(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	1,876,317	727,676	1,148,641	3,387,464	565,271	492,673	16.42
Standard Beverage Ltd.	79,070	243,390	161,000	82,390	-	(3,582)	1,805	0.23
Charng Hui Ltd.	241,000	775,540	340	775,200	-	(5,237)	21,936	0.91
Domex Technology Corporation	199,471	2,277,120	1,460,510	816,610	3,936,091	117,600	94,719	4.75
Le Bonta Wellness International Co. (Note 2)	-	-	-	-	-	(39)	(115)	(Note 1)
Accession Limited	3,979,085	3,595,470	1,516	3,593,954	-	(7,302)	(41,944)	(0.34)
Shanghai Standard Foods Co., Ltd	3,949,575	3,595,116	398,625	3,196,491	2,836,536	(144,603)	(33,916)	(Note 1)
Shanghai Le Ben De Health Technology Co., Ltd.	31,220	29,943	79	29,864	489	(341)	154	(Note 1)
Dermalab S.A.	125,925	249,041	66,852	182,189	206,521	7,266	6,369	1,572.71
Standard investment (Cayman) Limited	4,710,865	5,538,690	45	5,538,645	-	(311)	(123,764)	(0.82)
Standard Corporation (Hong Kong) Ltd.	4,708,566	5,538,513	119	5,538,394	-	(152)	(123,445)	(0.82)
Standard Investment (China) Ltd.	3,755,530	11,826,815	7,013,453	4,813,362	15,776,865	(273,680)	(97,861)	(Note 1)
Standard Foods (China) Ltd.	1,714,756	3,370,096	1,211,866	2,158,230	6,739,377	42,126	43,441	(Note 1)
Shanghai Dermalab Corporation	93,989	178,623	181,216	(2,593)	178,493	(9,902)	(10,944)	(Note 1)
Le Bonta Wellness Co., Ltd.	380,418	262,469	199,470	62,999	21,707	(110,833)	(112,803)	(Note 1)
Standard Foods (Xiamen) Co., Ltd.	1,307,582	3,980,685	2,425,816	1,554,869	6,043,249	102,550	73,863	(Note 1)
Shanghai Le Ho Industrial Co., Ltd.	607,717	477,756	2,062	475,694	-	(2,416)	(16,342)	(Note 1)
Shanghai Le Min Industrial Co., Ltd.	378,009	298,324	1,272	297,052	-	(1,511)	(10,055)	(Note 1)
Standard Foods, LLC.	9,056	8,304	-	8,304	-	-	-	(Note 1)

Note 1: This is a limited company with no issued shares.

Note 2: The liquidation of Le Bonta Wellness International Corporation was completed in August 2021.

(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 2021, please refer to pages 111-189 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: Republic of China (CPA) 1 person.

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:None.



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