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Standard Foods Corporation

2022

Annual Report

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Standard Foods Corporation

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GDR Trading Market:

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Chapter 1. Letter to Shareholders

Dear Shareholders, ladies and gentlemen,

In 2022, in response to the gradual post-pandemic reopening and merger of retail channels, the unified efforts of all staff members were mobilized to introduce diverse range of innovative products that are nutritious, healthy, and convenient, as a way to express gratitude for the long-term support of the people towards the company. However, the Russo-Ukrainian conflict, coupled with climate disasters, led to a scarcity of agricultural supplies, a surge in prices of key raw materials, and logistical disruptions within the supply chain. Consequently, Standard Foods Group's edible oil business faced a significant impact, affecting overall revenue and profitability performance.

Under the firm belief of "Eating balanced is the key to staying healthy", Standard Foods upholds stringent standards for food safety. Leveraging a diverse array of sales channels, both online and offline, we offer high-quality products that tailored to the nutritional needs of individuals of all ages throughout the day, catering to the entire family's well-being. In pursuit of sustainable development, Standard Foods continuously enhances environmental protection, social responsibility, and corporate governance, driven by dedication, innovation, and compassion. This commitment aims to strengthen stakeholder satisfaction and trust, positioning Standard Foods as the most reliable food company.

Looking ahead to 2023, Standard Foods China are poised for accelerated expansion following the stabilization of crude edible oil supply. However, amid the challenges posed by global inflation, geopolitical tensions, and climate change on the supply chain, Standard Foods remains steadfast in its mission to be the "the whole family's nutritious and healthy partner". The company is dedicated to new product development and product upgrades, offering consumers reassurance, convenience, and balanced nutrition through high-quality products, safeguarding the health of each individual. With the collective efforts of all, we anticipate jointly forging a brighter future and experiencing a soaring performance.

The shareholders' trust and support in the management team are highly appreciated.

We hereby outline 2022 consolidated operating results and 2023 business plan as follows:

I. Consolidated operating results of 2022

1. Overview of consolidated operating revenue and profits

Unit: NT\$1,000

Item	2022	%	2021	%	+/- %
Operating revenue	28,922,800	100	34,307,044	100	-15.7
Operating costs	22,564,224	78	26,075,184	76	-13.5
Gross profit	6,358,576	22	8,231,860	24	-22.8
Operating income	1,442,855	5	2,981,585	9	-51.6
Profit before income tax	1,611,079	5	3,153,014	9	-48.9
Net profit for the year	1,244,108	4	2,501,106	7	-50.3
Total comprehensive income	1,135,782	4	2,766,144	8	-58.9

Standard Food's 2022 consolidated operating revenue is NT\$28.923 billion, which is a year-over-year decline of 15.7%. This decrease can be attributed to the constrained supply of various oil products caused by the Russo-Ukrainian conflict, which adversely impacted the performance of the edible oil segment. Additionally, the company faced the challenges of rising costs for raw materials both domestically and internationally. As a result, the comprehensive income in 2022 is NT\$1.136 billion, which is a year-over-year decline of 58.9% with a decrease of NT\$1.630 billion. Among the comprehensive income, the portion attributable to the company's owners totaled NT\$1.200 billion, a year-over-year decline of 54.3% with a decrease of NT\$1.424 billion.

2. Research and development

Committed to the pursuit of optimal nutrition and health, Standard Foods endeavors to provide consumers with the highest quality, finest flavor and safest premium products. The company invested NT\$171 million in research and development in 2022. Anchored in scientific principles, our team leverages innovative technologies to drive new product development, conduct clinical experiments, and enhance existing manufacturing processes and formulations. Additionally, we dedicate efforts to research lightweight and environmentally friendly packaging materials, offering more effective and convenient products for the entire family while gradually fulfilling our commitment to environmental protection.

II. Summary of 2023 Business Plan and Future Development Strategies

1. Business directions

- (1) To deepen the brand construction and respond to the increasing public emphasis on dietary supplementation for balanced nutrition, Standard Foods is poised to stay ahead of market trends. By harnessing cutting-edge innovative technologies, the company is committed to developing a diverse range of nutritionally-rich food and health products that are more professional, convenient, and tailored to a younger audience. This approach caters to the varying needs of individuals and families. Additionally, we prioritize sustainable development to enhance our brand value and competitiveness.
- (2) To enhance supply chain management resilience and transparency, Standard Foods is strengthening quality control, cost management, and operational agility to mitigate unforeseen risk impacts. Adhering to the highest standards of minimal burden and no additives or preservatives, we ensure that the products delivered to consumers are of the best quality, best flavor and highest safety, and every bite is safe.
- (3) To strategically aligned with the evolving demands of corporate growth, Standard Foods has adopted a comprehensive talent development program that emphasizes the cultivation of cross-disciplinary expertise and the preservation of cultural heritage. This initiative aims to foster a resilient and diverse pool of talents over the long term. Furthermore, by leveraging internal organizational revitalization, we enhance operational agility and flexibility, thereby facilitating the overall efficiency and adaptability within the organization.

2. Expected sales volume and important production and sales policies

The combined sales volume in 2023 is expected to be 441,815 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 strategy and objectives, a series of research and development efforts, capital investments, and operational process optimizations are being implemented to ensure a stable and efficient production of high-quality dietary products that cater to the needs of the entire family.
- Fortifying the management of upstream and downstream supply chains, meticulously selecting diverse suppliers and distribution partners and establishing trust-based and close collaborative relationships. Adhering to the highest standards of food safety, implementing traceability management and quality policies to maximize overall supply chain efficiency.
- Upholding the responsibility for trustworthy quality, stringent oversight is maintained across all production processes. In addition to meeting various quality standards and environmental sustainability requirements, a commitment to producing safe, effective, and convenient fine-quality products is upheld through stringent standards and specifications.

(2) Sales

- To embody the belief that “everyone has the right to nutritious and healthy product” we keenly observe market trends and listen to consumer needs. Infusing natural nutrition into every product, we continuously expanding our range to include health supplements tailored to specific needs and comprehensive, well-balanced nutritional supplements. This commitment allows us to meet the diverse requirements of different consumer segments and become “every family's nutrition and health partner” for many people.
- In light of the gradually stabilizing crude oil supply, Standard Foods China aims to expedite efforts to strengthen its presence in untapped markets through the expansion of sales outlets and the development of new channels. Meanwhile, we will develop delicious and healthy seasoning products to expand our range of kitchen peripheral products.
- By leveraging digital transformation and data analytics management, Standard Foods is strategically attuned to market dynamics and consumer insights. Through innovative and agile marketing strategies, coupled with close collaboration with channel partners, we aim to strengthen brand synergy, enhance product visibility, penetration, and market share.
- Through the interactive platforms of the Standard Foods official website, the Health GO e-commerce site, and social media channels, direct communication with consumers is facilitated, providing product-related information and recommendations. This seamless shopping experience offers consumers a convenient one-stop solution for their purchasing needs.

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

1. External competitive environment

In the face of an ever-changing market environment characterized by intense competition from international and emerging brands, evolving consumer behaviors, and channel merge effects, Standard Foods, as a market-leading brand, continuously grasps consumer behaviors, trends, and channel dynamics to stay ahead by leveraging its competitive advantage through a diverse product portfolio. The company adheres to high specifications and standards in the production of our diverse range of products, ensuring rigorous quality control. Through professional expertise and innovative scientific research and technology, we provide consumers with nutritionally balanced food products that offer the assurance of “Every bite is Safe”.

2. Regulatory environment

Standard Foods, with the mission of becoming the "Every family's nutrition and health partner," adheres to government regulations on food safety and uphold strict quality control measures to ensure consumer "Food Safety. We recognize the importance of environmental sustainability and, in addition to complying with regulations and disclosing climate-related information, we proactively promote energy conservation and carbon reduction management, water resource recycling, the use of eco-friendly materials, and reduction of packaging material consumption in our daily operations. We strategically aim to minimize the environmental impact of our production processes.

3. Overall business environment

Influenced by global geopolitical and economic conditions and climate policies aimed at achieving net-zero emissions targets, supply chains are poised to face increasingly challenging circumstances, intensifying pressures on bulk commodities, raw material supplies, and costs. Looking ahead, under the premise of sustainable operations, Standard Foods aims to enhance its impact on the environment and society while also ensuring

financial profitability and good corporate governance. Through digital technology transformation, the company seeks to improve operational efficiency, organizational agility, and supply chain resilience. By gaining insights into consumer trends and demands, we will introduce a diverse range of high-quality products and align ourselves with international standards, contributing to the internationalization of Taiwanese brands and catering to the balanced nutritional needs of families worldwide.

We aspire to accompany every individual in “a lifetime of well-being!”.

Chairman: Ter-Fung Tsao

President: Arthur Tsao

Accounting Manager: Thomas Huang

Chapter 2. Company Profile

I. Date of Incorporation: June 6, 1986

II. 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.

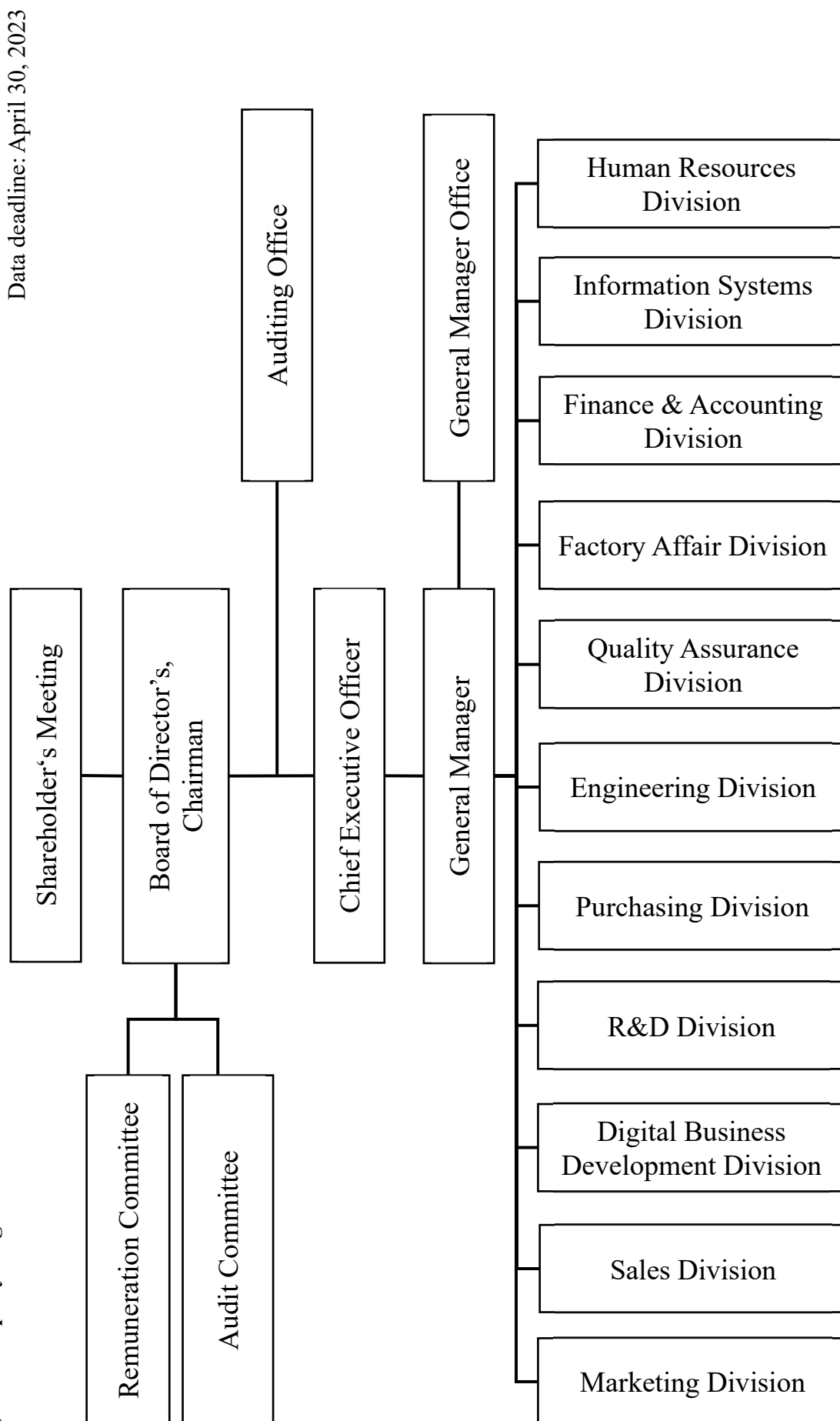
- 2015 • Transferred capital surplus at NT\$720,633,770 to capital to increase paid-in capital to NT\$7,926,971,510.
- Increased capital to US\$22,899,457 to Standard Investment (Cayman) Limited to increase paid-in capital to US\$89,295,753. Standard Investment (Cayman) Limited then reinvested in Standard 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 capital 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.
 - The liquidation of Le Bonta Wellness International Corporation was completed in August.
- 2022
- The overseas depositary receipts were terminated on the Luxembourg Stock Exchange on December 30, 2021. The outstanding balance of the depositary receipts was zero as of January 15, 2023.
 - Increased capital US\$100,000 to Standard Investment (Cayman) Limited. Standard Investment (Cayman) Limited reinvested in Standard Corporation (Hong Kong) Ltd.US\$48,000, which made the paid-in capital amounting to US\$ 150,224,815 and US\$ 150,098,815 respectively.
 - Standard Investment (China) Co., Ltd. distributed profits of RMB99,000 thousand to Standard Corporation (Hong Kong) Ltd., which in turn established Shanghai New Vitality Health Technology (Group) Co., Ltd. on July 25. On August 31, Shanghai New Vitality Health Technology (Group) Co., Ltd. acquired the equity of Le Bonta Wellness Co., Ltd., Shanghai Dermalab Corporation, and Shanghai Le Ben De Health Technology Co., Ltd.
 - The Company invested in and established Standard Great Foods Singapore PTE. LTD., with 100% shareholding.

Chapter 3. Corporate Governance Report

I. Organization System

(1) Company Organizational Structure



(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 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.
Marketing Division	Plan and develop the Company's future products, according to the Company's strategy and 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.
Digital Business Development Division	Responsible for integrating digital marketing resources, strengthening the e-commerce platform and the operation of the self-owned flagship store.
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.
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.
Quality Assurance Division	Responsible for production system management and control, inspection and analysis, quality system management and control, 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.
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 planning, managing, and maintaining information systems and network security.
Human Resources Division	Responsible for HR management and development.

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, 2023

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	
Chairman	R.O.C.	Mu Te Investment Co., Ltd. Representative: Ter-Fung Tsao	Male Over 71			1986.06.06					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 CEO 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 of Mu Te Investment Co., Ltd. Director of Chia Yun Investment Co., Ltd. Director of Chia Chieh Investment Co., Ltd. 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 Chairman of Shanghai New Vitality Health Technology (Group) Co., Ltd.		Wendy Tsao	Sibling	None
Directors	R.O.C.	Mu Te Investment Co., Ltd. Representative: Jason Hsuan	Male Over 71		2022.06.16	2016.06.15	22,650,057	2.48			0	0	0	0	Ph.D. in Systems Engineering, College of Science and Engineering of New York University		None	None	None	None
Directors	R.O.C.	Mu Te Investment Co., Ltd. Representative: Wendy Tsao	Female Over 71			2016.06.15					0	0	0	0	Soochow University	Chairman of Green Wall Enterprise Co., Ltd. Chairman of Crosslink Semiconductor, Inc. Chairman of SPARKLE Inc.	Chairman	Tue-Fung Tsao	Sibling	None

Unit: per share; NT\$1,000

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	
Directors	R.O.C.	Chang Hui Ltd. Representative: Arthur Tsao	Male 41-50	2022.06.16	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 Botta 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. Director of Shanghai New Vitality Health Technology (Group) Co., Ltd.	Chairman	Ter-Fung Tsao	Father	None
Independent Director	R.O.C.	Ben Chang	Male Over 71	2022.06.16	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	None	None	None	None
Independent Director	R.O.C.	George Chou	Male 61-70	2022.06.16	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.	None	None	None	None
Independent Director	R.O.C.	Daniel Chiang	Male 61-70	2022.06.16	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 Shna.com	Chairman of Purestone Capital Group	None	None	None	None
Independent Director	R.O.C.	David Wang	Male Over 71	2022.06.16	Three years	2022.06.16	0	0.00	0	0.00	0	0	0	0	Master of Computer of Northern Illinois University	Chairman & CEO of Taiwan Medical Supply, Inc. Vice President of Unison Company Ltd. Executive Supervisor of Make-A-Wish Foundation Director of Lifeline Association, Taipei Special consultant to the regional director of Rotary International 3522	None	None	None	None

2. Major shareholders of institutional shareholders

Apr 18, 2023

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, 2023

Name of Institutional Shareholder	Major Shareholder	Shareholding ratio %
Standard Foods Corporation	Mu Te Investment Co., Ltd. Trust Property Account	17.69
	Chia Yun Investment Co., Ltd. Trust Property Account	14.88
	Chia Chieh Investment Co., Ltd. Trust Property Account	12.21
	Ter-Fung Tsao	4.46
	Bright Investment Company Ltd.	3.61
	Nan Shan Life Insurance Company, Ltd.	3.22
	Mu Te Investment Co., Ltd.	2.48
	Lin Junyao	1.76
	Fubon Life Insurance Co., Ltd.	1.17
	Charng Hui Ltd.	0.73

4. Independence data of directors and supervisors

Apr 18, 2023

Qualification Name	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	<u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management.	-	1
	<u>Work Experience</u> CEO & 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. <u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.		
Mu Te Investment Co., Ltd. Representative: Jason Hsuan	<u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge, information technology and risk management.	-	1
	<u>Work Experience</u> 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, Chairman of Shanghai New Vitality Health Technology (Group) Co., Ltd.		
	<u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.		

<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: Wendy Tsao	<p><u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management.</p> <p><u>Work Experience</u> Chairman of Green Wall Enterprise Co., Ltd., Chairman of Crosslink Semiconductor, Inc., Chairman of Sparkle Inc.</p> <p><u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.</p>	-	0
Chang Hui Ltd. Representative: Arthur Tsao	<p><u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge, information technology and risk management.</p> <p><u>Work Experience</u> 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., Director of Shanghai New Vitality Health Technology (Group) Co., Ltd.</p> <p><u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.</p>	-	0
Ben Chang	<p><u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management.</p> <p><u>Work Experience</u> Institutional Directors' Representative of Polytronics Technology Corporation, Independent Director of Pegatron Corporation</p> <p><u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.</p>	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.	0

Qualification Name	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
George Chou	<u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management. <u>Work Experience</u> 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. <u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.	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
Daniel Chiang	<u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management. <u>Work Experience</u> Chairman of Purestone Capital Group, Director of TPK Holding Co., Ltd. <u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.		0
David Wang	<u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management. <u>Work Experience</u> Chairman & CEO of Taiwan Medical Supply, Inc., Vice President of Unison Company Ltd., Executive Supervisor of Make-A-Wish Foundation, Director of Lifeline Association, Taipei, Special consultant to the regional director of Rotary International 3522 <u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.		0

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 18, 2023

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 Bon De Health Wellness Co., Ltd. Chairman of Shanghai Dermalah Corporation Chairman of Shanghai Le Ho Industrial Co., Ltd. Chairman of Shanghai Le Min Industrial Co., Ltd. Director of Shanghai New Vitality Health Technology (Group) Co., Ltd.	Chairman	Ter-Fung Tsao	father and son	None
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	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)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Remuneration (A) All Companies in Consolidated Financial Statements		Severance Pay and Pension (B) All Companies in Consolidated Financial Statements		Remuneration of directors (C) All Companies in Consolidated Financial Statements		Business Execution Expenses (D) All Companies in Consolidated Financial Statements											
Chairman	Representative of Mu Te Investment Co., Ltd.: Ter-Fung Tsao	-	-	1,082	1,082	60	60	0.09	0.09	7,705	156	156	-	-	-	0.74	0.74	None	
Directors	Representative of Mu Te Investment Co., Ltd.: Jason Hsuan	-	-	1,080	1,080	60	60	0.09	0.09	-	-	-	-	-	-	0.09	0.09	None	
Directors	Representative of Mu Te Investment Co., Ltd.: Wendy Tsao	-	-	1,080	1,080	60	60	0.09	0.09	-	-	-	-	-	-	0.09	0.09	None	
Directors	Representative of Chang Hui Ltd. Arthur Tsao	-	-	1,080	1,080	60	60	0.09	0.09	4,709	159	159	-	-	-	0.50	0.50	None	
Independent Director	Ben Chang	-	-	1,080	1,080	60	60	0.09	0.09	-	-	-	-	-	-	0.09	0.09	None	
Independent Director	George Chou	-	-	1,080	1,080	60	60	0.09	0.09	-	-	-	-	-	-	0.09	0.09	None	
Independent Director	Daniel Chiang	-	-	1,080	1,080	60	60	0.09	0.09	-	-	-	-	-	-	0.09	0.09	None	
Independent Director	David Wang	-	-	675	675	30	30	0.06	0.06	-	-	-	-	-	-	0.06	0.06	None	

1. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks: please refer to pages 21 of the annual report.
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.

1. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks: please refer to pages 21 of the annual report.

2. 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 2022 individual financial statement.

2. Remuneration of the General Manager and Deputy General Manager

Dec. 31, 2022; Unit: NT\$1,000

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)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		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	The Company	All Companies in Consolidated Financial Statements	
CEO & General Manager	Arthur Tsao	4,290	4,290	159	159	419	419	0	0	0	0	0.40	0.40	None

Note 1: Refers to the after-tax net income in 2022 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, 2023; Unit: NT\$1,000

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

Note 1: Refers to the after-tax net income in 2022 individual financial statement.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

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

Unit: NT\$1,000

Title	2021				2022			
	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	17,136	17,136	0.70	0.70	8,687	8,687	0.72	0.72
General Manager	3,457	3,457	0.14	0.14	4,868	4,868	0.40	0.40
Total	20,593	20,593	0.84	0.84	13,555	13,555	1.12	1.12

(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 2022 was equivalent to that of 2021.

(2) See Item (VIII) of Page 73 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 8 directors, including 4 directors and 4 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 of female director ratio is to reach more than one-third of the board seats. At present, there is a female director among 8 directors, which stands for 12.5% of total directors.

1. In 2022 and up to the publication date of the annual report, nine 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	9	-	100%	1. Director election in 2022 (including independent directors). 2. David Wang was appointed as the new Independent Director on June 16, 2022.
Directors	Mu Te Investment Co., Ltd. Representative: Jason Hsuan	8	1	89%	
	Mu Te Investment Co., Ltd. Representative: Wendy Tsao	7	2	78%	
	Charng Hui Ltd. Representative: Arthur Tsao	9	-	100%	
Independent Director	Ben Chang	9	-	100%	
	George Chou	9	-	100%	
	Daniel Chiang	7	2	78%	
	David Wang	4	1	80%	

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 2022 and up to the publication date of the annual report, nine Board meetings were held. The resolutions by the Board are disclosed on pages 59 to 62 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:

1. Content: Motion for review of the list of independent director candidates nominated by the Board of

Directors.

Independent directors present at the meeting: Ben Chang, George Chou, Daniel Chiang

Reason for recusal: Conflict of interest in the motion.

Participation in voting: Due to conflicts of interest, Ben Chang, George Chou, and Daniel Chiang recused themselves from voting.

- 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, 2022 to Dec. 31, 2022.
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 5th meeting of the 14th Board held on March 15, 2023, 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 4.75 and 4.92 (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	4.92
(2) Awareness of director's duties	3	4.92
(3) Involvement in the Company's operations	8	4.75
(4) Internal relationship and communication	3	4.83
(5) Director's professionalism and continuing knowledge development	3	4.88
(6) Internal controls	3	4.88
Total	23	4.86

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 4.68 and 4.92 (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	4.82
(2) Enhancement of the quality of the board's decision-making	12	4.92
(3) Makeup and structure of the board	7	4.79
(4) Election of board members and continuing knowledge development	7	4.68
(5) Internal controls	7	4.75
Total	45	4.79

- 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 4.93 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	4.94
(2) Awareness of Functional Committee	7	5.00
(3) Enhancement of the quality of the Functional Committee and election of decision- making	7	4.93
(4) Makeup of the Functional Committee and election of its members	3	5.00
(5) Internal controls	3	5.00
Total	24	4.97

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," "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," "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\$ 15 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 4 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 2022 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%	David Wang was appointed as the new Independent Director on June 16, 2022.
	George Chou	6	-	100%	
	Daniel Chiang	4	2	67%	
	David Wang	2	1	67%	

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.

1. Matters listed in Article 14-5 of the Securities and Exchange Act

In 2022 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
2022/02/18 (the 13th meeting of the 2nd term)	Approved the motion for bidding for land	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
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 	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
2022/05/09 (the 15th meeting of the 2nd term)	<ol style="list-style-type: none"> 1. Approved the motion for the consolidated financial statements for Q1 2022 2. Approved the motion for loaning funds to the subsidiary in China 	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection

Date of Audit Committee meeting (session)	Discussed topic	The Audit Committee's resolution, and how the company has responded to Audit Committee's opinions
2022/08/09 (the 1st meeting of the 3rd term)	<ol style="list-style-type: none"> 1. Approved election for the convener and chair of the 3rd Audit Committee 2. Approved the motion for the consolidated financial statements for Q2 2022 3. Approved the amendments to the provisions related to the "Procedures for the Acquisition and Disposal of Investments", "Control for Cyber Security Inspection", and "Procedures for Ethical Corporate Management" under the Company's internal control system items. 4. Approved the motion for the amendment to the "Procedures for Ethical Management and Guidelines for Conduct" 	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
2022/11/03 (the 2nd meeting of the 3rd term)	<ol style="list-style-type: none"> 1. Approved the motion for the consolidated financial statements for Q3 2022 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 2022 4. Approved the motion for the Company's 2023 audit plan 5. Approved the motion to lend funds to subsidiary Standard Beverage Company Limited 6. Approved the motion for extending credit lines from financial institutions 	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
2023/03/15 (the 3rd meeting of the 3rd term)	<ol style="list-style-type: none"> 1. Approved the motion for the 2023 business plan and budget 2. Approved the motion for the 2022 financial report and consolidated financial report 3. Approved the motion for the 2022 earnings distribution 4. Approved the motion for the 2022 statement of internal control 5. Amendments to the "Procedure for Preparation of Sustainability Report and Verification" of the internal control system 6. Approved the evaluation of the independence and suitability of the external auditors with reference to the AQI 7. Approved the motion to change CPAs for the financial report in line with the internal rotation mechanism of the accounting firm 8. Approved pre-approval for non-assurance services provided by CPA firm that posed no threat to independence 	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection

Date of Audit Committee meeting (session)	Discussed topic	The Audit Committee's resolution, and how the company has responded to Audit Committee's opinions
	9. Approved the application for corporate credit card limit of financial institutions 10. Approved the motion for extending credit lines from financial institutions	

(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:

1. 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 2022:

Date	Attendee	Communication matter	Communication result
2022/12/13 Meeting for annual business implementation report for internal audit	Independent Director Ben Chang Independent Director George Chou Independent Director Daniel Chiang Independent Director David Wang Head of Audit Yeh Yun-Yun	<ul style="list-style-type: none"> Implementation report for internal audit for November to December 2022 Audit items report of 2022 Description of 2023 audit plan 	No objection

2. Communication 2. 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 2022:

Date	Attendee	Communication matter	Communication result
2022/03/21 Meeting for annual audit results	Independent Director Ben Chang Independent Director George Chou Independent Director Daniel Chiang CPA Gung Tza-Li CPA Fang Hanni	<ul style="list-style-type: none"> Audit reports of the 2021 consolidated and parent company only financial reports and internal audit report. Discussing issues concerning the application of some accounting principles and the impacts of amended laws and regulations. 	No objection

Date	Attendee	Communication matter	Communication result
2022/12/13 Meeting for annual audit plan	Independent Director Ben Chang Independent Director George Chou Independent Director Daniel Chiang Independent Director David Wang CPA Gung Tza-Li CPA Fang Hanni	<ul style="list-style-type: none"> • Introduction to the CPA audit team, explanation of duty rotation, and statement of independence. • 2022 audit plan for consolidated and parent only company financial reports, key audit matters. • Matters of high concerns and key audit matters • Review of the remote work mode adopted for the audits of overseas subsidiaries 	No objection

(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	
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.
II. Shareholding structure & shareholders' rights			
(I) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(I) The Company has formulated internal working procedures in accordance with "Corporate Governance Best Practice Principles"; has established relevant departments (e.g. spokesperson, Stock Affairs Department and Legal Department) to handle shareholders' suggestions or disputes.
(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.
			None

Evaluation item	Implementation status		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	
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	<p>(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:</p> <ol style="list-style-type: none"> 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. <p>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:</p> <ol style="list-style-type: none"> (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 <p>(II) Implementation of the diversity of the Board members</p> <ol style="list-style-type: none"> 1. Basic condition and value (gender, age, nationality, culture, etc.): The current Board of Directors of the company consists of 8 directors, including 4 directors and 4 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 of female director ratio is to reach more than one-third of the board seats. At present, there is a female director among 8 directors, which stands for 12.5% of total directors. 2. Professional knowledge and skills (professional background such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. 	None

Evaluation item	Implementation status		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	
			<p>(1) Professional knowledge and skills: (See Page 12 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>
(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(II) The company has set up the Remuneration Committee and the Audit Committee according to law, and will establish a Sustainable Development Committee in 2023.
(III) Does the company establish a standard to measure the performance of the Board, and implement it annually?	V		(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 2022 were submitted to the Board meeting held on March 15, 2023. 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.
			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.
(IV) Does the company regularly evaluate the independence of CPAs?	V		(IV) An annual evaluation of CPA independence shall be carried out by the Accounting Department of the Company. The results were submitted to the Audit Committee and Board of Directors on Nov. 3, 2022 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.
			Evaluation standards for the independence of CPAs:

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof																														
	Description																																	
	Yes	No																																
			<table><thead><tr><th>Evaluation item</th><th>Evaluation results</th><th>Meet independence criteria</th></tr></thead><tbody><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></tbody></table>	Evaluation item	Evaluation results	Meet independence criteria	1. Is the CPA an employee of the company or the related companies?	No	Yes	2. Does the CPA hold the company's shares?	No	Yes	3. Does the CPA engage in financing activities or guarantee behaviors with the company or its directors?	No	Yes	4. Are there direct or indirect material financial interests between the CPAs and the company?	No	Yes	5. Are there close business relations between the CPA and the company?	No	Yes	6. Are there close business relations between the CPA and the company's management, or other individuals in positions that could seriously impact the audit?	No	Yes	7. Does the CPA provide the company non-audit items that may directly affect the audit?	No	Yes	8. Does the CPA act as the defender of the company or on behalf of the company to coordinate conflicts with other third parties?	No	Yes	9. Does the CPA provide the statement of independence?	Yes	Yes	
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IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling	V		<p>The Company establishes a corporate governance team and 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:</p> <p>I. Handle matters in relation to the Board meetings and shareholders' meetings according to law.</p> <p>II. Keep minutes at the Board meetings and shareholders' meetings.</p> <p>III. Assist the Directors in taking office and continuous education and training.</p> <p>IV. Provide the information required for the Directors to conduct business.</p> <p>V. Assist the Directors in regulatory compliance</p> <p>VI. Other matters stipulated in the Articles of Incorporation or contracts.</p>	None																														

Evaluation item	Implementation status		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof
	Yes	No	
minutes of board meetings and annual general meetings)?			<p>Business execution in 2022 is as follows:</p> <p>I. Assisting in compliance of laws 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.</p> <p>III. Assist Independent Directors and general Directors arrange for continuing education.</p> <p>IV. Assist in initiating the sustainable corporate development objectives.</p> <p>V. 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>VI. 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 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 2022.</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>
VI. Has the company appointed a professional shareholder service agency to deal with shareholder affairs?	V		None
VII. Information disclosure (I) Does the company establish a website to disclose information on financial operations and corporate governance? (II) Does the company adopt other means of information disclosure (such as establishing an English language website, delegating a	V V		<p>The corporation has appointed CTBC Bank to handle the affairs of the shareholders' meeting.</p> <p>(I) The Company establishes a website (www.sfworlwide.com) and discloses relevant financial business and corporate governance information on "Investors".</p> <p>(II) The Company also establishes an 1. English website (www.sfworlwide.com) 2. assigns a special person to take charge of the Company's information collection</p>

Evaluation item	Implementation status		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	
professional to collect and disclose company information, implement a spokesperson system, and disclosing the process of investor conferences on the company website)?			<p>and disclosure, so as to ensure accuracy and timeliness of the information.</p> <p>3. Spokesperson and deputy spokesperson</p> <p>4. Information regarding the road show has been disclosed on a "Investors".</p>
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 believes that the sustainable development and success of businesses rely on a robust and integrated supply chain system. Therefore, we consider our suppliers as crucial partners, consistently upholding principles of integrity in our dealings and fostering effective communication channels with them. To ensure effective supplier management, our Quality Assurance Department and Procurement Department conduct audits and provide guidance to suppliers annually, as per our planned schedule. We also encourage and assist suppliers in obtaining food safety and quality system certifications, ensuring that their overall system operations and product supply capabilities meet our company's requirements. Additionally, our procurement team conducts annual</p>	None

Evaluation item	Implementation status		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	
		<p>(IV) evaluations of suppliers to identify excellent sourcing options for establishing long-term, stable, and mutually beneficial sustainable partnerships.</p> <p>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' 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 2022.</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 274 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>	
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.			

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

Core items for diversity	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
Name				41-50	61-70	>71	< 3	3-9	>9						
Ter-Fung Tsao	R.O.C.	Male	✓			✓				✓	✓	✓	✓		✓
Jason Hsuan	R.O.C.	Male				✓				✓	✓	✓	✓	✓	✓
Wendy Tsao	R.O.C.	Female				✓				✓	✓	✓	✓		✓
Arthur Tsao	R.O.C.	Male	✓	✓						✓	✓	✓	✓	✓	✓
Ben Chang	R.O.C.	Male				✓		✓		✓	✓	✓	✓		✓
George Chou	R.O.C.	Male			✓			✓		✓	✓	✓	✓		✓
Daniel Chiang	R.O.C.	Male			✓			✓		✓	✓	✓	✓		✓
David Wang	R.O.C.	Male			✓			✓		✓	✓	✓	✓		✓

Note 2: Summary on the continuing education of the corporate governance officer in 2022

Continuing education date	Organizer	Course title	Hours of continuing education
2022.09.19	The Institute of Internal Auditors	Personal Data Laws on Internal Audits and Controls	6
2022.09.26	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

Note 3 : Summary on the continuing education of directors in 2022

Title	Name	Continuing education date	Organizer	Course title	Hours of continuing education
Director	Ter-Fung Tsao	2022.11.10	Greater China Financial and Economic Development Association	A Brief Overview of Global Tax Reform (BEPS 2.0)	3
		2022.11.30		AI Mindset and Digital Transformation	3
Director	Jason Hsuan	2022.04.22	Taiwan Institute for Sustainable Energy	Taishin 30's Net Zero Sustainable Development Forum – 2030 Achieving Sustainability Through Commitment to Net Zero	3
		2022.07.27		The 29th TCCS Council Meeting & CEO Lecture	3
		2022.07.28	Taiwan Stock Exchange & Taipei Exchange	Sustainable Development Roadmap Industry Conference	3
Director	Wendy Tsao	2022.11.21	Greater China Financial and Economic Development Association	Circular Economy and Sustainable Development for Enterprises	3
		2022.11.30		AI Mindset and Digital Transformation	3
Director	Arthur Tsao	2022.08.18	Traditional Chinese editions of <i>Global Views Monthly</i> and <i>Harvard Business Review</i> organized by the SAP	“Creating a Smarter and Sustainable Enterprise with SAP NOW Taiwan” Forum	3
		2022.11.14	Greater China Financial and Economic Development Association	Illegality of Insider Trading and Case Study	3

Title	Name	Continuing education date	Organizer	Course title	Hours of continuing education
Independent Director	Ben Chang	2022.10.17	Greater China Financial and Economic Development Association	Value Implications of Financial Statements and ESG Strategic Investments	3
		2022.11.10		A Brief Overview of Global Tax Reform (BEPS 2.0)	3
Independent Director	George Chou	2022.09.07	Taiwan Corporate Governance Association	How Boards Monitor ESG Risks and Build Sustainable Competitiveness	3
				Legal Risks for Enterprise Directors and Countermeasures – Enterprise Investment and Financing	3
Independent Director	Daniel Chiang	2022.10.17	Greater China Financial and Economic Development Association	Value Implications of Financial Statements and ESG Strategic Investments	3
		2022.11.21		Circular Economy and Sustainable Development for Enterprises	3
Independent Director	David Wang	2022.10.13	Greater China Financial and Economic Development Association	New Mindset for Digital Transformation	3
		2022.11.10		A Brief Overview of Global Tax Reform (BEPS 2.0)	3
		2022.11.14		Illegality of Insider Trading and Case Study	3
		2022.11.21		Circular Economy and Sustainable Development for Enterprises	3

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

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

<div>Qualification</div> <div>Title (Note 1)</div> <div>Name</div>	Professional Qualifications and Work Experience (Note 2)	Independence Criteria (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director	<u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management. <u>Work Experience</u> Institutional Directors' Representative of Polytronics Technology Corporation, Independent Director of Pegatron Corporation <u>Remarks</u> 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.	0
Independent Director	<u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management. <u>Work Experience</u> 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. <u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.	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.	0

Qualification Title (Note 1)	Professional Qualifications and Work Experience (Note 2)	Independence Criteria (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director	<p><u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management.</p> <p><u>Work Experience</u> Chairman of Purestone Capital Group, Director of TPK Holding Co., Ltd.</p> <p><u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.</p>		0
Independent Director	<p><u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management.</p> <p><u>Work Experience</u> Chairman & CEO of Taiwan Medical Supply, Inc., Vice President of Unison Company Ltd., Executive Supervisor of Make-A-Wish Foundation, Director of Lifeline Association, Taipei Special consultant to the regional director of Rotary International 3522</p> <p><u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.</p>		0

Note 1: Specify the professional qualifications and experience of individual directors and supervisors: please refer to pages 11 of the annual report.

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.

Note 3: 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 member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange).
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.

2. 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 5th Remuneration Committee: From Jun. 16, 2022 to Jun. 15, 2025. The Committee held two meetings (A) in 2022, and the qualifications and attendance of the Committee members are summarized as follows:

Title	Name	Number of attendance in person (B)	Time of proxy attendance	Percentage of attendance in person (%) [B / A]	Remarks
Convener	Ben Chang	2	-	100%	None
Committee member	George Chou	2	-	100%	
Committee member	Daniel Chiang	1	-	100%	David Wang was appointed as the new Independent Director on June 16, 2022
Committee member	David Wang	1	-	100%	

(3) Other matters:

1. Discussions and resolutions of the Remuneration Committee

Date of Meeting (Period)	Proposals	Resolution
March 21, 2022 (7th Regular Meeting of the 4th Term)	(1) Proposal of 2021 Performance Evaluation of Directors and Managers (2) Approved the motion for the 2021 performance evaluation for Board of Directors and functional committees (3) Proposal of Remuneration for Employees and Directors of 2021	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
November 3, 2022 (1st Regular Meeting of the 5th Term)	Proposal of Ratio of Provision for the Remuneration for Employees and Directors of 2022	

2. 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.
3. 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 Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary 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. In 2022, 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, and will establish a Sustainable Development Committee in 2023.	None
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		(I) Organizational boundaries of Standard Foods are set with its operating activities as the boundary for risk assessment; covering Taipei, Dayuan, Zhongli and Hsinchu plants. (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.	None
III. Environmental issues (I) Has the company established a suitable environmental management system based on	V		(I) In 2014, we introduced the international standard of ISO 14001 environmental management system and completed the revision	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
its industrial characteristics?			<p>in 2018, and passed the SGS audit verification in 2019, 2020, 2021 and 2022 with 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 implementation are also reported online.</p> <p>(III) In addition to implementing environmental management and inspection, we have introduced total productive maintenance (TPM) to all factories, guide responsible units to engage in the autonomous maintenance, operational monitoring, and continual improvement of various pollution prevention equipment to maximize the synergy of different types of pollution prevention equipment.</p>	
(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)</p>	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			of Taiwan Standard Foods Group reduced to 0. As a responsible operator, we strive to do our utmost for the environment.	
(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		<p>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 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>	None
(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 2022</p> <ol style="list-style-type: none"> 1. Dayuan Plant completed the water reclamation project at the beverage factory in 2022, at a cost of NT\$1.97 million. 2. The installation of sludge dryer at Hsinchu Plant was completed in May 2022, at a cost of NT\$5.5 million. <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 2023, new sludge dryers and settling tanks are expected to be</p>	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>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) GHG emissions have been calculated and managed by the three factories of the Group in the past two years through the platform provided by the EPA. In 2023, the Group formally introduced the ISO 14061-1 GHG inventory management system and planned to perform external audit verification in October 2023 to obtain the verification declaration as a basis for improvement.</p> <p>(IV) The Company introduced the GHG inventory and counseling in 2022, and expects to obtain the GHG verification declaration in 2023.</p>	
IV. Social issues (I) Has the company developed the relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		<p>(I) In accordance with Taiwan's "Labor Standards Act," we have formulated the "Work Rules," which are in line with the "International Covenant on Economic, Social and Cultural Rights" regarding the right to freedom of association and to form trade unions. We have also established women worker-related rights and obligations, which are in line with the "Convention on the Elimination of All Forms of Discrimination Against Women."</p> <p>(II) The Company's Work Rules</p> <p>1. 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."</p> <p>2. Chapter 4 states that working hours, breaks and holidays are</p>	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>carried out in compliance with the Labor Standards Act.</p> <p>3. Chapter 9 states that women workers' related rights and obligations are in compliance with the Labor Standards Act.</p> <p>4. Chapter 13 states communication means for labor opinions.</p> <p>5. Chapter 14 states sexual harassment prevention.</p>	
(II) Has the company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits), and appropriately reflects business performance or results in employee compensation?	V		<p>(I) The Company's main benefits are as follows:</p> <ol style="list-style-type: none"> 1. 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 employees. 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. 	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>7. Gifts are given on Mid-autumn Festival, Dragon Boat Festival, Spring Festival and Labor Day. Employees are also 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 on a regular basis.</p> <p>In 2022, we completed 60 hours of fire safety training and drills, with 1,117 employees participating.</p> <p>In 2022, the Group completed the employee occupational safety and health and contractor management training, with 1,384 employees participating, and totaling 2,581 training hours.</p>	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<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 2022 the total number of days worked was 249 the total number of hours worked was 1,358,883. From 2020 to 2022, 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 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.	None
(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	V		(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	None

Item	Implementation status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
and international standards, and does it formulate relevant consumer or customer protection policies and appeal procedures?		<p>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 consumer 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 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>	
(V/I) 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	V	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	None

Item	Implementation status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
their implementation?		<p>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 2022, the organization and suppliers of the supply chain maintained a stable partnership, and there were no significant changes.</p> <p>Supplier audit: The Company has established an audit team and a counseling team to track down the progress of improvements for supplier deficiencies, working together to improve quality, technology, and environmental, safety, and health performance.</p>	
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 2022 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 Sustainability Reports by TWSE Listed Companies" and the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" of the TWSE.</p> <p>(II) In accordance with Statement of Standard Accounting Standards No.1, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," issued by the Accounting Research and Development Foundation, we have engaged KPMG to perform limited assurance on the information on assurance.</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.			

Item	Implementation status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No		Summary description
VII. Other important information to facilitate understanding of the promotion of sustainable development operations:				
<div>1. 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.</div> <div><div><div>▪ Nutrition Project for Children</div><div>Standard Foods Group has been focusing on the calcium deficiency issue among children since 2020. Based on this, we have initiated the “Calcium for Children” welfare activity for three years in a row, 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. In the course of three years from 2020 to 2022, more than 1 million bottles of ESL milk have been donated to help 334 rural primary schools and 20,000 children in rural areas to get enough calcium and nutrition.</div></div><div><div>▪ Nutrition Project for the Elderly :</div><div>Standard Foods initiated its “Care for the Elderly” nutrition project in May 2022. Taiwan entered an “aging” society in 2018, with a “super-aged society” expected by 2025, when there will be approximately 4.69 million people over the age of 65.</div><div>As nutritional supplements are our strength, we will align with the trend and be there with the elderly to move forward.</div><div>Standard Foods took on the challenge of “Walking Beiheng”, with eight seniors. In the course of three days, a total climb of 6.1 Taipei 101s were completed, totaling 45 kilometers. Three documentaries of “Walking Beiheng” were filmed, watched by 1.83 million of people, inspiring countless people.</div><div>In addition, 424 seniors took part in the 12 community health education activities organized, in an effort to establish health knowledge of the elderly in remote areas.</div><div>Standard Foods also called on consumers to do a good deed by working with Medfirst Pharmacy to initiate the “You Buy and I Donate” campaign, making 7,559 donations to the underprivileged elderly.</div></div></div>				
<div>2. Public Welfare Donations</div> <div>We not only care for children and the elderly through charity projects, but also support various charity organizations for a long time by donating materials from time to time. Major donations/sponsored by the Company in 2022 are as follows:</div>				
No.	Recipient		No.	Recipient
1	Chinese Christian Relief Association		12	Chiayi Charity Group Association

Item		Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
		Yes	No	Summary description	
2	Old Five Old Foundation			13	TVBS Sustainability Foundation
3	The Mustard Seed Association			14	Mu-Kuang Rehabilitation Center for the Blind
4	United Charity Association of Kaohsiung			15	Syin-lu Social Welfare Foundation
5	Syin-lu Social Welfare Foundation			16	Taitung County Indigenous Ebenezer Holistic Care and Development Association
6	Kindgarden			17	Chung-Hua Foundation for Persons with Intellectual Disabilities
7	Taipei Mental Rehabilitation Association			18	Hope Foundation
8	The Garden of Hope Foundation			19	Taichung Christian Rehabilitation Fellowship
9	Adolescents' Home, Taoyuan, Prison Fellowship Taiwan			20	Genesis Social Welfare Foundation
10	Kaohsiung Social Welfare Association			21	Eden Social Welfare Foundation
11	Happy Mount Colony			22	Bethany Children's Home

(VI) Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

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>I. Establishment of ethical corporate management policies and programs</p> <p>(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?</p> <p>(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"?</p> <p>(III) Does the company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>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.</p> <p>According to the formulated "Ethical Corporate Management Best Practice Principles", the Company specifies employees shall not ask for entertainment, gifts, kickbacks or other benefits by abusing functions and powers and advocates "running business in good faith and maintaining the clean, transparent and responsible business philosophy" is the Company's important policy upon the registration of employees. Meanwhile, to ensure business secret and IPR policy, employees should sign the "Commitments", warranting they never accept commissions, kickbacks, rebates, cash, loans or other improper benefits from any manufacturer having transaction with the Company, competitor or other manufacturers that are striving for the Company's business, including but not limited to entertainment, tourism or gift). The Company has also formulated the directors' interest avoidance system in "Rules for Procedure for Board of Directors Meetings".</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	
<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> <p>(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?</p> <p>(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?</p> <p>(V) Does the company regularly hold internal and external educational pieces of trainings on operational integrity?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p>	<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> <p>Pursuant to the "Ethical Corporate Management Best-Practice Principles," stakeholders should adopt appropriate recusal measures in the face of a conflict of interest.</p> <p>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.</p> <p>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.</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	
<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. We have a dedicated hotline and email for reporting. 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.
<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		None
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.			
<p>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)</p> <p>(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.</p> <p>(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.</p>			

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	
(III) The Company has established the " Management Regulations for Prevention of 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.sfworlwide.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 15, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 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. 15, 2023, and none of the eight Directors in attendance objected to it and all consented to the content expressed in this statement.

Standard Foods Corporation

Chairman: Ter-Fung Tsao

Signature or seal

General Manager: Arthur Tsao

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 2022 Shareholders' General Meeting and Implementation Status:

1. 2022 and up to the publication date of the annual report, the Company has convened one shareholders' general meeting. The Company's 2022 shareholders' general meeting was held on Jun. 16, 2022. The summary of matters approved via resolution is as follows:

Matters Approved	Implementation Status
(1) Approval of 2021 Business Report and Financial Statements	Upon the approval in shareholders' general meeting of the proposal via a resolution, the relevant statistical forms were declared to competent authority according to regulations.
(2) Approval of the Distribution of Earnings for 2021	Upon the approval in shareholders' general meeting of the proposal via a resolution, the cash dividends of NT\$ 1.9/ share (totally 1,738,670,223) were distributed, with the ex-dividend base date of Jul. 27, 2022. The dividends were granted on Aug. 17, 2022.
(3) 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.
(4) Approval of the Amendment to the "Regulations Governing the Acquisition and Disposal of Assets."	Effective after resolution by the annual general meeting of shareholders
(5) Approval of the Amendment to the "Rules of Procedure for Shareholders' Meeting."	Effective after resolution by the annual general meeting of shareholders
(6) Election of the 14th batch of board of directors (including independent directors)	Effective after resolution by the annual general meeting of shareholders and the change was registered within 15 days in accordance with the law.
(7) Approval of the Adoption of the Proposal for Releasing Directors from Non-competition	Effective after resolution by the annual general meeting of shareholders

2. 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
2022/01/27 (the 16th meeting of the 13th term)	Approved the motion for the Company to change its registered business address	Approved by all independent directors
2022/02/18 (the 17th meeting of the 13th term)	Approved the motion for bidding for land	Approved by all independent directors
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 the Board of Directors of the 14th term 14. Approved the motion for review of the list of director (independent director) candidates nominated by the Board of Directors 15. Approved the motion for permitting elected directors of the 14th term to serve as a 	Approved by all independent directors

Date	Major resolution matters	Opinions of independent director opinions and how the company has responded to such opinions
	<p>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>	
2022/05/09 (the 19th meeting of the 13th term)	<p>1. Approved the motion for the consolidated financial statements for Q1 2022</p> <p>2. Approved the motion for loaning funds to the subsidiary in China</p> <p>3. The “Sustainable Development Best-Practice Principles” was renamed as “Corporate Social Responsibility Best-Practice Principles” with provisions amended. The previously established “CSR Task Force” was renamed as the “Sustainable Development Committee.”</p>	Approved by all independent directors
2022/06/17 (the 1st meeting of the 14th term)	Approved the Election of the 14th batch of board of directors (including independent directors)	Approved by all independent directors
2022/06/17 (the 2nd meeting of the 14th term)	<p>1. Apposed the motion for setting dates for the 2021 base date and the payment date of cash dividends and other related matters</p> <p>2. Passed the appointment of the 5th term of the Remuneration Committee</p>	Approved by all independent directors
2022/08/09 (the 3rd meeting of the 14th term)	<p>1. Approved the motion for the consolidated financial statements for Q2 2022</p> <p>2. Approved the amendments to the provisions related to the [Procedures for the Acquisition and Disposal of Investments], [Control for Cyber Security Inspection], and [Procedures for Ethical Corporate Management] under the Company’s internal control system items.</p> <p>3. Approved the motion for the amendment to the “Procedures for Ethical Management and Guidelines for Conduct”</p>	Approved by all independent directors
2022/11/03 (the 4th meeting of the 14th term)	<p>1. Proposal of Ratio of Provision for the Remuneration for Employees and Directors of 2022</p> <p>2. Approved the motion for the consolidated</p>	Approved by all independent directors

Date	Major resolution matters	Opinions of independent director opinions and how the company has responded to such opinions
	financial statements for Q3 2022 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 2022 5. Approved the motion for the Company's 2023 audit plan 6. Passed the establishment of a subsidiary, Standard Great Foods Singapore PTE. LTD 7. Approved the motion for the amendment to the "Procedures for Handling Material Inside Information" 8. Approved the motion to lend funds to subsidiary Standard Beverage Company Limited 9. Approved the motion for extending credit lines from financial institutions	
2023/03/15 (the 5th meeting of the 14th term)	1. Approved the motion for the 2023 business plan and budget 2. Approved the motion for the 2022 financial report and consolidated financial report 3. Approved the motion for the 2022 earnings distribution 4. Approved the motion for the 2022 performance evaluation for Board of Directors and functional committees 5. Approved the motion for the 2022 performance evaluation for Board Members, Board of Directors and functional committees 6. Proposal of 2022 Performance Evaluation of Directors and Managers 7. Proposal of Remuneration for Employees and Directors of 2022 8. Approved the motion for the 2022 statement of internal control 9. Amendments to the "Procedure for Preparation of Sustainability Report and Verification" of the internal control system 10. Passed the evaluation of the independence and suitability of the external auditors with reference to the AQI 11. Approved the motion to change CPAs for the financial report in line with the internal rotation mechanism of the accounting firm 12. Passed pre-approval for non-assurance services provided by CPA firm that posed no threat to independence	Approved by all independent directors

Date	Major resolution matters	Opinions of independent director opinions and how the company has responded to such opinions
	13. Approved the motion for the date for the 2023 annual general meeting of shareholders and agenda as well as related matters 14. Passed the application for corporate credit card limit of financial institutions 15. Approved the motion for extending credit lines from financial institutions	

(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:None.

IV. Information Regarding Audit Fee

Information on fees for CPAs

Unit: NT\$1,000

CPA firm	Name of CPAs	Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Tza-Li Gung Han-ni Fang	2022.01-2022.12	5,595	1,383	6,978	Non-audit fees include NT\$603,000 for the transfer pricing report, NT\$600,000 for CSR report assurance, industrial and commercial registration fee of NT\$100,000 and tax consultation service fee of NT\$80,000.

1. 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

Former CPAs				
Date of Replacement	January 2021			
Replacement Reasons and Explanations	Internal job adjustments of Deloitte & Touche			
Termination by the Company or the CPAs	<div>Party</div> <div>Condition</div>		CPA	Client
			N/A	
	Termination by the Company			
Termination by the CPAs				
Unqualified opinion of issuance in the latest 2 years Opinions and reasons other than the audit report	N/A			
Deviation from the Issuer	Yes		Accounting principles or practices	
			Disclosure of financial statements	
			Audit scope or steps	
			Others	
	None	V		
	Remark			
Other Revealed Matters (Additional Disclosures under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guideline)	None			

(II) Successive CPAs

Name of CPA Firm	Deloitte & Touche
Name of CPAs	CPAs 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:

Title	Name	Annual		Current year ended April 18	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Shareholder with a Stake of More Than 10 Percent	Chia Chieh Investment Co., Ltd. Trust Property Account	0	0	3,222,000	0

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

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

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

April 18, 2023 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	161,918,315	17.69	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	136,153,408	14.88	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 Representative: Siao Siou Jhen	111,723,160	12.21	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	
	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	
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	
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	-	-	

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	
Nan Shan Life Insurance Company, Ltd.	29,430,000	3.22	0	0	0	0	-	-	
Representative: Yin, Chong-Yao	0	0.00	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	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Being the director of Chia Chieh Company	
Lin Junyao	16,100,000	1.76	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	-	-	
Chang Hui Ltd.	6,669,471	0.73	0	0	0	0	-	-	
Representative: Ter-Fung Tsao	40,848,203	4.46	0	0	22,688,211	2.48	-	-	

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, 2023; 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%
Standards Foods, LLC.	N/A (Note 2)	100%	-	-	N/A (Note 2)	100%
Standard Great Foods Singapore PTE. LTD.	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)	100%	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%
Shanghai New Vitality Health Technology (Group) Co., Ltd.	-	-	N/A (Note 2)	99%	N/A (Note 2)	99%

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

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

Chapter 4. Fund Raising Status

I. Capital and Shares

(I) Source of Capital

1. Source of Capital

Month / Year	Par Value	Authorized Capital		Paid-in Capital		Remarks	
		Shares	Amount	Shares	Amount	Source of Capital	Others
June 1986	100	50,000	5,000,000	47,883	4,788,300	Establishment	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	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	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	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	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	May 15, 1991 (1991) T.C.Z.(1) 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	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	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	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	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	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	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	None

3. Information for Declaration System: None.

(II) Status of Shareholders

Apr 18, 2023

Structure Item	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	8	176	64,707	246	65,137
Number of Shares Held	0	40,552,015	486,709,570	326,072,158	61,755,848	915,089,591
Percentage of Ownership	0.00%	4.43%	53.19%	35.63%	6.75%	100.00%

(III) Distribution of Shares

NT\$ 10 per share April 18, 2023

Range of Shares	Number of Shareholders	Number of Shares Held	Shareholding Ratio %
1-999	14,364	3,166,955	0.35%
1,000-5,000	39,400	82,799,823	9.05%
5,001-10,000	6,438	49,366,157	5.39%
10,001-15,000	1,864	23,589,643	2.58%
15,001-20,000	1,038	18,987,137	2.07%
20,001-30,000	838	20,968,657	2.29%
30,001-40,000	356	12,538,862	1.37%
40,001-50,000	233	10,656,968	1.16%
50,001-100,000	374	26,486,944	2.89%
100,001-200,000	127	17,226,662	1.88%
200,001-400,000	44	12,408,050	1.36%
400,001-600,000	19	9,329,623	1.02%
600,001-800,000	7	5,080,281	0.56%
800,001-1,000,000	5	4,349,678	0.48%
1,000,001 shares and above	30	618,134,151	67.55%
Total	65,137	915,089,591	100.00%

(IV) Major Shareholders

Apr 18, 2023

Shares	Number of Shares Held	Percentage of Ownership %
Name of Major Shareholder		
Mu Te Investment Co., Ltd. Trust Property Account	161,918,315	17.69%
Chia Yun Investment Co., Ltd. Trust Property Account	136,153,408	14.88%
Chia Chieh Investment Co., Ltd. Trust Property Account	111,723,160	12.21%
Ter-Fung Tsao	40,848,203	4.46%
Bright Investment Company Ltd.	33,039,081	3.61%
Nan Shan Life Insurance Company, Ltd.	29,430,000	3.22%
Mu Te Investment Co., Ltd.	22,650,057	2.48%
Lin Junyao	16,100,000	1.76%
Fubon Life Insurance Co., Ltd.	10,660,815	1.17%
Charng Hui Ltd	6,669,471	0.73%

(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

Year	2021	2022	As of March 31, 2023(Note 5)
Item			
Market Price Per Share	Highest	61.50	53.30
	Lowest	50.70	36.55
	Average	54.05	44.74
Net Worth per Share	Before distribution	19.86	19.28
	After distribution	19.86	(Note 1)
Earnings per Share	Weighted Average Shares	908,420,120	908,420,120
	Earnings per Share	2.70	1.34
Dividends Per Share	Cash dividends	1.90	(Note 1)
	Stock dividends	-	(Note 1)
		-	-
	Cumulative unpaid dividends	-	-
Return on Investment	Price-to-earnings ratio (Note 2)	20.02	33.39
	Price-to-dividend ratio (Note 3)	28.45	(Note 1)
	Cash dividend yield (Note 4)	3.52	(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 15, 2023, the dividend allocation is NT\$ 1.29 per share of cash dividend, and it would be proposed for discussion at the general shareholders' meeting on June 16, 2023.

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

(VIII) Compensation of Employees, Directors, and Supervisors

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

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

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

The estimated amount of employee remuneration in 2022 was NT\$ 19,470,059, and the estimated amount of directors was NT\$ 8,237,332. The employee remuneration is calculated at 1.30% of pre-tax profits before deducting the distributed employee and director remuneration in 2022; the director remuneration is calculated at 0.55% of pre-tax profits before deducting the distributed employee and director remuneration in 2022.

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

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

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

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

1.1 Employee Cash Remuneration NT\$ 19,470,059.

1.2 Employee Stock Remuneration NT\$ 0.

1.3 Director Remuneration NT\$ 8,237,332.

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 2022 annual fiscal report.

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

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

The distribution of cash remunerations to employees in 2021 was NT\$ 38,902,559 and remunerations to directors were NT\$ 16,715,943. It had no difference with the employee and director remunerations in the 2021 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.

The overseas depositary receipts were terminated on the Luxembourg Stock Exchange on December 30, 2021. The outstanding balance of the depositary receipts was zero as of January 15, 2023.

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 Jan. 15, 2023			0 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)	2022	Highest	-
		Lowest	-
		Average	-
	As of Jan. 15, 2023	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

	2022
Product Category	Percentage
Nutritious Foods	37%
Cooking products Food	49%
Others	14%
Total	100%

(II) Industry Overview:

1. Current State and Development of the Industry

The year 2022 was marked by significant volatility, as factors such as the recurring surge of the pandemic, the outbreak of the Russia-Ukraine conflict, climate change, and limited international raw material supply had an impact, leading to unstable supply chains and increased inflationary pressures. According to data from the Directorate-General of Budget, Accounting and Statistics, the economic growth rate in 2022 stood at 2.45%, while the annual inflation rate reached a 14-year high of 2.95%. Although the domestic food industry saw its production value surpass 700 billion for the first time, it faced continuous challenges amidst the economic slowdown and rising inflation, grappling with soaring costs and changes in the supply chain."

In the past few years, the world has faced severe challenges from the pandemic, and as various regions gradually move into the post-pandemic era with the lifting of restrictions, changes in consumer behavior have impacted the establishment of business models and accelerated innovation and development. In terms of products, the focus remains on immune enhancement, health-oriented offerings, ready-to-eat convenience, refined packaging, targeting younger and diverse demographics, and providing a comprehensive and faster digital shopping experience, which have become the mainstream in production and sales. While controlling costs, it is crucial to meet consumers' demands for quality and nutrition, paving the way for affordable and nutritious products and maximizing product value."

Taking a comprehensive view of industry development trends, leveraging digital technology and implementing sustainable actions will be key strategies to enhance industry advantages and competitiveness. Looking ahead to the coming year, the majority acknowledge the global economic growth slowdown, and although industries will continue to face multiple challenges, the aging society and the personalized awareness of health and nutritional well-being among consumers will drive the industry. Leading the industry through diverse and two-way shopping channels, creating unique product value, and providing safe, delicious, and convenient food and beverages to cater to diverse demands will propel companies to reach new heights.

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) Following the plateau phase of the pandemic, the concept of preventive healthcare has matured, with more consumers recognizing and willing to purchase nutritional supplements to boost their immunity. Particularly, health products with functional features, convenience, and rapid effectiveness, as well as dietary supplements tailored for specific groups, have gained increased demand across different stages and varying needs. In the future, the strengthening of functionality and differentiation of related products will become key factors influencing consumer choices.
- (2) In response to changing household demographics and shifts in consumer behavior during the post-pandemic era, businesses are adapting and innovating their models. They are designing products that are youthful, elegantly packaged, convenient, and simultaneously offer health, nutrition, and deliciousness. Examples include convenient cooking kits for home preparation, ready-to-eat and tasty processed foods, as well as portable and on-the-go health products. These trends are becoming mainstream, and small families and young demographics are emerging as the primary consumers of such products.
- (3) Faced with the upgrade towards cleanliness and the initiation of net-zero carbon targets, businesses are aligning themselves with environmental sustainability. They are striving towards green processes and green packaging, emphasizing product appeals that are pure, natural, burden-free, free from preservatives, and utilize lightweight and environmentally friendly materials. Green procurement, waste reduction, avoiding excessive packaging, and enhancing the value of material reuse are not only product development trends but also steps towards a low-carbon, green, and sustainable environment.

4. Competitive situation

- (1) Amid the impact of the pandemic, more companies are actively expanding into cross-category businesses and allocating resources to tap into the nutrition and health food market. In the face of intensifying competition, they are leveraging specialized innovative technologies to develop products that are effective, quick, delicious, convenient, of high quality, and aligned with consumer demands, in order to maintain their market competitiveness.
- (2) The rapid changes in the market and shifts in consumer behavior, coupled with the maturation of the digital environment, have made the advancement of digital technology applications an important and prioritized issue. Through innovative marketing and the adoption of two-way communication with consumers, companies are establishing diverse electronic payment options to create novel value and thereby uncover key business opportunities.
- (3) After the consolidation of retail channels, the elevation of market positions and the trend of "the bigger, the better" are taking shape. In addition, the wave of private labels in the distribution channels and the cooperative relationships with upstream and downstream manufacturers all impact the business development of the retail industry.
Suppliers are strengthening their relationships, communication, and value creation with retail channel operators through strategic planning and execution, in order to solidify their market positions.
- (4) In the wake of the pandemic, geopolitical dynamics, and climate change, the convergence of multiple risks may become the new norm, presenting a range of uncertainties and challenges for global supply chains. As a result, there is a pressing need to enhance supply chain resilience, fortify risk management, and minimize the impacts of these disruptions in order to ensure the robustness of operational capabilities.

(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\$ 1,000

	2022	As of April 30, 2023
Amount	171,538	53,304

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

- (1) Launch of new products

Standard Foods applies the top technology and skills, and is committed to research and develop new products, expand the market for young generation, and provide the whole family with nutritious foods and health supplements that meet various needs; (1) strive to secure the younger family market for the whole milk powder; (2) continue to launch “Compete” nutrition food product series with diversified flavors; (3) launch the edible cooking oil product series including Great Day High Oleic Sunflower Oil and Rice Bran Oil; (4) New health supplements, including TDHB EXX glucosamine concentrated drink and Quaker 5X Group B ginseng concentrated essence drink; (5) launch new cereal series, with more flavors and more complete nutrition; (6) launch the ready-to-eat products, including Great Day Broth Porridge and Chicken Soup series; (7) launch Quaker baby solid food series, including the new baby porridge without additives, in addition to the new products including dairy products, fermented milk and functional oatmeal crisps.

- (2) Upgrading of products

Standard Foods engages in innovation and R&D of products based on science, pursues safe quality, continues to research and develop diversified flavors, and upgrades the taste, in order to provide more nutrition. In addition to the product appeals, such as pure, natural, low-burden, preservative-free, lightweight and eco-friendly packaging materials, Standard Foods also follows the green sustainability, and researches and develops lightweight and eco-friendly packing materials. Meanwhile, it expands the ready-to-eat food series, develops nutrition food dialysis formula, completes the functional upgrade of vegetable protein, develops delicious new flavors for oatmeal soup and corn flaker series, and consolidates the canned cereal flour product series.

- (3) Process improvement

Standard Foods continues to improve systematic management with digital technology, replace old equipment with new ones and reduce the consumption of resources, in order to promote the optimization of process and performance, and ensure quality safety. Standard Foods’ R&D team keeps improving and strengthening its professional ability and is committed to the manufacturing process design and innovation of technology, in order to produce more fine-quality sustainable products through R&D of critical raw materials and reduction of the weight of packing materials.

- (4) Quality improvement

Under the professional supervision by a third-party fair certification unit over the years, Standard Foods have won multiple safety certification marks, and commendations and awards in many grand award ceremonies. The efficacy and safe quality of the products are trustworthy and recognized. For raw materials, manufacturing processes, finished goods and services, we value and strictly require the quality of each cycle, in order to make each bite of the product deliver

the best quality, best flavors, and safety.

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 of nutrition of existing products.
- (5) Discussion and research of innovative technology.
- (6) Establishment and application of analysis method.
- (7) Impacts posed by various manufacturing processes, scale and conditions to the quality.
- (8) Research and application of eco-friendly packing materials.
- (9) Upgrading and replacement of machinery and equipment.
- (10) Upgrading and application of digital technology.

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

1. Long-term Business Development Plans

- (1) Deepen brand construction and innovate brand value by gaining insights into the consumption needs of different age groups, providing fine-quality products and services to embody the belief that “Everyone has the right to nutritious and healthy product.”
- (2) Pursue environmental sustainability growth and green innovation, following sustainable trends, accelerating the formulation and execution of strategies, and enhancing the implementation of ESG practices.
- (3) Integrate corporate cultures and development, cultivate a diverse pool of long-term and stable talents, create agile teams, and improve the overall productivity and competitiveness.
- (4) Expand into overseas markets, embrace globalization, and become a trusted “every family's nutrition and health partner” in more households.

2. Short-term Business Development Plans

- (1) Continuous new product development, product upgrades, and quality enhancements to meet diverse demands.
- (2) Leveraging the advantages of a diverse product portfolio to strengthen brand synergies.
- (3) Ongoing digital transformation to optimize operational strategies and efficiency.
- (4) Creating operational efficiencies through innovative marketing and diversified sales channels.
- (5) Strengthening supply chain resilience management to mitigate potential risks and uncertainties.

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
As a leading brand in the health drinks in the market, we are offering a comprehensive range of products that cater to the varied requirements of different demographics and families. Our range includes Ginseng, Glucosamine, Ganoderma Drink, Bird's Nest, Four-Agents Decoction, Pure Essence of Chicken and Essence of Chicken drinks. These products have become the preferred choices among numerous consumers. At the same time, we continue to launch a variety of innovative products to drive future growth.
- (2) Future market demand & supply status and growth
With the increasingly deepening health-awareness of Taiwanese consumers and a population structure that has moved into an aging society, with a "super-aged society" expected by 2025, together with the impact of COVID-19, consumers pay more attention to personal and familial well-being. Consequently, the overall market for health and nutrition supplements has witnessed steady growth. In parallel, the younger generation has grown up in an environment where health consciousness is prevalent. They inherently prioritize their well-being but also place a greater emphasis on efficiency, convenience, and innovation in their product choices. In the future, there will be a continuous drive to innovate and expand the usage of health supplements among the younger generation.
- (3) Favorable factors and unfavorable factors of competitive niches and development prospect as well as countermeasures
At Standard Foods, we are dedicated to providing consumers with higher quality, professional, innovative and effective products. We have launched a diverse range of health supplements and beverages that cater to the needs of the whole family. By carefully selecting precious and efficient ingredients from both Eastern and Western traditions, we extract the essence that fulfills various health requirements of modern individuals, ensuring everyone has a solid foundation for good health. Our TDHB series is designed to offer health supplements that are immediate, effective, and conveniently portable. These products are tailored to provide healthy nourishment at crucial moments, ensuring individuals can maintain their optimal state of well-being. Our series includes capsule formulations, concentrated lutein drinks, and collagen-infused beauty beverages, which have already been introduced. In 2022, we

introduce a concentrated glucosamine drink, ideal for daily foundational support and crucial joint health during physical activities. This product empowers consumers with enhanced mobility and agility, addressing their diverse health needs and offering personalized solutions.

Our company aims to meet the needs of different stages of life by offering products that are additive-free, minimally burdensome, easily absorbed, and highly nourishing. We strive to provide the best choices for maintaining the health of the entire family, while also expanding our reach to engage the younger consumer demographic and further increasing our market penetration.

Adult milk powder

(1) Market share

In response to people's daily nutritional and health needs, Standard Foods has not only maintained its leading position in the adult low-fat milk powder market with our functional products but has also made a strategic move by introducing a 100% whole milk powder product to target the full-fat milk powder market. By offering delicious and nutritious options, we aim to appeal to diverse consumer groups and earn their recognition. In addition to maintaining the leadership position in the low-fat milk powder market, we are set to accelerate the expansion into the full-fat milk powder market, aiming to increase the overall market share in the milk powder industry.

(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. The Whole Family Milk Powder we launched at the end of 2021 continues to receive enthusiastic support from consumers and experiences rapid growth. The newly introduced Quaker Full-Cream Milk Powder has specifically attracted young families, satisfying their demand for a product that combines both deliciousness and nutritional value. In the women's series, the Quaker Oats High Iron and High Calcium Collagen Milk Powder have been consistently popular, meeting the beauty and nutritional needs of women. At Standard Foods, we uphold the commitment to pursuing optimal nutrition and adhere to the principles of purity and professionalism to provides a variety of milk powder products that are both delicious and nutritious, catering to the daily requirements of all consumers.

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, vegetable protein, and HMB low residue. We are also the first to create a complex and innovative series of savory flavors made from natural ingredients. Our diabetic formula products have always been recommended by physicians and diabetics, with a number of leading products in the market in terms of sales volume.

(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. With the demographic changes, the market also shows a double-digit growth. 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. In addition, as our balanced series provide physical and muscle strength supplement for young adults, the expansion of the nutritional health care market is anticipated.

(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. In addition to taking into account the balanced nutritional formula, the R&D Team of Standard Foods has also integrated natural ingredients into special nutritional products using high technology in order to refine the natural ingredients. This product improves the flavor of the special nutritional products and has won global pure taste awards.

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

Driven by a strong desire for home cooking, coupled with a growing emphasis on quality and safety, as well as an increasing awareness of health-consciousness, consumers are not only prioritizing health and purity in their cooking oil choices but also elevating their awareness of diverse oil options. By incorporating different oil types into various cooking methods and achieving a balanced intake of fatty acids, consumers are seeking to enhance their culinary experiences while ensuring balanced nutrition. Looking ahead, the overall market is moving towards refined and exquisite cooking oils, where high-quality premium products are more likely to garner favor among 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

Based on the nutritional needs of babies in Taiwan, we continue to provide the nutrition required at all stages by mothers and babies with our professional knowledge on nutrition and precious nutritional elements. 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 professional, nutritional and efficient parenting products. To lay the foundation for the growth and development of the baby, we continue to improve the demand in the market for pregnancy to children up to six years old with our professional design, advanced formula and diversification.

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

At Quaker, we take the importance of maternal and child nutrition very serious and will continue to develop products for mothers, infants and children with professional nutrition and strict quality control. The product line includes nutrition products for pregnancy, rice extracts and infant congee for baby's first solid foods. We have also developed the Quaker Grow Up Milk with Probiotics, the only national health food certified, to look after baby's intestinal health as well as nutritional supplements for children over one year old, helping the development and growth of babies of every stage. At Standard Foods, our professional nutritionists will continue take a proactive approach to design diverse products for young consumers. We are committed to meeting the needs for nutrition from pregnancy to children of pre-school age. We are there along the way of the growth of babies and they can rely on 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. There are also many cross category co-branding operations 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 confectionary 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

With electronics manufacturing services continuing to thrive, professional manufacturing is an obvious trend. At present, many major manufacturers are expanding their production capacity around the world by setting up factories or M&As, resulting in fierce competition for orders between peers. Currently, Domex Company accounts for less than 1% of the total EMS market share.

(2) Future market supply & demand status and growth

The EMS industry has been developing rapidly in recent years, becoming one of the fastest growing industries in the world. Due to this, some emerging trends will further drive the development of the market while also changing the past operations of electronic manufacturing companies and the industry as a whole. For example, the growth of the EMS market is bound to have certain growth under the trend of professional manufacturing including energy efficiency and industrial robotic applications.

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

The important factors for the current competition of the development of Domex Company is to be able to provide flexible and fast process as well as product line changes in order to better meet the diverse needs of customers. By adopting the strategy of small quantity and a variety of products, Domex Company is able to avoid direct competition with large foundries, while providing one-stop electronic manufacturing services to customers, from electronic design and electronic assembly to PCB manufacturing and testing, shipping and after-sales services. This allows customers to be able to center on their core business.

(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

Unit: NT\$1,000

1. Information of main customers in the past two years

Item	2021				2022				As of March 31, 2023 (Note 2)			
	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)	4,388,023	12.8		Company A (Note 1)	4,300,723	14.9		Company A (Note 1)	1,054,874	17.9	
	Company B (Note 1)	3,567,755	10.4									
	Others	26,351,266	76.8		Others	24,622,077	85.1		Others	4,825,625	82.1	
	Net sales	34,307,044	100.0		Net sales	28,922,800	100.0		Net sales	5,880,499	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.

Unit: NT\$1,000

2. Information of main customers in the past two years

Item	2021				2022				As of March 31, 2023 (Note 2)			
	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)	5,016,149	20.2						Company B (Note 1)	443,329	10.6	
	Others	19,810,079	79.8		Others	20,599,277	100.0		Others	3,729,841	89.4	
	Net purchase	24,826,228	100.0		Net purchase	20,599,277	100.0		Net purchase	4,173,170	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\$1,000

Production Volume/Value	Year	2021			2022		
	Main Products	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
	Nutritious Foods	134,179.60	108,173.05	11,193,536	134,179.60	110,584.67	10,901,972
	Cooking products Food	669,676.00	230,170.30	11,981,595	669,676.00	206,125.26	13,459,710
	Others	(Note 1)	7,612.31	351,477	(Note 1)	8,637.85	415,348
		-	1,812,354.00 (Note 2)	3,564,943	-	1,323,601.00 (Note 2)	1,947,762
	Total	803,855.60	345,955.67	27,091,551	803,855.60	325,347.77	26,724,792
			1,812,354.00 (Note 2)			1,323,601.00 (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\$1,000

Sales Volume/Value	Year	2021				2022			
	Main Products	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
	Nutritious Foods	106,432.10	11,002,284	613.30	74,565	106,534.40	10,474,435	605.20	87,906
	Cooking products Food	25,820.20	2,227,444	315,812.50	15,556,364	23,101.50	2,260,016	194,864.40	11,972,872
	Others	7,308.60	4,046,958	0.00	1,399,429	8,216.50	2,742,897	0.00	1,384,674
		0.00 (Note 1)		464,941.00 (Note 1)		0.00 (Note 1)		526,735.00 (Note 1)	
		1,404,049.00 (Note 2)		282,033.00 (Note 2)		823,527.00 (Note 2)		324,116.00 (Note 2)	
	Total	139,560.90	17,276,686	316,425.80	17,030,358	137,852.40	15,477,348	195,469.60	13,445,452
		0.00 (Note 1)		464,941.00 (Note 1)		0.00 (Note 1)		526,735.00 (Note 1)	
		1,404,049.00 (Note 2)		282,033.00 (Note 2)		823,527.00 (Note 2)		324,116.00 (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

April 30, 2023

Year		2021	2022	As of April 30, 2023
Number of Employees	Employees	2,554	1,902	1,907
	Employees	954	931	917
	Total	3,508	2,833	2,824
Average Age		38.02	39.09	38.96
Average Service Year		6.85	8.00	8.00
Academic distribution ratio	PhD	11	11	11
	Master	232	252	256
	Bachelor	1,905	1,519	1,521
	High school	1,058	795	791
	Below high school	302	256	245

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 2022 and up to the date of publication of the annual report, unusual environmental penalty cases of Standard Foods:
 - (1) Dayuan Plant: During the EPA audit in August 2022, the chemical substance of concern “ammonium nitrate” listed in the quality assurance laboratory was not approved by the co-sponsor environmental protection company within the application period, violating Article 25, Paragraph 1 of the Toxic and Concerned Chemical Substances Control Act, and a fine of NT\$30,000 was imposed.
 - (2) No fines were incurred due to environmental abnormalities in Zhongli Plant.
 - (3) Hsinchu Plant: During the EPA audit in December 2022, the labeling of the organic sludge storage area came off and there were no obvious labels, violating Article 36-2 of the Waste Disposal Act, and a fine of NT\$12,000 was imposed. The new sludge dryer and the organic sludge storage area were shifted by 10M, which did not match the record of the waste disposal book, violating Article 31, Paragraph 1 of the Waste Disposal Act, and a fine of NT\$6,000 was imposed. The labeling was improved immediately and the application for change was completed within the deadline. These were not actual abnormal environmental pollution incidents.
2. Environmental protection equipment expenditure
 - (1) Dayuan Plant completed the water reclamation project at the beverage factory in 2022, at a cost of NT\$1.97 million.
 - (2) The installation of sludge dryer at Hsinchu Plant was completed in May 2022, at a cost of NT\$5.5 million.
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	2023	2024	2025
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\$22,033,000	NT\$19,640,000	NT\$19,640,000

(2) Zhongli Plant

Year	2023	2024	2025
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
	Heat pump sludge dryers installed		
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
	Sludge water content reduction		
Amount	NT\$24,660,000	NT\$7,160,000	NT\$7,160,000

(3) Hsinchu plant

Year	2023	2024	2025
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
	Increase the number of resource recovery and sorting personnel to sort garbage for recycling (in progress)		
	Newly established sludge dryers and settling tanks		
Expected improvement	Garbage reduction up to 50%	Maintain the normal operation of environmental equipment and garbage removal	Maintain the normal operation of environmental equipment and garbage removal
	Reduction of air pollution and odor from sludge dryer		
Amount	NT\$10,931,000	NT\$9,931,000	NT\$9,931,000

4. Influence after improvement

Year	2023	2024	2025
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 2022 were NT\$ 11,495 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, 2023

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	2021.10.23-2022.10.22 (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\$1,000

Year Item		Most-Recent 5-Year Financial Information					As of March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Current assets		17,107,047	18,513,185	21,125,786	20,451,335	19,195,181	17,081,983
Property, plant and equipment		5,478,238	5,125,312	4,201,645	4,333,681	4,282,791	4,224,225
Intangible assets		73,050	68,087	106,208	102,981	110,818	112,302
Other assets		1,339,321	1,781,681	2,390,223	3,401,143	4,340,623	4,235,817
Total asset value		23,997,656	25,488,265	27,823,862	28,289,140	27,929,413	25,654,327
Current liabilities	Before distribution	7,510,934	7,682,083	8,955,895	8,984,180	9,575,913	7,021,722
	After distribution	9,798,658	10,107,070	11,243,619	10,722,850	(Note 2)	(Note 2)
Non-current liabilities		446,397	855,491	852,340	827,743	499,760	430,924
Total liabilities	Before distribution	7,957,331	8,537,574	9,808,235	9,811,923	10,075,673	7,452,646
	After distribution	10,245,055	10,962,561	12,095,959	11,550,593	(Note 2)	(Note 2)
Equity attributable to owners of parent company		15,806,926	16,678,127	17,684,488	18,037,190	17,511,340	17,873,971
Share capital		9,150,897	9,150,897	9,150,897	9,150,897	9,150,897	9,150,897
Capital surplus		93,045	109,718	127,392	144,066	156,981	156,981
Retained earnings	Before distribution	6,915,111	8,016,188	8,782,873	8,953,485	8,475,172	8,738,117
	After distribution	4,627,387	5,591,201	6,495,149	7,214,815	(Note 2)	(Note 2)
Other equity		(330,945)	(577,494)	(355,492)	(190,076)	(250,528)	(150,842)
Treasury stock		(21,182)	(21,182)	(21,182)	(21,182)	(21,182)	(21,182)
Non-controlling Interests		233,399	272,564	331,139	440,027	342,400	327,710
Total equity	Before distribution	16,040,325	16,950,691	18,015,627	18,477,217	17,853,740	18,201,681
	After distribution	13,752,601	14,525,704	15,727,903	16,738,547	(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: NT\$1,000 (EPS: NTD)

Item \ Year	Most-Recent 5-Year Financial Information					Financial information as of March 31, 2023 (Note 1)
	2018	2019	2020	2021	2022	
Operating revenue	27,340,587	31,266,232	34,466,244	34,307,044	28,922,800	5,880,499
Gross profit	8,254,345	9,631,013	9,609,454	8,231,860	6,358,576	1,343,435
Operating profit (loss)	3,149,836	4,423,873	4,044,179	2,981,585	1,442,855	289,059
Non-operating revenue and expenses	526,396	124,661	244,532	171,429	168,224	45,219
Profit before income tax	3,676,232	4,548,534	4,288,711	3,153,014	1,611,079	334,278
Net income from continuing operations	2,968,307	3,454,836	3,255,830	2,501,106	1,244,108	266,243
Loss from discontinued operations	-	-	-	-	-	-
Net Income (Loss)	2,968,307	3,454,836	3,255,830	2,501,106	1,244,108	266,243
Other comprehensive income for the period (after tax)	(138,749)	(256,189)	240,351	265,038	(108,326)	81,698
Total comprehensive income for the period	2,829,558	3,198,647	3,496,181	2,766,144	1,135,782	347,941
Net Income Attributable to Shareholders of the Parent	2,949,089	3,416,097	3,212,801	2,456,628	1,214,098	262,945
Net Income Attributable to Non-controlling Interests	19,218	38,739	43,029	44,478	30,010	3,298
Comprehensive Income Attributable to Owners of the Parent	2,813,107	3,142,252	3,413,674	2,623,752	1,199,905	362,631
Comprehensive Income Attributable to Non-controlling Interests	16,451	56,395	82,507	142,392	(64,123)	(14,690)
Earnings per Share (Note 2)	3.25	3.76	3.54	2.70	1.34	0.29

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\$1,000

Item \ Year		Most-Recent 5-Year Financial Information				
		2018	2019	2020	2021	2022
Current assets		6,625,406	7,306,207	7,566,635	7,866,766	8,117,541
Property, plant and equipment		1,420,548	1,372,629	1,352,887	1,341,650	1,381,826
Intangible assets		1,672	2,943	13,660	21,101	26,516
Other assets		10,308,831	10,914,409	11,651,568	11,819,806	10,703,135
Total asset value		18,356,457	19,596,188	20,584,750	21,049,323	20,229,018
Current liabilities	Before distribution	2,220,075	2,384,532	2,326,250	2,408,678	2,373,226
	After distribution	4,507,799	4,809,519	4,613,974	4,147,348	(Note 1)
Non-current liabilities		329,456	533,529	574,012	603,455	344,452
Total liabilities	Before distribution	2,549,531	2,918,061	2,900,262	3,012,133	2,717,678
	After distribution	4,837,255	5,343,048	5,187,986	4,750,803	(Note 1)
Share capital		9,150,897	9,150,897	9,150,897	9,150,897	9,150,897
Capital surplus		93,045	109,718	127,392	144,066	156,981
Retained earnings	Before distribution	6,915,111	8,016,188	8,782,873	8,953,485	8,475,172
	After distribution	4,627,387	5,591,201	6,495,149	7,214,815	(Note 1)
Other equity		(330,945)	(577,494)	(355,492)	(190,076)	(250,528)
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	18,037,190	17,511,340
	After distribution	13,519,202	14,253,140	15,396,764	16,298,520	(Note 1)

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

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

Unit: NT\$1,000 (EPS: NTD)

Item \ Year	Most-Recent 5-Year Financial Information				
	2018	2019	2020	2021	2022
Operating revenue	12,187,907	13,139,944	13,184,535	12,496,867	12,168,430
Gross profit	4,082,297	4,670,008	4,729,064	4,551,605	4,074,388
Operating profit (loss)	2,370,064	2,955,225	2,847,983	2,658,454	2,008,558
Non-operating revenue and expenses	1,117,097	1,228,861	1,073,384	326,112	(538,554)
Profit before income tax	3,487,161	4,184,086	3,921,367	2,984,566	1,470,004
Net income from continuing operations	2,949,089	3,416,097	3,212,801	2,456,628	1,214,098
Loss from discontinued operations	-	-	-	-	-
Net Income (Loss)	2,949,089	3,416,097	3,212,801	2,456,628	1,214,098
Other comprehensive income for the period (after tax)	(135,982)	(273,845)	200,873	167,124	(14,193)
Total comprehensive income for the period	2,813,107	3,142,252	3,413,674	2,623,752	1,199,905
Earnings per share (Note 1)	3.25	3.76	3.54	2.70	1.34

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
2022	Deloitte & Touche	Tza-Li Gung, Han-Ni Fang	Unmodified 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

II. Financial Analysis in the Most Recent Five Years

(1) Consolidated Financial Analysis -IFRS (Consolidated)

Analysis Item (Note 1)		Financial Analysis in the Most Recent Five Years					As of March 31, 2023 (Note)
		2018	2019	2020	2021	2022	
Financial Structure (%)	Debt-to-asset ratio (%)	33.16	33.50	35.25	34.68	36.08	29.05
	Ratio of long-term capital to property, plant, and equipment (%)	300.95	347.42	449.06	445.46	428.54	441.09
Debt service ability	Current ratio (%)	227.76	240.99	235.89	227.64	200.45	243.27
	Quick ratio (%)	150.05	175.10	160.32	146.09	127.07	140.87
	Interest coverage ratio (%)	46.53	98.03	84.54	65.33	27.00	22.55
Operating Ability	Accounts receivable turnover rate (times)	4.86	4.96	5.41	5.71	5.41	5.47
	Average days for cash receipts	75.10	73.58	67.46	63.92	67.46	66.72
	Inventory turnover rate (times)	4.36	5.51	5.67	4.82	3.97	3.18
	Accounts payable turnover rate (times)	9.76	9.28	10.87	10.45	9.51	11.18
	Average days for sale of goods	83.71	66.24	64.37	75.72	91.93	114.77
	Property, plant, and equipment turnover rate (times)	4.90	5.90	7.39	8.04	6.71	5.53
	Total assets turnover rate (times)	1.17	1.26	1.29	1.22	1.03	0.88
Profitability	Return on total assets (%)	12.99	14.11	12.37	9.06	4.60	4.16
	Return on equity (%)	19.11	20.94	18.62	13.71	6.85	5.91
	Pre-tax profit to paid-in capital (%) (Note 5)	40.17	49.71	46.87	34.46	17.61	14.61
	Net profit margin (%)	10.86	11.05	9.45	7.29	4.3	4.53
	Earnings per share (NT\$)	3.25	3.76	3.54	2.70	1.34	0.29
Cash Flows	Cash flow ratio (%)	35.14	65.43	27.13	42.40	19.54	(4.55)
	Cash flow adequacy ratio (%)	101.02	118.09	97.00	107.39	107.10	101.50
	Cash reinvestment ratio (%)	3.93	13.12	-	6.96	0.56	(1.44)
Leverage	Operating leverage	1.47	1.46	1.57	1.72	2.36	2.66
	Financial leverage	1.03	1.01	1.01	1.02	1.04	1.06

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

- (1) The decrease in times interest earned in 2022 was mainly due to a slight decrease in operating profit, resulting in a decrease net income before tax.
- (2) 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 2022 was mainly due to a slight decrease in operating profit, resulting in a decrease in net income before and after tax.
- (3) The decrease in the EPS (NTD) in 2022 was mainly due to a decrease in net income for the period compared to the same period last year.
- (4) The decrease in the cash flow ratio and cash reinvestment ratio in 2022 was mainly due to the decrease in net cash flow from operating activities.

Note: Reviewed by CPAs.

(2) Financial analysis - International Financial Reporting Standards (Individual)

Analysis Item (Note 1)		Financial Analysis in the Most Recent Five Years				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt-to-asset ratio (%)	13.89	14.89	14.09	14.31	13.43
	Ratio of long-term capital to property, plant, and equipment (%)	1,135.93	1,253.92	1,349.60	1,389.38	1,292.19
Debt service ability	Current ratio (%)	298.43	306.40	325.27	326.60	342.05
	Quick ratio (%)	202.26	214.80	238.03	240.25	215.51
	Interest coverage ratio (%)	5,091.75	3,125.78	3,618.50	3,541.41	1,070.09
Operating Ability	Accounts receivable turnover rate (times)	5.97	5.91	5.98	6.16	6.02
	Average days for cash receipts	61.13	61.75	61.03	59.25	60.63
	Inventory turnover rate (times)	4.36	4.51	4.50	4.51	3.69
	Accounts payable turnover rate (times)	9.90	9.35	9.65	9.80	10.05
	Average days for sale of goods	83.71	80.93	81.11	80.93	98.91
	Property, plant, and equipment turnover rate (times)	8.61	9.41	9.67	9.28	8.94
	Total assets turnover rate (times)	0.69	0.69	0.66	0.60	0.59
Profitability	Return on total assets (%)	16.70	18.01	16.00	11.81	5.89
	Return on equity (%)	19.28	21.03	18.70	13.75	6.83
	Ratio of Pre-tax Net Income to Paid-in Capital Ratio (%) (Note 5)	38.11	45.72	42.85	32.62	16.06
	Net profit margin (%)	24.20	26.00	24.37	19.66	9.98
	Earnings per share (NT\$)	3.25	3.76	3.54	2.70	1.34
Cash Flows	Cash flow ratio (%)	79.67	105.51	54.96	113.48	29.48
	Cash flow adequacy ratio (%)	119.95	114.28	92.15	90.02	71.11
	Cash reinvestment ratio (%)	(0.34)	1.18	(5.58)	2.14	(5.14)
Leverage	Operating leverage	1.35	1.29	1.34	1.35	1.45
	Financial leverage	1.00	1.00	1.00	1.00	1.00
Reasons for changes in financial ratios in the most recent two years:						
(1) The decrease in times interest earned in 2022 was mainly due to a slight decrease in operating profit, resulting in a decrease net income before tax.						
(2) The decrease in the EPS (NTD) in 2022 was mainly due to a decrease in net income for the period compared to the same period last year.						
(3) The increase in cash flow ratio in 2022 was mainly due to an increase in net cash flow from operating activities.						
(4) The decrease in cash flow ratio and cash reinvestment ratio in 2022 was mainly due to net cash from operating activities.						
(5) The decrease in cash flow adequacy ratio in 2022 was mainly due to the decrease in net cash flow from operating activities and increase in inventory.						

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 2022 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 2023

Standard Foods Corporation

Convener of the Audit Committee: Ben Chang

March 16, 2023

IV. Consolidated Financial Statements for the Most Recent Fiscal Year **(INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE)**

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, 2022 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 23, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022 is stated as follows:

Estimate of Return Liability

Standard Foods Corporation and its subsidiaries in China mainly manufacture and sell 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, 2022 and 2021, 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 Standards on Auditing of 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 Standard on Auditing of 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, 2022 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 23, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 4,348,255	16	\$ 3,748,069	14
Financial assets at fair value through profit or loss - current (Note 7)	1,286,801	5	1,174,960	4
Financial assets at fair value through other comprehensive income - current (Note 8)	184,359	1	313,940	1
Financial assets at amortized cost - current (Note 9)	1,061,060	4	1,936,561	7
Notes receivable (Notes 10 and 25)	9,223	-	18,370	-
Trade receivables (Notes 10 and 25)	4,965,650	18	5,699,413	20
Trade receivable from related parties (Notes 25 and 32)	4,737	-	7,290	-
Finance lease receivables - current (Note 11)	516	-	3,576	-
Other receivables (Note 10)	307,080	1	218,409	1
Current tax assets (Note 27)	588	-	4,765	-
Inventories (Note 12)	5,658,738	20	5,701,129	20
Prepayments (Note 13)	1,258,577	4	1,527,503	5
Other current assets (Notes 19 and 33)	109,597	-	97,350	-
Total current assets	19,195,181	69	20,451,335	72
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	8,721	-	7,235	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	359,217	1	507,240	2
Financial assets at amortized cost - non-current (Note 9)	1,807,854	7	716,466	3
Property, plant and equipment (Notes 15 and 33)	4,282,791	15	4,333,681	15
Right-of-use assets (Note 16)	590,816	2	652,121	2
Investment properties (Notes 17 and 33)	762,361	3	785,735	3
Goodwill	558	-	558	-
Other intangible assets (Note 18)	110,260	-	102,423	-
Deferred tax assets (Note 27)	430,159	2	437,485	2
Finance lease receivables - non-current (Note 11)	4,930	-	20,455	-
Net defined benefit assets - non-current (Note 23)	619	-	6,143	-
Other non-current assets (Note 19)	375,946	1	268,263	1
Total non-current assets	8,734,232	31	7,837,805	28
TOTAL	\$ 27,929,413	100	\$ 28,289,140	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 33)	\$ 2,928,175	10	\$ 1,372,463	5
Short-term bills payable (Note 20)	-	-	259,855	1
Contract liabilities - current (Note 25)	478,697	2	509,315	2
Notes payable (Note 21)	543,484	2	859,254	3
Trade payables (Note 21)	1,405,642	5	1,895,397	7
Trade payables to related parties (Note 32)	19,633	-	19,472	-
Other payables (Note 22)	3,737,651	14	3,440,103	12
Current tax liabilities (Note 27)	238,594	1	397,210	1
Lease liabilities - current (Note 16)	93,575	-	89,117	-
Other current liabilities (Notes 5 and 22)	130,462	-	141,994	1
Total current liabilities	9,575,913	34	8,984,180	32
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 27)	139,616	-	323,661	1
Lease liabilities - non-current (Note 16)	157,283	1	230,856	1
Net defined benefit liabilities - non-current (Note 23)	180,637	1	242,050	1
Other non-current liabilities (Note 22)	22,224	-	31,176	-
Total non-current liabilities	499,760	2	827,743	3
Total liabilities	10,075,673	36	9,811,923	35
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Ordinary shares	9,150,897	33	9,150,897	32
Capital surplus	156,981	1	144,066	1
Retained earnings				
Legal reserve	3,852,023	14	3,606,189	13
Special reserve	577,494	2	577,494	2
Unappropriated earnings	4,045,655	14	4,769,802	17
Total retained earnings	8,475,172	30	8,953,485	32
Other equity	(250,528)	(1)	(190,076)	(1)
Treasury shares	(21,182)	-	(21,182)	-
Total equity attributable to owners of the Company	17,511,340	63	18,037,190	64
NON-CONTROLLING INTERESTS (Note 24)	342,400	1	440,027	1
Total equity	17,853,740	64	18,477,217	65
TOTAL	\$ 27,929,413	100	\$ 28,289,140	100

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2022</u>		<u>2021</u>	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 25 and 32)	\$ 28,922,800	100	\$ 34,307,044	100
OPERATING COSTS				
Cost of goods sold (Notes 12, 26 and 32)	<u>22,564,224</u>	<u>78</u>	<u>26,075,184</u>	<u>76</u>
GROSS PROFIT	<u>6,358,576</u>	<u>22</u>	<u>8,231,860</u>	<u>24</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	3,740,658	13	4,054,211	11
General and administrative expenses	964,825	3	1,023,005	3
Research and development expenses	171,538	1	177,876	1
Expected credit loss (gain)	<u>38,700</u>	<u>-</u>	<u>(4,817)</u>	<u>-</u>
Total operating expenses	<u>4,915,721</u>	<u>17</u>	<u>5,250,275</u>	<u>15</u>
OPERATING INCOME	<u>1,442,855</u>	<u>5</u>	<u>2,981,585</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Interest income	132,393	-	105,660	-
Other income	50,891	-	60,338	-
Other gains	46,893	-	54,442	-
Finance costs	<u>(61,953)</u>	<u>-</u>	<u>(49,011)</u>	<u>-</u>
Total non-operating income and expenses	<u>168,224</u>	<u>-</u>	<u>171,429</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,611,079	5	3,153,014	9
INCOME TAX EXPENSE (Note 27)	<u>366,971</u>	<u>1</u>	<u>651,908</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,244,108</u>	<u>4</u>	<u>2,501,106</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	59,562	-	3,515	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(277,623)	(1)	304,523	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>(14,419)</u>	<u>-</u>	<u>(2,148)</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(232,480)</u>	<u>(1)</u>	<u>305,890</u>	<u>1</u>

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2022</u>		<u>2021</u>	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 155,074	1	\$ (51,015)	-
Income tax relating to the items that may be reclassified subsequently to profit or loss (Note 27)	<u>(30,920)</u>	<u>-</u>	<u>10,163</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>124,154</u>	<u>1</u>	<u>(40,852)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(108,326)</u>	<u>-</u>	<u>265,038</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,135,782</u>	<u>4</u>	<u>\$ 2,766,144</u>	<u>8</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,214,098	4	\$ 2,456,628	7
Non-controlling interests	<u>30,010</u>	<u>-</u>	<u>44,478</u>	<u>-</u>
	<u>\$ 1,244,108</u>	<u>4</u>	<u>\$ 2,501,106</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,199,905	4	\$ 2,623,752	8
Non-controlling interests	<u>(64,123)</u>	<u>-</u>	<u>142,392</u>	<u>-</u>
	<u>\$ 1,135,782</u>	<u>4</u>	<u>\$ 2,766,144</u>	<u>8</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 1.34</u>		<u>\$ 2.70</u>	
Diluted	<u>\$ 1.34</u>		<u>\$ 2.70</u>	

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

(Concluded)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,611,079	\$ 3,153,014
Adjustments for:		
Depreciation expenses	595,485	605,138
Amortization expenses	68,429	77,892
Expected credit loss recognized (reversed) on trade receivables	38,700	(4,817)
Net gain (loss) on fair value changes of financial assets and financial liabilities at fair value through profit or loss	74,856	42,047
Finance costs	61,953	49,011
Interest income	(132,393)	(105,660)
Dividend income	(24,447)	(24,059)
Net loss (gain) on disposal of property, plant and equipment	(1,684)	20,862
Loss on disposal of investment	-	259
Others	5,592	(998)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as fair value through profit or loss	(186,887)	276,351
Notes receivable	9,448	(15,212)
Trade receivables	744,175	565,283
Trade receivables from related parties	2,553	1,721
Other receivables	(41,051)	5,990
Inventories	92,932	(593,914)
Prepayments	284,590	45,750
Other current assets	(11,339)	(33,568)
Accrued pension assets	5,524	(2,622)
Contract liabilities	(37,832)	(235,573)
Notes payable	(328,804)	768,540
Trade payables	(497,144)	(208,778)
Trade payables - related parties	161	(1,054)
Other payables	272,543	6,719
Other current liabilities	(13,038)	70,363
Net defined benefit liabilities	(3,125)	(33,751)
Cash generated from operations	2,590,276	4,428,934
Interest received	84,521	105,543
Interest paid	(61,387)	(49,624)
Income tax paid	(742,564)	(675,794)
Net cash generated from operating activities	<u>1,870,846</u>	<u>3,809,059</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(4,398,684)	(3,668,940)
Refund of financial assets at amortized cost	4,192,025	2,744,087
Payments for property, plant and equipment	(386,518)	(619,206)
Proceeds from disposal of property, plant and equipment	7,775	3,968
Payments for intangible assets	(20,531)	(17,247)

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Acquisitions of right-of-use assets	\$ (16,377)	\$ -
Decrease in finance lease receivables	18,585	2,917
Increase in other financial assets	(131,696)	(82,902)
Increase in other non-current assets	(25,620)	(53,969)
Other dividends received	<u>24,447</u>	<u>24,059</u>
Net cash used in generated from (used in) investing activities	<u>(736,594)</u>	<u>(1,667,233)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,549,193	-
Decrease in short-term borrowings	-	(467,003)
Increase in short-term bills payable	-	129,986
Decrease in short-term bills payable	(259,855)	-
Repayment of the principal portion of lease liabilities	(90,904)	(83,532)
Increase in other financial liabilities	-	11,112
Decrease in other financial liabilities	(9,272)	-
Decrease in other non-current liabilities	(127)	-
Dividends paid to owners of the Company	<u>(1,759,502)</u>	<u>(2,304,554)</u>
Net cash used in financing activities	<u>(570,467)</u>	<u>(2,713,991)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>36,401</u>	<u>(11,784)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	600,186	(583,949)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,748,069</u>	<u>4,332,018</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,348,255</u>	<u>\$ 3,748,069</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, 2022 AND 2021 (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 15, 2023.

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 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

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

- c. The 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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the above standards and interpretations on the consolidated 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 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.

1. 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.

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

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

The Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. 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.

1. 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 is recorded as the deduction of sales, and management periodically reviews the reasonableness of accounting estimates.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 1,587	\$ 1,940
Checking accounts and demand deposits	2,772,146	2,279,149
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>1,574,522</u>	<u>1,466,980</u>
	<u>\$ 4,348,255</u>	<u>\$ 3,748,069</u>

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

	December 31	
	2022	2021
Bank balance	0.001%-5.150%	0.001%-4.125%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Listed shares	\$ 24,900	\$ -
Mutual funds	1,261,901	1,146,721
Note cash	-	28,239
	<u>\$ 1,286,801</u>	<u>\$ 1,174,960</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Listed shares	\$ 6,662	\$ 4,991
Domestic unlisted shares	2,059	2,244
	<u>\$ 8,721</u>	<u>\$ 7,235</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	<u>\$ 184,359</u>	<u>\$ 313,940</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 359,217</u>	<u>\$ 507,240</u>
<u>Investments in equity instruments at FVTOCI</u>		

	December 31	
	2022	2021
<u>Current</u>		
Listed shares and emerging market shares		
Ordinary shares - Far Eastern International Bank	\$ 16,135	\$ 15,523
Ordinary shares - Chunghwa Telecom Co., Ltd	5,492	5,662
Ordinary shares - Formosa Plastics Corporation	7,937	9,510
		(Continued)

	December 31	
	2022	2021
Ordinary shares - China Steel Corporation	\$ 23,937	\$ 28,395
Ordinary shares - Polytronics Technology Corp.	90,493	199,500
Ordinary shares - Taiwan Semiconductor Manufacturing Co., Ltd.	<u>40,365</u>	<u>55,350</u>
	<u>\$ 184,359</u>	<u>\$ 313,940</u>
<u>Non-current</u>		
Listed shares and emerging market shares		
Ordinary shares - GeneFerm Biotechnology Co., Ltd.	\$ 143,508	\$ 95,136
Unlisted shares		
Ordinary shares - Dah Chung Bills Finance Corp.	15,549	17,129
Ordinary shares - InnoComm Mobile Technology Corp.	199,152	393,948
Ordinary shares - AsiaVest Liquidation Co.	<u>1,008</u>	<u>1,027</u>
	<u>\$ 359,217</u>	<u>\$ 507,240</u>
		(Concluded)

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	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 1,061,060</u>	<u>\$ 1,936,561</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 1,807,854</u>	<u>\$ 716,466</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.76%-5.25% and 0.40%-4.13% per annum as of December 31, 2022 and 2021, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
Operating	\$ 9,223	\$ 18,370
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 5,025,105	\$ 5,722,846
Less: Allowance for impairment loss	(59,455)	(23,433)
	<u>\$ 4,965,650</u>	<u>\$ 5,699,413</u>
<u>Other receivables</u>		
Accrued interest	\$ 66,902	\$ 19,100
Others	<u>240,178</u>	<u>199,309</u>
	<u>\$ 307,080</u>	<u>\$ 218,409</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, 2022

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

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>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 23,433	\$ 32,487
Add: Net remeasurement of loss allowance	38,700	-
Less: Net remeasurement of loss allowance	-	(4,817)
Less: Amounts written off	(3,166)	(3,828)
Foreign exchange translation gains and losses	<u>488</u>	<u>(409)</u>
Balance at December 31	<u>\$ 59,455</u>	<u>\$ 23,433</u>

11. FINANCE LEASE RECEIVABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Undiscounted lease payments</u>		
Year 1	\$ 571	\$ 4,700
Year 2	1,095	4,800
Year 3	1,143	4,800
Year 4	1,143	4,800
Year 5	1,659	4,800
Year 6 onwards	<u>-</u>	<u>3,800</u>
	5,611	27,700
Less: Unearned finance income	<u>(165)</u>	<u>(3,669)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 5,446</u>	<u>\$ 24,031</u>

As of December 31, 2022, 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	
	2022	2021
Merchandise	\$ 470,926	\$ 389,687
Finished goods	2,196,524	2,300,070
Work in progress	909,042	736,022
Raw materials	1,996,324	2,198,038
Packing materials	<u>85,922</u>	<u>77,312</u>
	<u>\$ 5,658,738</u>	<u>\$ 5,701,129</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2022 included loss on write-downs of inventories of \$71,280 thousand and loss on abandoned inventories of \$41,105 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2021 included write-down of inventories of \$64,547 thousand and loss on abandoned inventories of \$36,587 thousand.

13. PREPAYMENTS

	December 31	
	2022	2021
Prepayments for purchases	\$ 824,247	\$ 1,045,918
Prepayments for rent	3,535	5,317
Prepayments for insurance	1,089	974
Excess business tax paid	156,193	234,419
Prepayments for advertisements	9,628	25,870
Others	<u>263,885</u>	<u>215,005</u>
	<u>\$ 1,258,577</u>	<u>\$ 1,527,503</u>

14. SUBSIDIARIES

Subsidiaries included in consolidated financial statements.

Investor	Investee	Main Business	Proportion of Ownership		Remarks
			December 31, 2022	December 31, 2021	
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	Standard Foods, LLC.	Sale of health food	100.0	100.0	-

(Continued)

Investor	Investee	Main Business	Proportion of Ownership		Remark
			2022	2021	
The Company	Standard Great Foods Singapore PTE. LTD.	Food business	100.0	-	In November 2022, the Company invested SGD \$14 thousand and established Standard Great Foods Singapore PTE. LTD.
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	Accession Limited transferred its equity interest to Shanghai New Vitality through the restructuring of the organization in December 2022.
Accession Limited	Dermalab S.A. (“Dermalab”)	Development and sale of cosmetics	100.0	100.0	Accession Limited invested Dermalab CHF \$1,450 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 New Vitality Health Technology (Group) Co., Ltd. (“Shanghai New Vitality”)	Sale of nutritional foods, cosmetic and engage in import and export business	99.0	-	Hong Kong Standard invested RMB \$99,000 thousand in Shanghai New Vitality in November 2022.
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	China Standard Investment transferred its equity interest to Shanghai New Vitality through the restructuring of the organization in December 2022.
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	The Company and China Standard Investment transferred its equity interest to Shanghai New Vitality through restructuring of the organization in December 2022.
China Standard Investment	Standard Foods (Xiamen) Co., Ltd. (“Xiamen Standard”)	Manufacture and sale of edible oils and nutritious foods	100.0	100.0	-
Shanghai New Vitality	Shanghai Dermalab Corporation (“Shanghai Dermalab”)	Sale of nutritional foods, cosmetic and engage in import and export business	100.0	-	Shanghai New Vitality took over the equity interest from China Standard Investment through the restructuring of the organization in December 2022.
Shanghai New Vitality	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	-	Shanghai New Vitality took over the equity interest from the company and China Standard Investment through the restructuring of the organization in December 2022.
Shanghai New Vitality	Shanghai Le Ben De Health Technology Co., Ltd. (“Shanghai Le Ben De”)	Technical consultant on health technology, technical transfer and technical service	100.0	-	Shanghai New Vitality took over the equity interest from Accession Limited through the restructuring of the organization in December 2022.

(Concluded)

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Other Equipment	Property in Construction	Total
<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)	-
Transferred from 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>

(Continued)

	Freehold Land	Buildings	Equipment	Other Equipment	Property in Construction	Total
<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	-	-
Transferred from 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>\$ 436,447</u>	<u>\$ 4,333,681</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 716,150	\$ 3,434,095	\$ 4,166,454	\$ 592,885	\$ 436,447	\$ 9,346,031
Additions	-	11,696	-	1,403	373,419	386,518
Disposals	-	(3,808)	(55,283)	(31,768)	-	(90,859)
Reclassified	278,470	92,249	100,132	51,015	(521,866)	-
Transferred to investment property	-	(23,788)	-	-	-	(23,788)
Effects of foreign currency exchange differences	-	27,914	18,087	4,383	527	50,911
Balance at December 31, 2022	<u>\$ 994,620</u>	<u>\$ 3,538,358</u>	<u>\$ 4,229,390</u>	<u>\$ 617,918</u>	<u>\$ 288,527</u>	<u>\$ 9,668,813</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 1,538,424	\$ 3,022,774	\$ 451,152	\$ -	\$ 5,012,350
Disposals	-	(2,745)	(50,438)	(31,585)	-	(84,768)
Depreciation expenses	-	158,307	251,607	46,354	-	456,268
	-	1,011	(426)	(585)	-	-
Transferred to investment property	-	(18,876)	-	-	-	(18,876)
Effects of foreign currency exchange differences	-	8,576	9,239	3,233	-	21,048
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 1,684,697</u>	<u>\$ 3,232,756</u>	<u>\$ 468,569</u>	<u>\$ -</u>	<u>\$ 5,386,022</u>
Carrying amount at December 31, 2022	<u>\$ 994,620</u>	<u>\$ 1,853,661</u>	<u>\$ 996,634</u>	<u>\$ 149,349</u>	<u>\$ 288,527</u>	<u>\$ 4,282,791</u>

(Concluded)

No impairment assessment was performed for the years ended December 31, 2022 and 2021 since there was no indication of impairment.

The depreciation expenses 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	
	2022	2021
<u>Carrying amounts</u>		
Land	\$ 396,328	\$ 386,459
Buildings	187,883	259,442
Office equipment	1,665	348
Transportation equipment	<u>4,940</u>	<u>5,872</u>
	<u>\$ 590,816</u>	<u>\$ 652,121</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 56,783</u>	<u>\$ 196,069</u>
Depreciation charge for right-of-use assets		
Land	\$ 12,689	\$ 12,414
Buildings	83,533	77,229
Office equipment	376	96
Transportation equipment	<u>4,226</u>	<u>6,125</u>
	<u>\$ 100,824</u>	<u>\$ 95,864</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 93,575</u>	<u>\$ 89,117</u>
Non-current	<u>\$ 157,283</u>	<u>\$ 230,856</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
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	
	2022	2021
Expenses relating to short-term leases	\$ 93,766	\$ 100,631
Expenses relating to low-value asset leases	\$ 933	\$ 2,789
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 80	\$ 78
Total cash outflow for leases	\$ (192,400)	\$ (195,533)

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, 2021	\$ 1,009,740	\$ 5,635	\$ 1,015,375
Transfers to property, plant and equipment	(36,012)	-	(36,012)
Effects of foreign currency exchange differences	(3,456)	(23)	(3,479)
Balance at December 31, 2021	\$ 970,272	\$ 5,612	\$ 975,884
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 169,797	\$ 781	\$ 170,578
Depreciation expenses	37,107	440	37,547
Transfers to property, plant and equipment	(17,526)	-	(17,526)
Effects of foreign currency exchange differences	(447)	(3)	(450)
Balance at December 31, 2021	\$ 188,931	\$ 1,218	\$ 190,149
Carrying amount at December 31, 2021	\$ 781,341	\$ 4,394	\$ 785,735
<u>Cost</u>			
Balance at January 1, 2022	\$ 970,272	\$ 5,612	\$ 975,884
Transfers from property, plant and equipment	23,788	-	23,788
Effects of foreign currency exchange differences	11,878	81	11,959
Balance at December 31, 2022	\$ 1,005,938	\$ 5,693	\$ 1,011,631

(Continued)

	Completed Investment Properties	Right-of-use Assets	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 188,931	\$ 1,218	\$ 190,149
Depreciation expenses	37,942	451	38,393
Transfers from property, plant and equipment	18,876	-	18,876
Effects of foreign currency exchange differences	<u>1,839</u>	<u>13</u>	<u>1,852</u>
Balance at December 31, 2022	<u>\$ 247,588</u>	<u>\$ 1,682</u>	<u>\$ 249,270</u>
Carrying amount at December 31, 2022	<u>\$ 758,350</u>	<u>\$ 4,011</u>	<u>\$ 762,361</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 \$1,142,323 thousand and \$1,129,067 thousand as of December 31, 2022 and 2021, 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, 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> (Continued)

	Trademark	Computer Software	Total
<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>

Cost

Balance at January 1, 2022	\$ 258,477	\$ 242,424	\$ 500,901
Additions	375	20,156	20,531
Disposals	(291)	(742)	(1,033)
Effects of foreign currency exchange differences	<u>6,398</u>	<u>16</u>	<u>6,414</u>
Balance at December 31, 2022	<u>\$ 264,959</u>	<u>\$ 261,854</u>	<u>\$ 526,813</u>

Accumulated amortization and impairment

Balance at January 1, 2022	\$ 177,636	\$ 220,842	\$ 398,478
Disposals	(291)	(742)	(1,033)
Amortization expenses	5,039	14,954	19,993
Effects of foreign currency exchange differences	<u>(901)</u>	<u>16</u>	<u>(885)</u>
Balance at December 31, 2022	<u>\$ 181,483</u>	<u>\$ 235,070</u>	<u>\$ 416,553</u>
Carrying amount at December 31, 2022	<u>\$ 83,476</u>	<u>\$ 26,784</u>	<u>\$ 110,260</u>

(Concluded)

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

The amortization expenses on a straight-line basis over the following estimated lives:

Trademark	10-20 years
Computer software	2-3 years

19. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Pledge time deposits (Note 33)	\$ 9,904	\$ 4,019
Advances to officers	29,217	17,340
Temporary payments	10	9
Right to recover a product	70,445	75,190
Others	<u>21</u>	<u>792</u>
	<u>\$ 109,597</u>	<u>\$ 97,350</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 12,834	\$ 29,583
Refundable deposits	271,840	139,038
Others	<u>91,272</u>	<u>99,642</u>
	<u>\$ 375,946</u>	<u>\$ 268,263</u>

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
<u>Secured borrowings (Note 34)</u>		
Bank loans	\$ 202,178	\$ 200,000
<u>Unsecured borrowings</u>		
Bank loans	<u>2,725,997</u>	<u>1,172,463</u>
	<u>\$ 2,928,175</u>	<u>\$ 1,372,463</u>

The range of interest rates on bank loans was 1.73%-2.80% and 1.10%-3.00% per annum as of December 31, 2022 and 2021, respectively.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ -	\$ 260,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>(145)</u>
	<u>\$ -</u>	<u>\$ 259,855</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>

21. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes payable</u>		
Operating	<u>\$ 543,484</u>	<u>\$ 859,254</u>
<u>Trade payables</u>		
Operating	<u>\$ 1,405,642</u>	<u>\$ 1,895,397</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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payable for salaries and bonuses	\$ 418,811	\$ 450,726
Payable for compensation of employees	19,470	38,903
Payable for remuneration of directors	8,237	16,716
Payable for commission and rebates	1,593,054	1,343,638
		(Continued)

	December 31	
	2022	2021
Advertisement payable	\$ 285,252	\$ 218,665
Payable for royalties	25,917	24,817
Payable for freight	64,997	99,060
Payable for equipment	74,402	89,108
Others	<u>1,247,511</u>	<u>1,158,470</u>
	<u>\$ 3,737,651</u>	<u>\$ 3,440,103</u>
Other liabilities		
Advance receipts from customers	\$ 1,771	\$ 2,349
Return liability	113,120	120,465
Others	<u>15,571</u>	<u>19,180</u>
	<u>\$ 130,462</u>	<u>\$ 141,994</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	\$ 22,224	\$ 31,055
Others	<u>-</u>	<u>121</u>
	<u>\$ 22,224</u>	<u>\$ 31,176</u>

(Concluded)

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	
	2022	2021
Present value of funded defined benefit obligation	\$ 592,117	\$ 672,049
Fair value of plan assets	<u>(412,099)</u>	<u>(436,142)</u>
Net defined benefit liabilities	<u>\$ 180,018</u>	<u>\$ 235,907</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, 2021	<u>\$ 719,471</u>	<u>\$ (442,291)</u>	<u>\$ 277,180</u>
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>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Service cost			
Current service cost	\$ 7,617	\$ -	\$ 7,617
Net interest expense (income)	<u>3,342</u>	<u>(2,268)</u>	<u>1,074</u>
Recognized in profit or loss	<u>10,959</u>	<u>(2,268)</u>	<u>8,691</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(22,385)	(22,385)
Actuarial loss - changes in demographic assumptions	1,531	-	1,531
Actuarial gain - changes in financial assumptions	(52,548)	-	(52,548)
Actuarial gain - experience adjustments	<u>13,840</u>	<u>-</u>	<u>13,840</u>
Recognized in other comprehensive income	<u>(37,177)</u>	<u>(22,385)</u>	<u>(59,562)</u>
Contributions from the employer	<u>-</u>	<u>(13,445)</u>	<u>(13,445)</u>
Contributions from plan participants	<u>3,720</u>	<u>(3,720)</u>	<u>-</u>
Benefits paid	<u>(54,824)</u>	<u>54,824</u>	<u>-</u>
Exchange differences	<u>7,343</u>	<u>(6,009)</u>	<u>1,334</u>
Others	<u>(9,953)</u>	<u>17,046</u>	<u>7,093</u>
Balance at December 31, 2022	<u>\$ 592,117</u>	<u>\$ (412,099)</u>	<u>\$ 180,018</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	
	2022	2021
Discount rates	1.125%-2.100%	0.375%-0.650%
Expected rates of salary increase	0.500%-3.250%	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	
	2022	2021
Discount rates		
0.250% increase	<u>\$ (13,898)</u>	<u>\$ (16,991)</u>
0.250% decrease	<u>\$ 14,388</u>	<u>\$ 17,718</u>
Expected rates of salary increase		
0.250% increase	<u>\$ 12,191</u>	<u>\$ 15,118</u>
0.250% decrease	<u>\$ (11,831)</u>	<u>\$ (14,821)</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	
	2022	2021
The expected contributions to the plan for the next year	<u>\$ 17,164</u>	<u>\$ 44,203</u>
The average duration of the defined benefit obligation	1.0-12.5 years	1.0-14.7 years

24. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2022	2021
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, 2022, 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. 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	
	2022	2021
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	156,271	143,599
<u>May be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>709</u>	<u>466</u>
	<u>\$ 156,981</u>	<u>\$ 144,066</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 2021 and 2020 approved in the shareholders' meetings on June 16, 2022 and July 22, 2021, respectively, were as follows:

	<u>Appropriation of Earnings</u>	
	<u>For the Year Ended December 31</u>	
	2021	2020
Legal reserve	\$ 245,834	\$ 319,167
Cash dividends	\$ 1,738,670	\$ 2,287,724
Cash dividends per share (NT\$)	\$1.9	\$2.5

The appropriations of earnings for 2022 were proposed by the Company's board of directors on March 15, 2023. The appropriations and dividends per share were as follows:

	<u>For the Year Ended December 31, 2022</u>
Legal reserve	\$ 126,036
Cash dividends	\$ 1,180,466
Cash dividends per share (NT\$)	\$1.29

The appropriations of earnings for 2022 are subject to the resolution of the shareholders in their meeting to be held on June 16, 2023.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1 and 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

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ (612,857)	\$ (572,206)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	123,680	(40,651)
Other comprehensive income recognized for the year	123,680	(40,651)
Balance at December 31	\$ (489,177)	\$ (612,857)

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 422,781	\$ 216,714
Recognized for the year		
Unrealized (loss) gain - equity instruments	<u>(184,132)</u>	<u>206,067</u>
Other comprehensive income recognized for the year	<u>(184,132)</u>	<u>206,067</u>
Balance at December 31	<u>\$ 238,649</u>	<u>\$ 422,781</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 440,027	\$ 331,139
Share in profit for the year	30,010	44,478
Other comprehensive income (loss) during the year		
Exchange difference on translation of the financial statements of foreign operations	474	(201)
Unrealized (loss) gain on financial assets at FVTOCI	(93,483)	98,459
Remeasurement on defined benefit plans	(1,124)	(430)
Related income tax	-	86
Cash dividends distributed by subsidiaries to non-controlling interests	<u>(33,504)</u>	<u>(33,504)</u>
Balance at December 31	<u>\$ 342,400</u>	<u>\$ 440,027</u>

g. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at December 31, 2022 and January 1, 2022	<u>6,669</u>
Number of shares at December 31, 2021 and January 1, 2021	<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, 2022</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 265,778</u>
<u>December 31, 2021</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 352,815</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	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 28,922,800</u>	<u>\$ 34,307,044</u>

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable (Note 10)	<u>\$ 9,223</u>	<u>\$ 18,370</u>	<u>\$ 3,154</u>
Trade receivables (Note 10)	<u>\$ 5,025,105</u>	<u>\$ 5,722,846</u>	<u>\$ 6,328,068</u>
Trade receivables from related parties (Note 32)	<u>\$ 4,737</u>	<u>\$ 7,290</u>	<u>\$ 9,011</u>
Contract liabilities - current			
Sale of goods	<u>\$ 478,697</u>	<u>\$ 509,315</u>	<u>\$ 748,044</u>

b. Disaggregation of revenue

	Reportable Segments			
	Nutritious Foods	Cooking Products	Others	Total
For the year ended <u>December 31, 2022</u>				
Types of goods or services				
Sale of goods	<u>\$ 10,562,341</u>	<u>\$ 14,232,888</u>	<u>\$ 4,127,571</u>	<u>\$ 28,922,800</u>
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>

26. NET PROFIT

Net profit includes:

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 44,245	\$ 50,425
Financial assets at amortized cost	86,562	53,948
Repurchase agreements collateralized by bonds	-	72
Others	<u>1,586</u>	<u>1,215</u>
	<u>\$ 132,393</u>	<u>\$ 105,660</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income		
Operating lease rental income		
Investment properties	\$ 25,206	\$ 35,073
Others	<u>1,238</u>	<u>1,206</u>
	<u>26,444</u>	<u>36,279</u>
Dividends		
Investments in equity instruments at FVTOCI	<u>24,447</u>	<u>24,059</u>
	<u>\$ 50,891</u>	<u>\$ 60,338</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Fair value changes of financial assets and financial liabilities		
Financial assets held for trading	\$ (74,856)	\$ (42,047)
Net foreign exchange gains (losses)	71,082	(4,488)
Net gain (loss) on disposal of property, plant and equipment	1,684	(20,862)
Government grants	28,538	29,333
Others	<u>20,445</u>	<u>92,506</u>
	<u>\$ 46,893</u>	<u>\$ 54,442</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 52,797	\$ 38,606
Interest on short-term bills payable	2,117	1,412
Interest on lease liabilities	6,717	8,503
Other interest expense	<u>322</u>	<u>490</u>
	<u>\$ 61,953</u>	<u>\$ 49,011</u>

e. Impairment losses recognized (reversed)

For the Year Ended December 31
2022 2021

Trade receivables	\$ 38,700	\$ (4,817)
Inventories (included in operating costs)	<u>\$ 71,280</u>	<u>\$ 64,547</u>

f. Depreciation and amortization

For the Year Ended December 31
2022 2021

An analysis of depreciation by function		
Operating costs	\$ 394,840	\$ 402,657
Operating expenses	162,252	164,934
Non-operating revenue and expenses	<u>38,393</u>	<u>37,547</u>
	<u>\$ 595,485</u>	<u>\$ 605,138</u>
An analysis of amortization by function		
Operating costs	\$ 28,598	\$ 26,359
Operating expenses	<u>39,831</u>	<u>51,533</u>
	<u>\$ 68,429</u>	<u>\$ 77,892</u>

g. Operating expenses directly related to investment properties

For the Year Ended December 31
2022 2021

Direct operating expenses of investment properties that generated rental income	\$ 445	\$ 3,491
Direct operating expenses of investment properties that did not generated rental income	<u>573</u>	<u>596</u>
	<u>\$ 1,018</u>	<u>\$ 4,087</u>

h. Employee benefits expense

For the Year Ended December 31
2022 2021

Post-employment benefits		
Defined contribution plans	\$ 152,658	\$ 175,604
Defined benefit plans (see Note 23)	<u>8,691</u>	<u>11,583</u>
	161,349	187,187
Other employee benefits	<u>2,477,030</u>	<u>2,615,885</u>
Total employee benefits expense	<u>\$ 2,638,379</u>	<u>\$ 2,803,072</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	2022	2021
An analysis of employee benefits expense by function		
Operating costs	\$ 910,712	\$ 956,668
Operating expenses	<u>1,727,667</u>	<u>1,846,404</u>
	<u>\$ 2,638,379</u>	<u>\$ 2,803,072</u>
		(Concluded)

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, 2022 and 2021, which were approved by the Company's board of directors on March 15, 2023 and March 21, 2022, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2022	2021
Compensation of employees	1.30%	1.28%
Remuneration of directors	0.55%	0.55%

Amount

	<u>For the Year Ended December 31</u>	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 19,470	\$ 38,903
Remuneration of directors	8,237	16,716

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, 2021 and 2020.

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Foreign exchange gains	\$ 206,582	\$ 85,802
Foreign exchange losses	<u>(135,500)</u>	<u>(90,290)</u>
Net gains (losses)	<u>\$ 71,082</u>	<u>\$ (4,488)</u>

27. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Current tax		
In respect of the current year	\$ 569,308	\$ 704,066
Income tax on unappropriated earnings	24,431	29,359
Adjustments for prior years	<u>(5,498)</u>	<u>(41,020)</u>
	<u>588,241</u>	<u>692,405</u>
Deferred tax		
In respect of the current year	<u>(221,270)</u>	<u>(40,497)</u>
Income tax expense recognized in profit or loss	<u>\$ 366,971</u>	<u>\$ 651,908</u>

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Profit before tax	<u>\$ 1,611,079</u>	<u>\$ 3,153,014</u>
Income tax expense calculated at the statutory rate	\$ 417,042	\$ 702,350
Nondeductible expenses in determining taxable income	26,871	26,087
Tax-exempt income	(82,187)	(71,006)
Unrecognized deductible temporary differences and loss carryforwards	(13,688)	6,138
Income tax on unappropriated earnings	24,431	29,359
Adjustments for prior years' tax	<u>(5,498)</u>	<u>(41,020)</u>
Income tax expense recognized in profit or loss	<u>\$ 366,971</u>	<u>\$ 651,908</u>

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 30,920	\$ (10,163)
Fair value changes of financial assets at FVTOCI	(8)	(3)
Remeasurement of defined benefit plans	<u>14,427</u>	<u>2,151</u>
Total income tax recognized in other comprehensive income	<u>\$ 45,339</u>	<u>\$ (8,015)</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	\$ <u>588</u>	\$ <u>4,765</u>
Current tax liabilities		
Income tax payable	\$ <u>238,594</u>	\$ <u>397,210</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, 2022

	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	\$ 72,841	\$ 6,048	\$ -	\$ -	\$ 78,889
Exchange differences on translation of the financial statements of foreign operations	153,212	-	(30,920)	-	122,292
Defined benefit plans	84,783	(519)	(14,231)	241	70,274
Advertisement payable	53,208	-	-	762	53,970
Deferred sales returns and allowances	12,591	5,219	-	-	17,810
Allowance for inventory loss	10,401	20,696	-	-	31,097
Financial assets measured at cost	43,872	-	8	-	43,880
Others	<u>6,577</u>	<u>5,301</u>	<u>-</u>	<u>69</u>	<u>11,947</u>
	<u>\$ 437,485</u>	<u>\$ 36,745</u>	<u>\$ (45,143)</u>	<u>\$ 1,072</u>	<u>\$ 430,159</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 282,867	\$ (182,913)	\$ -	\$ -	\$ 99,954
Reserve for land value increment tax	33,685	-	-	-	33,685
Defined benefit plans	4,110	(2,809)	196	-	1,497
Others	<u>2,999</u>	<u>1,197</u>	<u>-</u>	<u>284</u>	<u>4,480</u>
	<u>\$ 323,661</u>	<u>\$ (184,525)</u>	<u>\$ 196</u>	<u>\$ 284</u>	<u>\$ 139,616</u>

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	17,857	(11,231)	-	(49)	6,577
	<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	7,139	(4,072)	-	(68)	2,999
	<u>\$ 351,328</u>	<u>\$ (29,073)</u>	<u>\$ 1,474</u>	<u>\$ (68)</u>	<u>\$ 323,661</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>	
	2022	2021
Loss carryforwards		
Expiry in 2022	\$ -	36,989
Expiry in 2023	65,536	63,104
Expiry in 2024	75,162	74,100
Expiry in 2025	75,874	74,541
Expiry in 2026	59,663	150,234
Expiry in 2027	171,107	-
	<u>\$ 447,342</u>	<u>\$ 398,968</u>
Deductible temporary differences	<u>\$ 74,684</u>	<u>\$ 570,709</u>

- f. Income tax assessments

The income tax returns of the Company, Standard Dairy Products, Charng Hui, Standard Beverage and Domex Technology for the year ended December 31, 2020 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2022	2021
Basic earnings per share	<u>\$ 1.34</u>	<u>\$ 2.70</u>
Diluted earnings per share	<u>\$ 1.34</u>	<u>\$ 2.70</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

	<u>For the Year Ended December 31</u>	
	2022	2021
Earnings used in the computation of basic earnings per share	<u>\$ 1,214,098</u>	<u>\$ 2,456,628</u>

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

	<u>For the Year Ended December 31</u>	
	2022	2021
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>690</u>	<u>968</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>909,110</u>	<u>909,388</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 will be 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, 2022

			<u>Non-cash Changes</u>		
	Opening Balance	Cash Flows	Addition Lease/Lease Modification	Exchanging Rate Adjustments	Closing Balance
Short-term borrowings	\$ 1,372,463	\$ 1,549,193	\$ -	\$ 6,519	\$ 2,928,175
Short-term bills payable	259,855	(259,855)	-	-	-

(Continued)

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			Addition Lease/Lease Modification	Exchanging Rate Adjustments	
Lease liabilities	\$ 319,973	\$ (90,904)	\$ 16,027	\$ 5,762	\$ 250,858
Guarantee deposits received	31,055	(9,272)	-	441	22,224
Other non-current liabilities	<u>121</u>	<u>(127)</u>	<u>-</u>	<u>6</u>	<u>-</u>
	<u>\$ 1,983,467</u>	<u>\$ 1,189,035</u>	<u>\$ 16,027</u>	<u>\$ 12,728</u>	<u>\$ 3,201,257</u>

(Concluded)

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>

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, 2022

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

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares and emerging market shares	\$ 327,867	\$ -	\$ -	\$ 327,867
Unlisted shares	<u>-</u>	<u>-</u>	<u>215,709</u>	<u>215,709</u>
	<u>\$ 327,867</u>	<u>\$ -</u>	<u>\$ 215,709</u>	<u>\$ 543,576</u>
				(Concluded)

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>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2022	\$ 2,244	\$ 412,104	\$ 414,348
Recognized in profit or loss (included in other gains and losses)	(185)	-	(185)
Recognized in other comprehensive income (loss) (included in unrealized gain (loss) on financial assets at FVTOCI)	-	(196,410)	(196,410)
Impact of exchange rates	-	15	15
Balance at December 31, 2022	<u>\$ 2,059</u>	<u>\$ 215,709</u>	<u>\$ 217,768</u>
Recognized in other gains and losses - unrealized	<u>\$ (185)</u>	<u>\$ -</u>	<u>\$ (185)</u>

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 (loss) (included in unrealized gain (loss) on financial assets at FVTOCI)	-	207,353	207,353
Impact of exchange rates	-	(4)	(4)
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>

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	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 1,295,522	\$ 1,182,195
Financial assets at amortized cost (1)	12,785,603	12,487,635
Financial assets at FVTOCI		
Equity instruments	543,576	821,180

Financial liabilities

Financial liabilities at amortized cost (2)	4,996,745	4,529,069
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- 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	
	2022	2021	2022	2021
Profit or loss	\$ 29,547 (i)	\$ 29,098 (i)	\$ 10,741 (ii)	\$ 535 (ii)
	EUR Impact		AUD Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Profit or loss	\$ 2,004 (iii)	\$ (2,259) (iii)	\$ 2,572 (iv)	\$ - (iv)
	CHF Impact		SGD Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Profit or loss	\$ (138) (v)	\$ 796 (v)	\$ 266 (vi)	\$ - (vi)

- i. This was mainly attributable to the exposure of outstanding RMB bank deposits which were not hedged at the end of the reporting period.
- ii. This was mainly attributable to the exposure of outstanding USD bank deposits, 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 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	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 4,137,886	\$ 3,168,157
Financial liabilities	3,059,033	1,784,660
Cash flow interest rate risk		
Financial assets	320,900	979,900
Financial liabilities	120,000	167,631

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, 2022 and 2021 would have increased by \$2,009 thousand and \$8,123 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, 2022 would have increased/decreased by \$12,955 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, 2022 would have increased/decreased by \$5,436 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, 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.

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.

To reduce credit risk, the Company has a dedicated credit risk management department responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables.

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, 2022 and 2021, the Group had available unutilized bank loan facilities in the amounts of \$5,107,372 thousand and \$5,397,639 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 has 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, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 661,460	\$ 1,325,899	\$ 57,465	\$ 22,224
Lease liabilities	8,070	18,954	70,308	163,512
Variable interest rate liabilities	-	120,086	-	-

(Continued)

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Fixed interest rate liabilities	\$ 860,858	\$ 382,951	\$ -	\$ 1,565,337
Contract liabilities	<u>159,566</u>	<u>319,131</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,689,954</u>	<u>\$ 2,167,021</u>	<u>\$ 127,773</u>	<u>\$ 1,751,073</u>
				(Concluded)

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>

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>2022</u>	<u>2021</u>
The Company is one of the directors		
GeneFerm	<u>\$ 36,465</u>	<u>\$ 24,683</u>

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

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
The Company is one of the directors GeneFerm	\$ 102,636	\$ 76,368

Purchases from related parties were conducted on normal commercial terms.

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2022	2021
Trade receivables	The Company is one of the directors GeneFerm	\$ 4,737	\$ 7,290

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2022	2021
Trade payables	The Company is one of the directors GeneFerm	\$ 19,633	\$ 19,472

The outstanding payables from related parties were unsecured.

f. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 21,101	\$ 28,036
Post-employment benefits	<u>315</u>	<u>241</u>
	\$ 21,416	\$ 28,277

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	
	2022	2021
Pledge time deposits (included in other current assets)	\$ 9,904	\$ 4,019
Property, plant and equipment, net	113,879	105,997
Investment properties, net	<u>34,075</u>	<u>35,257</u>
	<u>\$ 157,858</u>	<u>\$ 145,273</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, 2022 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\$613 thousand.
- Unrecognized commitments for acquisition of property, plant and equipment of approximately \$141,721 thousand.
- Unrecognized commitments for acquiring approximately 55,800 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, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 13,240	30.71 (USD:NTD)	\$ 406,590
USD	1,240	6.96 (USD:RMB)	38,087
EUR	2,042	32.72 (EUR:NTD)	66,803
RMB	223,367	4.41 (RMB:NTD)	984,913
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
AUD	\$ 4,116	20.83 (AUD:NTD)	\$ 85,733
SGD	387	22.88 (SGD:NTD)	<u>8,851</u>
			<u>\$ 1,590,977</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,822	30.71 (USD:NTD)	\$ 86,650
CHF	139	7.53 (CHF:RMB)	<u>4,616</u>
			<u>\$ 91,266</u>
			(Concluded)

December 31, 2021

	Foreign Currency	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:NTD)	<u>89,390</u>
			<u>\$ 445,478</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:

Foreign Currencies	For the Year Ended December 31			
	2022	Net Foreign Exchange Gains (Losses)	2021	Net Foreign Exchange Gains (Losses)
Exchange Rate			Exchange Rate	
NTD	1 (NTD:NTD)	\$ 68,231	1 (NTD:NTD)	\$ (4,150)
RMB	4.43 (RMB:NTD)	2,324	4.34 (RMB:NTD)	246
CHF	31.20 (CHF:NTD)	<u>527</u>	30.64 (CHF:NTD)	<u>(584)</u>
		<u>\$ 71,082</u>		<u>\$ (4,488)</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, 2022</u>						
Sales from external customers	\$ 10,657,780	\$ 2,539,444	\$ 12,729,797	\$ 2,995,779	\$ -	\$ 28,922,800
Sales among intersegments	<u>1,510,650</u>	<u>1,159,395</u>	<u>1,480</u>	<u>923</u>	<u>(2,672,448)</u>	<u>-</u>
Total sales	<u>\$ 12,168,430</u>	<u>\$ 3,698,839</u>	<u>\$ 12,731,277</u>	<u>\$ 2,996,702</u>	<u>\$ (2,672,448)</u>	<u>\$ 28,922,800</u>
Interest income	<u>\$ 27,497</u>	<u>\$ 2,223</u>	<u>\$ 112,066</u>	<u>\$ 5,461</u>	<u>\$ (14,854)</u>	<u>\$ 132,393</u>
Financial cost	<u>\$ 1,375</u>	<u>\$ 1</u>	<u>\$ 57,080</u>	<u>\$ 18,351</u>	<u>\$ (14,854)</u>	<u>\$ 61,953</u>
Depreciation expense	<u>\$ 212,027</u>	<u>\$ 44,322</u>	<u>\$ 242,605</u>	<u>\$ 100,186</u>	<u>\$ (3,655)</u>	<u>\$ 595,485</u>
Amortization expense	<u>\$ 20,985</u>	<u>\$ 3,438</u>	<u>\$ 28,857</u>	<u>\$ 15,149</u>	<u>\$ -</u>	<u>\$ 68,429</u>
Operating segment income (loss)	<u>\$ 2,018,831</u>	<u>\$ 429,334</u>	<u>\$ (806,945)</u>	<u>\$ (44,739)</u>	<u>\$ 14,598</u>	<u>\$ 1,611,079</u>
Unallocated amount						<u>-</u>
Income before income tax						<u>\$ 1,611,079</u>
<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	<u>\$ 19,427</u>	<u>\$ 2,771</u>	<u>\$ 91,405</u>	<u>\$ 2,979</u>	<u>\$ (10,922)</u>	<u>\$ 105,660</u>
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>

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	
	2022	2021
Taiwan	\$ 15,840,943	\$ 17,558,601
Mainland China	12,936,504	16,635,451
Others	<u>145,353</u>	<u>112,992</u>
	<u>\$ 28,922,800</u>	<u>\$ 34,307,044</u>
	Non-current Assets	
	December 31	
	2022	2021
Taiwan	\$ 2,547,432	\$ 2,528,704
Mainland China	2,483,827	2,629,248
Others	<u>56,714</u>	<u>59,499</u>
	<u>\$ 5,087,973</u>	<u>\$ 5,217,451</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, 2022
(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	\$ 18,561	\$ -	\$ -	1.000%	b.	\$ -	Need for operation	\$ -	-	\$ -	\$ 6,934,510 (Note 3)	\$ 6,934,510 (Note 3)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	448,880	440,940	440,940	1.200%	b.	-	Need for operation	-	-	-	3,467,255 (Note 4)	6,934,510 (Note 5)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	676,380	440,940	440,940	1.200%	b.	-	Need for operation	-	-	-	3,467,255 (Note 4)	6,934,510 (Note 5)	Note 11
		Standard Beverage Company Limited	Financing receivables - related parties	Y	50,000	50,000	15,000	1.750%	b.	-	Need for operation	-	-	-	3,467,255 (Note 4)	6,934,510 (Note 5)	Note 11
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Y	224,440	176,376	114,181	1.000%	b.	-	Need for operation	-	-	-	1,653,661 (Note 6)	1,653,661 (Note 6)	Note 11
		Shanghai Le Ben Tuo Health Technology Co., Ltd.	Financing receivables - related parties	Y	269,328	264,564	197,069	1.000%	b.	-	Need for operation	-	-	-	1,653,661 (Note 6)	1,653,661 (Note 6)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	673,320	440,940	380,566	1.000%	b.	-	Need for operation	-	-	-	1,653,661 (Note 6)	1,653,661 (Note 6)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	538,656	440,940	272,153	1.000%	b.	-	Need for operation	-	-	-	1,653,661 (Note 6)	1,653,661 (Note 6)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	650,876	639,363	145,224	1.000%	b.	-	Need for operation	-	-	-	1,305,236 (Note 7)	1,305,236 (Note 7)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	473,466	220,470	-	1.000%	b.	-	Need for operation	-	-	-	1,305,236 (Note 7)	1,305,236 (Note 7)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	224,440	220,470	-	1.000%	b.	-	Need for operation	-	-	-	1,305,236 (Note 7)	1,305,236 (Note 7)	Note 11
		Standard Investment Health Technology Co., Ltd.	Financing receivables - related parties	Y	11,273	5,732	5,732	1.000%	b.	-	Need for operation	-	-	-	12,016 (Note 8)	12,016 (Note 8)	Note 11
4	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	35,910	35,275	32,158	1.000%	b.	-	Need for operation	-	-	-	186,526 (Note 9)	186,526 (Note 9)	Note 11
		Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	35,910	35,275	22,426	1.000%	b.	-	Need for operation	-	-	-	116,688 (Note 10)	116,688 (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 \$6,934,510 thousand (the net value per financial statements of \$17,336,274 thousand x 40% as of September 30, 2022).

Note 4: The total amount shall not exceed 20% of net value of Standard Foods Corporation, which was calculated to be \$3,467,255 thousand (the net value per financial statements of \$17,336,274 thousand x 20% as of September 30, 2022).

Note 5: The total amount shall not exceed 40% of net value of Standard Foods Corporation, which was calculated to be \$6,934,510 thousand (the net value per financial statements of \$17,336,274 thousand x 40% as of September 30, 2022).

Note 6: The total amount shall not exceed 40% of net value of Standard Investment (China) Co., Ltd., which was calculated to be \$1,653,661 thousand (the net value per financial statements of \$4,134,153 thousand x 40% as of September 30, 2022).

Note 7: The total amount shall not exceed 40% of net value of Shanghai Standard Foods Co., Ltd., which was calculated to be \$1,305,236 thousand (the net value per financial statements of \$3,263,089 thousand x 40% as of September 30, 2022).

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 \$12,016 thousand (the net value per financial statements of \$30,039 thousand x 40% as of September 30, 2022).

Note 9: The total amount shall not exceed 40% of net value of Shanghai Le Ho Industrial Co., Ltd., which was calculated to be \$186,526 thousand (the net value per financial statements of \$466,314 thousand x 40% as of September 30, 2022).

Note 10: The total amount shall not exceed 40% of net value of Shanghai Le Min Industrial Co., Ltd., which was calculated to be \$116,688 thousand (the net value per financial statements of \$291,719 thousand x 40% as of September 30, 2022). 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, 2022
(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.	\$ 13,869,019 (Note 3)	\$ 145,875	\$ 92,130	\$ -	\$ -	0.53%	\$ 17,336,274 (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 \$13,869,019 thousand (the net value per financial statements of \$17,336,274 thousand x 80% as of September 30, 2022).

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 \$17,336,274 thousand (the net value per financial statements of \$17,336,274 thousand x 100% as of September 30, 2022).

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, 2022
(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, 2022			Note
				Shares	Carrying Amount	Percentage of Ownership	
Standard Foods Corporation	Shares Far Eastern International Commercial Bank Co., Ltd.	The Company is one of the directors	Financial assets at fair value through other comprehensive income - current	1,466,828	\$ 16,135	-	\$ 16,135
	Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - current	48,600	5,492	-	5,492
	GeneFerm Biotechnology Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	2,145,110	143,508	5.2	143,508
	Dah Chung Bills Finance Corp.		Financial assets at fair value through other comprehensive income - non-current	1,274,480	15,549	0.3	15,549
	Mutual funds		Financial assets at fair value through profit or loss - current	3,585,869	69,673	-	69,673
	Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	4,720,915	53,973	-	53,973
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	2,284,844	51,500	-	51,500
	Cathay Global Aggressive Fund		Financial assets at fair value through profit or loss - current	53,336,058	734,182	-	734,182
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	3,209,709	53,023	-	53,023
	Hua Nan Phoenix Money Market Fund		Financial assets at fair value through profit or loss - current				
	Shares		Financial assets at fair value through profit or loss - current	12,000	5,382		5,382
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through profit or loss - current	1,675	6,683		6,683
	Apple Inc.		Financial assets at fair value through profit or loss - current	740	1,909		1,909
	Amazon.com, Inc.		Financial assets at fair value through profit or loss - current	820	2,222		2,222
	Alphabet Inc.		Financial assets at fair value through profit or loss - current	372	2,740		2,740
	Microsoft Corporation		Financial assets at fair value through profit or loss - current	467	2,096		2,096
	NVIDIA Corporation		Financial assets at fair value through profit or loss - current	387	1,464		1,464
	Tesla, Inc.		Financial assets at fair value through profit or loss - current				

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares	Carrying Amount	Percentage of Ownership	
Standard Dairy Products Taiwan Limited	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. - Ordinary Shares		Financial assets at fair value through profit or loss - non-current	12,938	-	1.2	-
	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	2,059	7.0	2,059
	<u>Mutual funds</u> Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	1,195,290	23,224	-	23,224
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	786,819	8,995	-	8,995
Chang Hui Ltd.	Cathay Global Aggressive Fund		Financial assets at fair value through profit or loss - current	761,615	17,167	-	17,167
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	6,722,366	92,535	-	92,535
	<u>Shares</u> Standard Foods Corporation	Parent of Chang Hui Ltd.	Financial assets at fair value through other comprehensive income - current	6,669,471	265,778	0.7	265,778
	Formosa Plastics Corporation		Financial assets at fair value through other comprehensive income - current	91,440	7,937	-	7,937
	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	803,258	23,937	-	23,937
	Polytronics Technology Corp.	Chang Hui Ltd. is one of the directors	Financial assets at fair value through other comprehensive income - current	1,596,000	90,493	1.9	90,493
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through other comprehensive income - current	90,000	40,365	-	40,365

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares	Carrying Amount	Percentage of Ownership	
Standard Beverage Company Limited	<u>Mutual funds</u> Fuh Hwa Global Strategic Allocation FoF	Chang Hui Ltd. is one of the directors	Financial assets at fair value through profit or loss - current	1,000,000	\$ 11,500	-	\$ 11,500
	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds-Accu.		Financial assets at fair value through profit or loss - current	1,453,360	16,851	-	16,851
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	966,084	13,298	-	13,298
	<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	-
Domex Technology Corporation	Amphastar Pharmaceuticals Inc. (AMPH)		Financial assets at fair value through profit or loss - non-current	7,742	6,662	-	6,662
	<u>Mutual funds</u> Fuh Hwa Greater China Mid & Small Cap		Financial assets at fair value through profit or loss - current	225,000	1,881	-	1,881
	Franklin Templeton SinoAm Global Bd Acc		Financial assets at fair value through profit or loss - current	282,988	3,281	-	3,281
Accession Limited	<u>Shares</u> InnoComm Mobile Technology Corp.		Financial assets at fair value through other comprehensive income - non-current	3,600,000	199,152	13.4	199,152
China Standard Investment	<u>Shares</u> AsiaVest Liquidation Co.		Financial assets at fair value through other comprehensive income - non-current	200	1,008	0.7	1,008
	<u>Mutual funds</u> Term Liquidity Fund		Financial assets at fair value through profit or loss - current	33,453	110,818	-	110,818
	<u>Shares</u> Ccoop Group Co., Ltd.		Financial assets at fair value through profit or loss - current	342,939	2,404	-	2,404

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, 2022
(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	\$ (1,510,650)	12.41	55 days after month end closing (net of receivables and payables)	-	-	\$ 141,101	6.76	Note
			Purchases	1,159,395	14.57	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	1,510,650	53.21	55 days after month end closing (net of receivables and payables)	-	-	(141,101)	33.69	Note
			Sales	(1,159,395)	31.34	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	(1,725,669)	69.44	60 days after month-end closing	-	-	599,301	100.00	Note
			Purchases	694,761	30.51	60 days after month-end closing	-	-	(262,620)	79.73	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	1,725,669	15.79	60 days after month-end closing	-	-	(599,301)	17.08	Note
			Sales	(694,761)	5.63	60 days after month-end closing	-	-	262,620	10.66	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(5,300,160)	94.98	60 days after month-end closing	-	-	1,361,068	99.98	Note
			Purchases	5,300,160	48.71	60 days after month-end closing	-	-	(1,361,068)	38.79	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Brother company of Standard Foods (China) Co., Ltd.	Purchases	101,445	2.61	60 days after month-end closing	-	-	(10)	0.03	Note
			Sales	(101,445)	1.82	60 days after month-end closing	-	-	10	-	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Sales	(3,801,302)	96.14	60 days after month-end closing	-	-	1,094,813	99.53	Note
			Purchases	3,801,302	34.94	60 days after month-end closing	-	-	(1,094,813)	31.20	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, 2022
 (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	\$ 141,101 3,269 <u>\$ 144,370</u>	11.55	\$ - - <u>-</u>	-	\$ 141,101 (Note 1) 3,269 (Note 1) <u>\$ 144,370</u> (Note 1)	\$ - - <u>-</u>	(Note 2) (Note 2) (Note 2)
	Standard Foods (China) Co., Ltd.	The Company's subsidiary	\$ 440,940 2,508 <u>\$ 443,448</u>		\$ - - <u>-</u>	-	\$ - (Note 1) - (Note 1) <u>-</u> (Note 1)	\$ - - <u>-</u>	(Note 2) (Note 2) (Note 2)
	Standard Foods (Xiamen) Co., Ltd.	The Company's subsidiary	\$ 440,940 2,508 <u>\$ 443,448</u>		\$ - - <u>-</u>	-	\$ - (Note 1) - (Note 1) <u>-</u> (Note 1)	\$ - - <u>-</u>	(Note 2) (Note 2) (Note 2)
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	\$ 599,301 145,224 5,443 <u>\$ 749,968</u>	2.93	\$ - - - <u>-</u>	-	\$ 599,301 (Note 1) - (Note 1) 5,443 (Note 1) <u>\$ 604,744</u> (Note 1)	\$ - - - <u>-</u>	(Note 2) (Note 2) (Note 2) (Note 2)
	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	\$ 1,361,068 13,736 <u>\$ 1,374,804</u>	3.79	\$ - - <u>-</u>	-	\$ 471,961 (Note 1) 2,932 (Note 1) <u>\$ 474,893</u> (Note 1)	\$ - - <u>-</u>	(Note 2) (Note 2) (Note 2)
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	\$ 23 272,153 19,443 <u>\$ 291,619</u>	23.66	\$ - - - <u>-</u>	-	\$ 23 (Note 1) - (Note 1) 19,443 (Note 1) <u>\$ 19,466</u> (Note 1)	\$ - - - <u>-</u>	(Note 2) (Note 2) (Note 2) (Note 2)
	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	\$ 380,566 17,457 <u>\$ 398,023</u>		\$ - - <u>-</u>	-	- (Note 1) 14,841 (Note 1) <u>\$ 14,841</u> (Note 1)	- - <u>-</u>	(Note 2) (Note 2) (Note 2)
Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	\$ 262,620 3,536 <u>\$ 266,156</u>	2.98	\$ - - <u>-</u>	-	\$ 262,620 (Note 1) 3,536 (Note 1) <u>\$ 266,156</u> (Note 1)	\$ - - <u>-</u>	(Note 2) (Note 2) (Note 2)
	Shanghai Le Ben Tuo Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	\$ 197,069 2,417 <u>\$ 199,486</u>		\$ - - <u>-</u>	-	\$ - (Note 1) 2,417 (Note 1) <u>\$ 2,417</u> (Note 1)	\$ - - <u>-</u>	(Note 2) (Note 2) (Note 2)
Shanghai Dermalab Corporation	Standard Investment (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	\$ 114,181 2,046 <u>\$ 116,227</u>		\$ - - <u>-</u>	-	\$ - (Note 1) 2,046 (Note 1) <u>\$ 2,046</u> (Note 1)	\$ - - <u>-</u>	(Note 2) (Note 2) (Note 2)
	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods	<u>\$ 1,094,813</u>	2.94	\$ - <u>-</u>	-	<u>\$ 1,094,813</u> (Note 1)	<u>\$ -</u>	(Note 2)

Note 1: Amounts received before March 23, 2023.

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

TABLE 6

STANDARD FOODS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details		
				Financial Statement Accounts	Amount (Note 4)	Payment Terms % to Total Sales or Assets (Note 3)
0	Standard Foods Corporation	Standard Dairy Products Taiwan Limited	a	Trade receivables - related parties	\$ 141,101	According to the general conditions
		Standard Dairy Products Taiwan Limited	a	Other receivables - related parties	3,269	According to the general conditions
		Standard Dairy Products Taiwan Limited	a	Sales	1,510,650	According to the general conditions
		Standard Dairy Products Taiwan Limited	a	Purchases	1,159,395	According to the general conditions
		Standard Dairy Products Taiwan Limited	a	Royalty revenue	9,308	According to the general conditions
		Standard Dairy Products Taiwan Limited	a	Other receivables - related parties	117	According to the general conditions
		Standard Beverage Company Limited	a	Financing receivables - related parties	15,000	Interest rate 1.750%
		Standard Beverage Company Limited	a	Interest income	189	Interest rate 1.750%
		Standard Beverage Company Limited	a	Service revenue	1,320	According to the general conditions
		Dermalab	a	Interest income	186	Interest rate 1.000%
		Standard Foods (China) Co., Ltd.	a	Other receivables - related parties	2,508	According to the general conditions
		Standard Foods (China) Co., Ltd.	a	Financing receivables - related parties	440,940	Interest rate 1.200%
		Standard Foods (China) Co., Ltd.	a	Interest income	3,650	Interest rate 1.200%
		Standard Foods (Xiamen) Co., Ltd.	a	Other receivables - related parties	2,508	According to the general conditions
		Standard Foods (Xiamen) Co., Ltd.	a	Financing receivables - related parties	440,940	Interest rate 1.200%
		Standard Foods (Xiamen) Co., Ltd.	a	Interest income	5,902	Interest rate 1.200%
1	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	c	Trade receivables - related parties	599,301	According to the general conditions
		Standard Investment (China) Co., Ltd.	c	Financing receivables - related parties	145,224	Interest rate 1.000%
		Standard Investment (China) Co., Ltd.	c	Other receivables - related parties	5,443	According to the general conditions
		Standard Investment (China) Co., Ltd.	c	Trade payables - related parties	262,620	According to the general conditions
		Standard Investment (China) Co., Ltd.	c	Other payables - related parties	3,336	According to the general conditions
		Standard Investment (China) Co., Ltd.	c	Sales	1,725,669	According to the general conditions
		Standard Investment (China) Co., Ltd.	c	Purchases	694,761	According to the general conditions
		Standard Investment (China) Co., Ltd.	c	Interest income	2,823	Interest rate 1.000%
		Standard Investment (China) Co., Ltd.	c	Other revenue	5,152	According to the general conditions
		Standard Investment (China) Co., Ltd.	c	Other expenses	204	According to the general conditions
		Standard Investment (China) Co., Ltd.	c	Research and development expenses	3,549	According to the general conditions
		Standard Investment (China) Co., Ltd.	c	Trade payables - related parties	277	According to the general conditions
		Standard Foods (China) Co., Ltd.	c	Sales	2,160	According to the general conditions
		Standard Foods (China) Co., Ltd.	c	Purchases	549	According to the general conditions
		Standard Foods (China) Co., Ltd.	c	Sales	1,448	According to the general conditions
		Shanghai Le Ben Tuo Co., Ltd.	c	Trade receivables - related parties	11	According to the general conditions
		Standard Foods (Xiamen) Co., Ltd.	c	Sales	138	Interest rate 1.000%
		Standard Foods (Xiamen) Co., Ltd.	c	Purchases	50	According to the general conditions
		Standard Foods (Xiamen) Co., Ltd.	c	Interest income	557	Interest rate 1.000%

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Sales or Assets (Note 3)
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	
2	Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	a	Trade receivables - related parties	\$ 23	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Other receivables - related parties	19,443	According to the general conditions	0.1
		Standard Foods (China) Co., Ltd.	a	Financing receivables - related parties	272,153	Interest rate 1,000%	1.0
		Standard Foods (China) Co., Ltd.	a	Trade payables - related parties	1,361,068	According to the general conditions	4.9
		Standard Foods (China) Co., Ltd.	a	Other payables - related parties	13,736	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Sales	343	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Purchases	5,300,160	According to the general conditions	18.3
		Standard Foods (China) Co., Ltd.	a	Interest income	3,471	Interest rate 1,000%	-
		Standard Foods (China) Co., Ltd.	a	Other revenue	19,520	According to the general conditions	0.1
		Standard Foods (China) Co., Ltd.	a	Rental expenses	97	According to the general conditions	-
		Shanghai Dermalab Corporation	a	Other receivables - related parties	2,046	According to the general conditions	-
		Shanghai Dermalab Corporation	a	Financing receivables - related parties	114,181	Interest rate 1,000%	0.4
		Shanghai Dermalab Corporation	a	Interest income	2,053	Interest rate 1,000%	-
		Shanghai Dermalab Corporation	a	Expense	69	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Other receivables - related parties	17,457	According to the general conditions	0.1
		Standard Foods (Xiamen) Co., Ltd.	a	Financing receivables - related parties	380,566	Interest rate 1,000%	1.4
		Standard Foods (Xiamen) Co., Ltd.	a	Trade payables - related parties	1,094,813	According to the general conditions	3.9
		Standard Foods (Xiamen) Co., Ltd.	a	Sales	229	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Purchases	3,801,302	According to the general conditions	13.1
		Standard Foods (Xiamen) Co., Ltd.	a	Interest income	19,243	Interest rate 1,000%	0.1
		Standard Foods (Xiamen) Co., Ltd.	a	Other revenue	12,422	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a	Other receivables - related parties	2,417	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a	Financing receivables - related parties	197,069	Interest rate 1,000%	0.7
		Shanghai Le Ben Tuo Co., Ltd.	a	Trade payables - related parties	15	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a	Sales	32	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	a	Purchases	776	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Other expenses	78	According to the general conditions	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Interest income	2,235	Interest rate 1,000%	-
		Shanghai Le Ho Industrial Co., Ltd.	c	Other payables - related parties	322	According to the general conditions	-
		Shanghai Le Ho Industrial Co., Ltd.	c	Financing payables - related parties	32,158	Interest rate 1,000%	0.1
		Shanghai Le Ho Industrial Co., Ltd.	c	Interest expenses	324	Interest rate 1,000%	-
		Shanghai Le Min Industrial Co., Ltd.	c	Other payables - related parties	308	According to the general conditions	-
		Shanghai Le Min Industrial Co., Ltd.	c	Financing payables - related parties	22,426	Interest rate 1,000%	0.1
		Shanghai Le Min Industrial Co., Ltd.	c	Interest expenses	309	Interest rate 1,000%	-
		Shanghai Le Ben De Co., Ltd.	c	Other payables - related parties	34	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c	Financing payables - related parties	5,732	Interest rate 1,000%	-
		Shanghai Le Ben De Co., Ltd.	c	Interest expenses	80	Interest rate 1,000%	-
3	Shanghai Dermalab Corporation	Dermalab	c	Trade payables - related parties	2,956	According to the general conditions	-
		Dermalab	c	Purchases	51,698	According to the general conditions	0.2
		Shanghai Le Ben Tuo Co., Ltd.	c	Purchases	21	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c	Trade payables - related parties	5,508	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c	Purchases	10,785	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	\$ 894	According to the general conditions
		Shanghai Le Ben Tuo Co., Ltd.	c	Rental revenue	3,655	According to the general conditions
		Shanghai Le Ben Tuo Co., Ltd.	c	Other expenses	5,002	According to the general conditions
		Standard Foods (Xiamen) Co., Ltd.	c	Trade receivables - related parties	10	According to the general conditions
		Standard Foods (Xiamen) Co., Ltd.	c	Trade payables - related parties	5,152	According to the general conditions
		Standard Foods (Xiamen) Co., Ltd.	c	Sales	101,445	According to the general conditions
5	Shanghai Le Ben Tuo Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	c	Purchases	5,005	According to the general conditions
		Shanghai Le Ben De Co., Ltd.	c	Trade receivables - related parties	857	According to the general conditions
		Shanghai Le Ben De Co., Ltd.	c	Trade payables - related parties	766	According to the general conditions
		Shanghai Le Ben De Co., Ltd.	c	Sales	6,773	According to the general conditions
		Shanghai Le Ben De Co., Ltd.	c	Purchases	4,325	According to the general conditions
		Shanghai Le Ben De Co., Ltd.	c	Trade payables - related parties	4,566	According to the general conditions
6	Shanghai Le Ben De Co., Ltd.	Dermalab	c	Purchases	9,700	According to the general conditions
		Dermalab	c			
7	Shanghai New Vitality Health Technology (Group) Co., Ltd.	Accession Limited	c	Other payables - related parties	29,984	According to the general conditions
						0.1

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

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

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

- Parent company to its subsidiaries.
- Subsidiaries to its parent company.
- Subsidiaries to subsidiaries.

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

Note 4: The amount was eliminated upon consolidation.

(Concluded)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2022	December 31, 2021	As of December 31, 2022		Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
						Shares	%			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	\$ 3,936,267	\$ 3,936,267	123,600,000	100	\$ 3,645,244	\$ 26,829	Subsidiary (Note 5)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	4,713,791	4,710,865	150,224,815	100	4,685,090	(914,564)	Subsidiary (Note 5)
	Standard Dairy Products Taiwan Limited	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100	1,042,081	340,971	Subsidiary (Note 5)
	Chang Hui Ltd.	Taipei, Taiwan	Investment business	230,000	230,000	24,100,000	100	297,285	24,684	Subsidiary (Note 5)
	Donex Technology Corporation	Hsinchu, Taiwan	Manufacture and sale of computer peripherals and computer and information products	114,116	114,116	10,374,399	52	328,587	81,050	Subsidiary (Note 5)
Subsidiary (Note 5)	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	81,609	839	Subsidiary (Note 5)
	Standard Foods, LLC.	U.S.A.	Sale of health foods	9,056	9,056	Note 4	100	9,213	-	Subsidiary (Note 5)
	Standard Great Foods Singapore PTE. LTD.	Singapore	Food business	317	-	Note 4	100	320	-	Subsidiary (Note 5)
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	379,489	379,489	4,050	100	238,663	(10,148)	Indirect subsidiary (Note 5)
Dermalab S.A.	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100	-	-	Indirect subsidiary (Note 5)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investment business	4,709,971	4,708,566	150,098,815	100	4,683,503	(914,408)	Indirect subsidiary (Note 5)

Note 1: This amount was the share of profit of the investee of \$26,829 thousand plus the unrealized gain or loss on sidestream transactions of \$2,055 thousand.

Note 2: This amount was the share of profit of the investee of \$340,558 thousand plus the unrealized gain or loss on sidestream transactions of \$413 thousand.

Note 3: This amount was the share of profit of the investee of \$24,684 thousand minus the Standard Foods Corporation Cash dividends paid of \$12,672 thousand.

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

Note 5: 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, 2022
(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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	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)	\$ 29,183	100.0	\$ 29,814 (Note 10)	\$ 3,265,214	\$ -	Note 12
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)	(872,826)	99.0	(864,098) (Note 10)	3,568,111	-	Note 12
Shanghai New Vitality Health Technology (Group) Co., Ltd.	Sale of nutritional foods, cosmetic and engage in import and export business	445,000	b. (Note 5)	- (Note 5)	-	-	- (Note 5)	(15,711)	99.0	(15,554) (Note 10)	364,395	-	Note 12
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)	68,410	99.0	77,777 (Note 10)	2,441,375	-	Note 12
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetics and international trading	93,989	c. (Note 9)	- (Note 6)	-	-	- (Note 9)	(14,822)	99.0	(14,674) (Note 10)	(17,223)	-	Note 12
Shanghai Le Ben Tuo Health Technology Co., Ltd.	Sale of nutritional foods and international trading	380,418	c. (Note 9)	181,048 (Note 7)	-	-	181,048 (Note 9)	(122,197)	99.0	(121,660) (Note 10)	(57,254)	-	Note 12
Shanghai Le Ben De Health Technology Co., Ltd.	Sale of nutritional foods and international trading	31,220	c. (Notes 4 and 9)	31,220 (Note 4)	-	-	31,220 (Note 9)	920	99.0	924 (Note 10)	30,896	-	Note 12
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)	54,219	99.0	68,427 (Note 10)	1,601,316	-	Note 12
Shanghai Le Ho Industrial Co., Ltd.	Property management	607,717	b. (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	(21,706)	100.0	(21,706) (Note 10)	460,888	-	Note 12
Shanghai Le Min Industrial Co., Ltd.	Property management	378,009	b. (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	(13,033)	100.0	(13,033) (Note 10)	288,326	-	Note 12

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	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, 2022; 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: The Company in mainland China was reinvested through a company registered in mainland China, namely Shanghai New Vitality Health Technology (Group) Co., Ltd.

Note 10: Recognition of investment income (loss) was based on Note 2, b, 2).

Note 11: The Industrial Development Bureau of the MOEA issued the proofing document of operational headquarters to the Company; the document is still valid within the audit period. Hence, according to the Investment Commission of the MOEA, there is no upper limit on the amount of investment.

Note 12: The amounts presented above were eliminated upon consolidation.

TABLE 9**STANDARD FOODS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Share s	
	Number of Shares	Percentage of Ownership (%)
Mu Te Investment Co., Ltd. Trust Property Account	161,918,315	17.69
Chia Yun Investment Co., Ltd. Trust Property Account	133,417,408	14.79
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 TRANSLATED FROM CHINESE)

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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. 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, 2022 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 Standards on Auditing of 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 Standard on Auditing of 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, 2022 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 23, 2023

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	<u>2022</u>		<u>2021</u>	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 345,640	2	\$ 607,824	3
Financial assets at fair value through profit or loss - current (Note 7)	984,847	5	973,217	4
Financial assets at fair value through other comprehensive income - current (Note 8)	21,627	-	21,185	-
Financial assets at amortized cost - current (Note 9)	758,484	4	1,309,153	6
Notes receivable (Notes 10 and 22)	1,286	-	175	-
Trade receivables from unrelated parties (Notes 10 and 22)	1,937,230	10	1,828,686	9
Trade receivables from related parties (Notes 22 and 28)	145,838	1	127,773	1
Other receivables (Note 10)	14,315	-	12,673	-
Other receivables from related parties (Note 28)	905,282	4	906,220	4
Inventories (Note 11)	2,691,589	13	1,690,929	8
Prepayments (Note 12)	253,140	1	354,000	2
Other current assets (Notes 17 and 19)	58,263	-	34,931	-
Total current assets	8,117,541	40	7,866,766	37
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	2,059	-	2,244	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	159,057	1	112,265	1
Investments accounted for using the equity method (Note 13)	10,089,429	50	11,189,831	53
Property, plant and equipment (Note 14)	1,381,826	7	1,341,650	6
Right-of-use assets (Note 15)	117,155	1	140,460	1
Other intangible assets (Note 16)	26,516	-	21,101	-
Deferred tax assets (Note 24)	312,327	1	346,687	2
Other non-current assets (Note 17)	23,108	-	28,319	-
Total non-current assets	12,111,477	60	13,182,557	63
TOTAL	<u>\$ 20,229,018</u>	<u>100</u>	<u>\$ 21,049,323</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 22)	\$ 747	-	\$ 17,285	-
Notes payable (Note 18)	20,176	-	20,201	-
Trade payables (Note 18)	797,921	4	732,876	4
Trade payables to related parties (Note 28)	19,633	-	19,472	-
Other payables (Note 19)	1,261,674	6	1,260,824	6
Current tax liabilities (Note 24)	174,665	1	282,639	1
Lease liabilities - current (Note 15)	33,017	-	31,963	-
Other current liabilities (Notes 5 and 19)	65,393	-	43,418	-
Total current liabilities	2,373,226	11	2,408,678	11
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 24)	135,047	1	319,821	2
Lease liabilities - non-current (Note 15)	85,632	-	108,617	-
Net defined benefit liabilities (Note 20)	123,623	1	174,867	1
Other non-current liabilities (Note 19)	150	-	150	-
Total non-current liabilities	344,452	2	603,455	3
Total liabilities	2,717,678	13	3,012,133	14
EQUITY (Note 21)				
Ordinary shares	9,150,897	45	9,150,897	43
Capital surplus	156,981	1	144,066	1
Retained earnings				
Legal reserve	3,852,023	19	3,606,189	17
Special reserve	577,494	3	577,494	3
Unappropriated earnings	4,045,655	20	4,769,802	23
Total retained earnings	8,475,172	42	8,953,485	43
Other equity	(250,528)	(1)	(190,076)	(1)
Treasury shares	(21,182)	-	(21,182)	-
Total equity	17,511,340	87	18,037,190	86
TOTAL	<u>\$ 20,229,018</u>	<u>100</u>	<u>\$ 21,049,323</u>	<u>100</u>

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

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	<u>2022</u>		<u>2021</u>	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 22 and 28)	\$ 12,168,430	100	\$ 12,496,867	100
OPERATING COSTS				
Cost of goods sold (Notes 11, 23 and 28)	<u>8,094,042</u>	<u>67</u>	<u>7,945,262</u>	<u>64</u>
GROSS PROFIT	<u>4,074,388</u>	<u>33</u>	<u>4,551,605</u>	<u>36</u>
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	1,598,085	13	1,387,798	11
General and administrative expenses	383,776	3	418,982	3
Research and development expenses	82,111	1	85,952	-
Expected credit loss (gain)	<u>1,858</u>	<u>-</u>	<u>419</u>	<u>-</u>
Total operating expenses	<u>2,065,830</u>	<u>17</u>	<u>1,893,151</u>	<u>14</u>
OPERATING INCOME	<u>2,008,558</u>	<u>16</u>	<u>2,658,454</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 23 and 28)	27,497	-	19,427	-
Other income (Notes 23 and 28)	13,742	-	10,503	-
Other gains (Note 23)	(29,591)	-	(12,388)	-
Finance costs (Note 23)	(1,375)	-	(843)	-
Share of the (loss) profit of subsidiaries	<u>(548,827)</u>	<u>(4)</u>	<u>309,413</u>	<u>2</u>
Total non-operating income and expenses	<u>(538,554)</u>	<u>(4)</u>	<u>326,112</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	1,470,004	12	2,984,566	24
INCOME TAX EXPENSE (Note 24)	<u>255,906</u>	<u>2</u>	<u>527,938</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>1,214,098</u>	<u>10</u>	<u>2,456,628</u>	<u>20</u>

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2022</u>		<u>2021</u>	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ 48,364	-	\$ (1,293)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	47,234	-	35,438	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	(223,633)	(1)	174,817	2
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>(9,838)</u>	<u>-</u>	<u>(1,187)</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(137,873)</u>	<u>(1)</u>	<u>207,775</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	154,600	1	(50,814)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	<u>(30,920)</u>	<u>-</u>	<u>10,163</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>123,680</u>	<u>1</u>	<u>(40,651)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income (loss) tax	<u>(14,193)</u>	<u>-</u>	<u>167,124</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,199,905</u>	<u>10</u>	<u>\$ 2,623,752</u>	<u>21</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.34</u>		<u>\$ 2.70</u>	
Diluted	<u>\$ 1.34</u>		<u>\$ 2.70</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	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
BALANCE AT JANUARY 1, 2021	\$ 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	-	-	319,167	-	(319,167)	-	-	-	-	-	-
Legal reserve	-	-	-	-	(2,287,724)	(2,287,724)	-	-	-	-	(2,287,724)
Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-	-
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
Appropriation of 2021 earnings	-	-	245,834	-	(245,834)	-	-	-	-	-	-
Legal reserve	-	-	-	-	(1,738,670)	(1,738,670)	-	-	-	-	(1,738,670)
Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-	-
Share dividends to shareholders	-	-	-	-	-	-	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	12,672	-	-	-	-	-	-	-	-	12,672
Adjustment of capital surplus for the change in ownership interests in existing subsidiaries	-	243	-	-	-	-	-	-	-	-	243
Net profit for the year ended December 31, 2022	-	-	-	-	1,214,098	1,214,098	-	-	-	-	1,214,098
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	46,259	46,259	123,680	(184,132)	(60,452)	-	(14,193)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,260,357	1,260,357	123,680	(184,132)	(60,452)	-	1,199,905
BALANCE AT DECEMBER 31, 2022	9,150,897	156,981	3,852,023	577,494	4,045,655	8,475,172	(489,172)	238,649	(250,528)	(21,182)	17,511,340

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

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,470,004	\$ 2,984,566
Adjustments for:		
Depreciation expenses	212,027	226,629
Amortization expenses	20,985	15,378
Expected credit loss recognized on trade receivables	1,858	419
Net loss on fair value changes of financial assets and liabilities designated as at fair value through profit or loss	69,486	35,432
Finance costs	1,375	843
Interest income	(27,497)	(19,427)
Dividend income	(4,434)	(1,471)
Share of the loss (profit) of subsidiaries	548,827	(309,413)
Net loss on disposal of property, plant and equipment	1,676	15,247
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	(80,930)	109,814
Notes receivable	(1,111)	(170)
Trade receivables	(110,402)	134,622
Trade receivables from related parties	(18,065)	8,812
Other receivables	(1,024)	21,244
Other receivables from related parties	938	41,325
Inventories	(1,000,660)	143,401
Prepayments	100,860	(186,294)
Other current assets	(23,332)	(7,553)
Contract liabilities	(16,538)	(4,155)
Notes payable	(25)	19,912
Trade payables	65,045	(95,069)
Trade payables to related parties	161	(1,054)
Other payables	850	150,235
Other current liabilities	21,975	35,495
Net defined benefit liabilities	(2,880)	(14,819)
Cash generated from operations	1,229,169	3,303,286
Interest received	26,879	19,930
Interest paid	(1,375)	(843)
Income tax paid	(555,052)	(589,112)
Net cash generated from operating activities	699,621	2,733,261

(Continued)

STANDARD FOODS CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	\$ (2,061,228)	\$ (2,307,737)
Proceeds from sale of financial assets at amortized cost	2,611,897	2,091,545
Net cash inflow on disposal of subsidiary	-	8,584
Payments for property, plant and equipment	(220,053)	(204,677)
Proceeds from disposal of property, plant and equipment	532	2,649
Payments for intangible assets	(20,156)	(16,979)
Increase in other financial assets	-	(7,474)
Decrease in other financial assets	6,202	-
Increase in other non-current assets	(7,235)	(6,757)
Dividends received from subsidiaries	498,699	419,348
Other dividends received	<u>4,434</u>	<u>1,471</u>
Net cash generated from (used in) investing activities	<u>813,092</u>	<u>(20,027)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(32,985)	(23,433)
Dividends paid to owners of the Company	(1,738,670)	(2,287,724)
Acquisition of interest in subsidiaries	<u>(3,242)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,774,897)</u>	<u>(2,311,157)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(262,184)	402,077
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>607,824</u>	<u>205,747</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 345,640</u>	<u>\$ 607,824</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, 2022 AND 2021 (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 15, 2023.

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 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendment to IAS 8 “Definition of Accounting Estimate”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: This amendment applies to the annual reporting period beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning after January 1, 2023.

Note 3: Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, this amendment is applicable to transactions that occur after January 1, 2022.

Except for the above impact, as of the date the 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
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These financial statements of the Company are the parent company only financial statements and have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values and net defined benefit liabilities that are determined by deducting the fair value of plan assets from the present value of the defined benefit obligation.

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

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

When preparing these parent company only financial statements, the Company adopts the equity method to account for its investment in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in these parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to the investments accounted for by the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

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

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

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

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

e. Inventories

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

f. Investment in subsidiaries

The Company used the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses resulting from downstream transactions are eliminated in full in the financial statements. Profits and losses transactions from upstream and transactions between subsidiaries are recognized in the financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

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

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

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

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

h. Investment properties

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

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use asset, intangible assets

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

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

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

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 recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. 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	
	2022	2021
Cash on hand	\$ 785	\$ 1,130
Checking accounts and demand deposits	227,079	294,015
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>117,776</u>	<u>312,679</u>
	<u>\$ 345,640</u>	<u>\$ 607,824</u>

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

	December 31	
	2022	2021
Bank balance	0.001%-4.800%	0.001%-2.900%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Listed shares	\$ 22,496	\$ -
Mutual funds	962,351	944,978
Note cash	<u>-</u>	<u>28,239</u>
	<u>\$ 984,847</u>	<u>\$ 973,217</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	<u>\$ 2,059</u>	<u>\$ 2,244</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	<u>\$ 21,627</u>	<u>\$ 21,185</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 159,057</u>	<u>\$ 112,265</u>

Investments in Equity Instruments at FVTOCI

	December 31	
	2022	2021
<u>Current</u>		
Listed shares and emerging market shares		
Ordinary shares - Far Eastern International Bank	\$ 16,135	\$ 15,523
Ordinary shares - Chunghwa Telecom Co., Ltd.	<u>5,492</u>	<u>5,662</u>
	<u>\$ 21,627</u>	<u>\$ 21,185</u>
<u>Non-current</u>		
Listed shares and emerging market shares		
Ordinary shares - GeneFerm Biotechnology Co., Ltd.	\$ 143,508	\$ 95,136
Unlisted shares		
Ordinary shares - Dah Chung Bills Finance Corp.	<u>15,549</u>	<u>17,129</u>
	<u>\$ 159,057</u>	<u>\$ 112,265</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	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 758,484</u>	<u>\$ 1,309,153</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.76%-5.25% and 0.40%-2.62% per annum as of December 31, 2022 and 2021, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
Operating	\$ <u>1,286</u>	\$ <u>175</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,939,504	\$ 1,829,594
Less: Allowance for impairment loss	<u>(2,274)</u>	<u>(908)</u>
	<u>\$ 1,937,230</u>	<u>\$ 1,828,686</u>
<u>Other receivables</u>		
Accrued interest	\$ 3,557	\$ 2,939
Others	<u>10,758</u>	<u>9,734</u>
	<u>\$ 14,315</u>	<u>\$ 12,673</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, 2022

	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%	4.46%	14.80%	44.16%	100.00%	
Gross carrying amount	\$ 1,929,194	\$ 4,074	\$ 6,122	\$ 811	\$ 589	\$ 1,940,790
Loss allowance (Lifetime ECL)	<u>(239)</u>	<u>(182)</u>	<u>(906)</u>	<u>(358)</u>	<u>(589)</u>	<u>(2,274)</u>
Amortized cost	<u>\$ 1,928,955</u>	<u>\$ 3,892</u>	<u>\$ 5,216</u>	<u>\$ 453</u>	<u>\$ -</u>	<u>\$ 1,938,516</u>

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)	<u>(174)</u>	<u>(253)</u>	<u>(347)</u>	<u>(51)</u>	<u>(83)</u>	<u>(908)</u>
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>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 908	\$ 1,116
Add: Net remeasurement of loss allowance	1,858	419
Less: Amounts written off	<u>(492)</u>	<u>(627)</u>
Balance at December 31	<u>\$ 2,274</u>	<u>\$ 908</u>

11. INVENTORIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Merchandise	\$ 332,409	\$ 214,067
Finished goods	1,305,660	881,331
Work in progress	213,341	130,125
Raw materials	782,833	422,421
Packing materials	<u>57,346</u>	<u>42,985</u>
	<u>\$ 2,691,589</u>	<u>\$ 1,690,929</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2022 included loss on write-downs of inventories \$4,283 thousand and loss on abandoned inventories of \$7,719 thousand. The cost of inventories recognized as cost of goods sold for the year ended December 31, 2021 included reversals of inventory write-downs of \$9,508 thousand and loss on abandoned inventories of \$7,434 thousand.

12. PREPAYMENTS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Prepayments for purchases	\$ 182,520	\$ 294,232
Prepayments for rent	19,909	20,037
Prepayments for equipment parts	19,493	18,351
Prepayments for fuel oil	5,138	2,520
Prepayments for insurance	481	426
Prepayments for advertisements	1,573	2,224
Others	<u>24,026</u>	<u>16,210</u>
	<u>\$ 253,140</u>	<u>\$ 354,000</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
<u>Unlisted companies</u>		
Accession Limited	\$ 3,645,244	\$ 3,546,644
Standard Investment (Cayman) Limited (“Cayman Standard”)	4,685,090	5,538,645
Standard Dairy Products Taiwan Limited (“Standard Dairy Products”)	1,042,081	1,134,020
Charng Hui Ltd. (“Charng Hui”)	297,285	422,385
Domex Technology Corporation (“Domex Technology”)	328,587	425,275
Standard Beverage Company Limited (“Standard Beverage”)	81,609	82,390
Shanghai Le Ben Tuo Health Technology Co., Ltd. (“Shanghai Le Ben Tuo”)	-	32,168
Standard Foods, LLC.	9,213	8,304
Standard Great Foods Singapore PTE. LTD.	320	-
	<u>\$ 10,089,429</u>	<u>\$ 11,189,831</u>

Name of Subsidiary	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
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%
Shanghai Le Ben Tuo (Note 1)	-	51.0%
Standard Foods, LLC.	100.0%	100.0%
Standard Great Foods Singapore PTE. LTD. (Note 2)	100.0%	-

Note 1: The Company transferred its 51% ownership of Shanghai Le Ben Tuo to its indirect subsidiary, Shanghai New Vitality Health Technology (Group) Co., Ltd., through restructuring of the organization.

Note 2: The Company invested US\$14 thousand in November 2022.

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, 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>
<u>Accumulated depreciation and impairment</u>						
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>
<u>Cost</u>						
Balance at January 1, 2022	\$ 410,101	\$ 1,067,151	\$ 2,230,119	\$ 202,758	\$ 100,334	\$ 4,010,463
Additions	-	-	-	-	220,053	220,053
Disposals	-	(3,648)	(25,247)	(11,628)	-	(40,523)
Reclassified	810	46,929	39,505	19,313	(106,557)	-
Balance at December 31, 2022	<u>\$ 410,911</u>	<u>\$ 1,110,432</u>	<u>\$ 2,244,377</u>	<u>\$ 210,443</u>	<u>\$ 213,830</u>	<u>\$ 4,189,993</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 693,687	\$ 1,825,318	\$ 149,808	\$ -	\$ 2,668,813
Disposals	-	(2,585)	(24,173)	(11,557)	-	(38,315)
Depreciation expenses	-	54,718	106,007	16,944	-	177,669
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 745,820</u>	<u>\$ 1,907,152</u>	<u>\$ 155,195</u>	<u>\$ -</u>	<u>\$ 2,808,167</u>
Carrying amount at December 31, 2022	<u>\$ 410,911</u>	<u>\$ 364,612</u>	<u>\$ 337,225</u>	<u>\$ 55,248</u>	<u>\$ 213,830</u>	<u>\$ 1,381,826</u>

No impairment assessment was performed for the years ended December 31, 2022 and 2021 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	
	2022	2021
<u>Carrying amounts</u>		
Land	\$ 1,459	\$ 2,179
Buildings	112,218	136,528
Office equipment	1,664	349
Transportation equipment	<u>1,814</u>	<u>1,404</u>
	<u>\$ 117,155</u>	<u>\$ 140,460</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 11,098</u>	<u>\$ 149,116</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,854	\$ 1,853
Buildings	31,360	25,870
Office equipment	377	96
Transportation equipment	<u>767</u>	<u>792</u>
	<u>\$ 34,358</u>	<u>\$ 28,611</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 33,017</u>	<u>\$ 31,963</u>
Non-current	<u>\$ 85,632</u>	<u>\$ 108,617</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.07%	1.07%
Buildings	1.07%	1.07%
Office equipment	1.07%	1.07%
Transportation equipment	1.07%-1.25%	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

	<u>For the Year Ended December 31</u>	
	2022	2021
Expenses relating to short-term leases	\$ <u>31,063</u>	\$ <u>19,860</u>
Total cash outflow for leases	\$ <u>(65,423)</u>	\$ <u>(44,136)</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, 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>
<u>Cost</u>	
Balance at January 1, 2022	\$ 240,903
Additions	<u>20,156</u>
Balance at December 31, 2022	<u>\$ 261,059</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2022	\$ 219,802
Amortization expenses	<u>14,741</u>
Balance at December 31, 2022	<u>\$ 234,543</u>
Carrying amount at December 31, 2022	<u>\$ 26,516</u>

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

Intangible assets are amortized on straight-line basis over their estimated useful lives as follows:

Computer software	2-3 years
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17. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Advances to officers	\$ 29,084	\$ 17,330
Right to recover a product	29,179	16,978
Others	<u>-</u>	<u>623</u>
	<u>\$ 58,263</u>	<u>\$ 34,931</u>
<u>Non-current</u>		
Refundable deposits	\$ 17,430	\$ 23,633
Others	<u>5,678</u>	<u>4,686</u>
	<u>\$ 23,108</u>	<u>\$ 28,319</u>

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2022	2021
<u>Notes payable</u>		
Operating	<u>\$ 20,176</u>	<u>\$ 20,201</u>
<u>Trade payables</u>		
Operating	<u>\$ 797,921</u>	<u>\$ 732,876</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	
	2022	2021
<u>Current</u>		
Other payables		
Payable for salaries and bonuses	\$ 160,588	\$ 194,941
Payable for compensation of employees	19,470	38,903
Payable for remuneration of directors	8,237	16,716
Payable for commission and rebates	542,304	476,823
Advertisement payable	260,804	194,686
Payable for royalties	25,916	24,817
Payable for freight	7,220	6,011
Payable for purchases of equipment	62,953	65,890
Payable for labor and health insurance	19,278	17,613
Payable for environmental recycling fee	9,520	10,322
Others	<u>145,384</u>	<u>214,102</u>
	<u>\$ 1,261,674</u>	<u>\$ 1,260,824</u>
Other liabilities		
Return liability and Others	<u>\$ 65,393</u>	<u>\$ 43,418</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	<u>\$ 150</u>	<u>\$ 150</u>

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

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan of the Company is operated by the government of the Republic of China ("ROC") in accordance with the Labor Standards Act. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company makes monthly contributions to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company’s defined benefit plan were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 419,983	\$ 493,434
Fair value of plan assets	<u>(296,360)</u>	<u>(318,567)</u>
Net defined benefit liability	<u>\$ 123,623</u>	<u>\$ 174,867</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, 2021	<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>
Service cost			
Current service cost	1,625	-	1,625
Net effects in employee transfer	72	-	72
Net interest expense (income)	<u>2,467</u>	<u>(1,663)</u>	<u>804</u>
Recognized in profit or loss	<u>4,164</u>	<u>(1,663)</u>	<u>2,501</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (25,521)	\$ (25,521)
Actuarial loss - changes in demographic assumptions	1,344	-	1,344
Actuarial loss - changes in financial assumptions	(30,304)	-	(30,304)
Actuarial loss - experience adjustments	<u>6,117</u>	<u>-</u>	<u>6,117</u>
Recognized in other comprehensive income	<u>(22,843)</u>	<u>(25,521)</u>	<u>(48,364)</u>
Contributions from the employer	<u>-</u>	<u>(5,381)</u>	<u>(5,381)</u>
Benefits paid	<u>(54,772)</u>	<u>54,772</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 419,983</u>	<u>\$ (296,360)</u>	<u>\$ 123,623</u> (Concluded)

Through the defined benefit plan under the Labor Standards Act, the Company is exposed to the following risks:

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

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

	December 31	
	2022	2021
Discount rate	1.500%	0.500%
Expected rate of salary increase	3.250%	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	
	2022	2021
Discount rate		
0.250% increase	\$ (9,350)	\$ (11,755)
0.250% decrease	\$ 9,660	\$ 12,168
Expected rate of salary increase		
0.250% increase	\$ 9,337	\$ 11,678
0.250% decrease	\$ (9,086)	\$ (11,347)

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	
	2022	2021
The expected contributions to the plan for the next year	\$ 5,556	\$ 28,055
The average duration of the defined benefit obligation	9.1 years	9.6 years

21. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2022	2021
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, 2022, 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. Holders of the GDRs may request at any time that the shares represented by the GDRs be transferred to them.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
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	156,271	143,599
<u>May be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>709</u>	<u>466</u>
	<u>\$ 156,981</u>	<u>\$ 144,066</u>

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

c. Retained earnings and dividend policy

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

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

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

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

The appropriations of earnings 2021 and 2020 approved in the shareholders' meetings on June 16, 2022 and July 22, 2021, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ <u>245,834</u>	\$ <u>319,167</u>
Cash dividends	\$ <u>1,738,670</u>	\$ <u>2,287,724</u>
Cash dividends per share (NT\$)	\$ 1.9	\$ 2.5

The appropriations of earnings for 2022 were proposed by the Company's board of directors on March 15, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	\$ <u>126,036</u>
Special reserve	\$ <u>1,180,466</u>
Cash dividends	\$ 1.29

The appropriations of earnings for 2022 are subject to the resolution of the shareholders in their meeting to be held on June 16, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1 and December 31	\$ <u>577,494</u>	\$ <u>577,494</u>

Appropriation for special reserve should be made in the amount equal to the net debit balance of other equity. 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	
	2022	2021
Balance at January 1	\$ (612,857)	\$ (572,206)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>123,680</u>	<u>(40,651)</u>
Other comprehensive income recognized for the year	<u>123,680</u>	<u>(40,651)</u>
Balance at December 31	\$ (489,177)	\$ (612,857)

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 422,781	\$ 216,714
Recognized for the year		
Unrealized (loss) gain- equity instruments	<u>(184,132)</u>	<u>206,067</u>
Other comprehensive income recognized for the year	<u>(184,132)</u>	<u>206,067</u>
Balance at December 31	<u>\$ 238,649</u>	<u>\$ 422,781</u>

f. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2022 and December 31, 2022	<u>6,669</u>
Number of shares at January 1, 2021 and December 31, 2021	<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, 2022</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 265,778</u>
<u>December 31, 2021</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 352,815</u>

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

22. REVENUE

	<u>For the Year Ended December 31</u>	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 12,168,430</u>	<u>\$ 12,496,867</u>

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable (Note 10)	\$ 1,286	\$ 175	\$ 5
Trade receivables (Note 10)	\$ 1,939,504	\$ 1,829,594	\$ 1,981,590
Trade receivables from related parties (Note 10)	\$ 145,838	\$ 127,773	\$ 136,585
Contract liabilities - current Sale of goods	\$ 747	\$ 17,285	\$ 21,440

b. Disaggregation of revenue

	Reportable Segments			Total
	Nutritious Foods	Cooking Products	Others	
For the year ended December 31, 2022				
Type of goods or services				
Sale of goods	\$ 9,521,296	\$ 2,277,017	\$ 370,117	\$ 12,168,430
For the year ended December 31, 2021				
Type of goods or services				
Sale of goods	\$ 9,938,204	\$ 2,238,090	\$ 320,573	\$ 12,496,867

23. NET PROFIT

2. Net Profit

a. Interest income

	For the Year Ended December 31	
	2022	2021
Interest income		
Bank deposits	\$ 6,682	\$ 4,591
Financial assets at amortized cost	10,832	7,010
Repurchase agreements collateralized by bonds	-	70
Loans to related parties	9,927	7,672
Others	56	84
	<u>\$ 27,497</u>	<u>\$ 19,427</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2022	2021
Royalties	\$ 9,308	\$ 9,032
Dividends	<u>4,434</u>	<u>1,471</u>
	<u>\$ 13,742</u>	<u>\$ 10,503</u>

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2022	2021
Fair value changes of financial assets and financial liabilities		
Net loss on financial assets mandatorily classified as at FVTPL	\$ (69,486)	\$ (35,432)
Net foreign exchange gains	31,355	3,029
Net loss on disposal of property, plant and equipment	(1,676)	(15,247)
Others	<u>10,216</u>	<u>35,262</u>
	<u>\$ (29,591)</u>	<u>\$ (12,388)</u>

d. Finance costs

	<u>For the Year Ended December 31</u>	
	2022	2021
Interest on lease liabilities	<u>\$ 1,375</u>	<u>843</u>

e. Impairment losses recognized

	<u>For the Year Ended December 31</u>	
	2022	2021
Trade receivables	\$ 1,858	\$ 419
Inventories (included in operating costs)	<u>4,283</u>	<u>9,508</u>
	<u>\$ 6,141</u>	<u>\$ 9,927</u>

f. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 155,471	\$ 169,049
Operating expenses	<u>56,556</u>	<u>57,580</u>
	<u>\$ 212,027</u>	<u>\$ 226,629</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	2022	2021
An analysis of amortization by function		
Operating costs	\$ 10,305	\$ 8,987
Operating expenses	<u>10,680</u>	<u>6,391</u>
	<u>\$ 20,985</u>	<u>\$ 15,378</u>
		(Concluded)

g. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 39,067	\$ 36,693
Defined benefit plans (see Note 20)	<u>2,501</u>	<u>23,512</u>
	41,568	60,205
Other employee benefits	<u>1,107,866</u>	<u>1,154,969</u>
Total employee benefits expense	<u>\$ 1,149,434</u>	<u>\$ 1,215,174</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 516,604	\$ 534,097
Operating expenses	<u>632,830</u>	<u>681,077</u>
	<u>\$ 1,149,434</u>	<u>\$ 1,215,174</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 0.75% and no higher than 0.5%, 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, 2022 and 2021, which were approved by the Company's board of directors on March 15, 2022 and March 21, 2021, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2022	2021
Compensation of employees	1.30%	1.28%
Remuneration of directors	0.55%	0.55%

Amount

	<u>For the Year Ended December 31</u>	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 19,470	\$ 38,903
Remuneration of directors	8,237	16,716

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, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gain or loss on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	2022	2021
Foreign exchange gains	\$ 95,017	\$ 33,208
Foreign exchange losses	<u>(63,662)</u>	<u>(30,179)</u>
Net gain	<u>\$ 31,355</u>	<u>\$ 3,029</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Current tax		
In respect of the current year	\$ 430,693	\$ 550,479
Income tax on unappropriated earnings	23,692	29,239
Adjustments for prior years	<u>(7,307)</u>	<u>(7,779)</u>
	447,078	571,939
Deferred tax		
In respect of the current year	<u>(191,172)</u>	<u>(44,001)</u>
Income tax expense recognized in profit or loss	<u>\$ 255,906</u>	<u>\$ 527,938</u>

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Profit before tax from continuing operations	<u>\$ 1,470,004</u>	<u>\$ 2,984,566</u>
Income tax expense calculated at the statutory rate (20%)	\$ 294,001	\$ 596,913
Nondeductible expenses in determining taxable income	25,851	23,524
Tax-exempt income	(80,331)	(113,959)
Income tax on unappropriated earnings	23,692	29,239
Adjustments for prior years' tax	<u>(7,307)</u>	<u>(7,779)</u>
Income tax expense recognized in profit or loss	<u>\$ 255,906</u>	<u>\$ 527,938</u>

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 30,920	\$ (10,163)
Remeasurement of defined benefit plans	9,846	1,190
Fair value changes of financial assets at FVTOCI	<u>(8)</u>	<u>(3)</u>
Total income tax recognized in other comprehensive income	<u>\$ 40,758</u>	<u>\$ (8,976)</u>

c. Current tax liabilities

	<u>December 31</u>	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 174,665</u>	<u>\$ 282,639</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, 2022

	Opening Balance	Recognize d in Profit or Loss	Recognize d in Other Comprehe nsive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 72,841	\$ 6,048	\$ -	\$ 78,889
Exchange differences on translation of the financial statements of foreign operations	153,213	-	(30,920)	122,293
Defined benefit plans	69,251	(377)	(9,674)	59,200
Deferred sales returns and allowances	3,775	(2,273)	-	1,502
Allowance for inventory loss	3,526	856	-	4,382
FVTOCI financial assets	43,872	-	8	43,880
Others	<u>209</u>	<u>1,972</u>	<u>-</u>	<u>2,181</u>
	<u>\$ 346,687</u>	<u>\$ 6,226</u>	<u>\$ (40,586)</u>	<u>\$ 312,327</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 282,867	\$ (182,913)	\$ -	\$ 99,954
Reserve for land value increment tax	33,685	-	-	33,685
Defined benefit plans	1,236	-	172	1,408
Others	<u>2,033</u>	<u>(2,033)</u>	<u>-</u>	<u>-</u>
	<u>\$ 319,821</u>	<u>\$ (184,946)</u>	<u>\$ 172</u>	<u>\$ 135,047</u>

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>

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Basic earnings per share	<u>\$ 1.34</u>	<u>\$ 2.70</u>
Diluted earnings per share	<u>\$ 1.34</u>	<u>\$ 2.70</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

	<u>For the Year Ended December 31</u>	
	2022	2021
Earnings used in the computation of basic earnings per share	<u>\$ 1,214,098</u>	<u>\$ 2,456,628</u>

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

	<u>For the Year Ended December 31</u>	
	2022	2021
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>690</u>	<u>968</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>909,110</u>	<u>909,388</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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 22,496	\$ -	\$ -	\$ 22,496
Unlisted shares	-	-	2,059	2,059
Mutual funds	<u>962,351</u>	<u>-</u>	<u>-</u>	<u>962,351</u>
	<u>\$ 984,847</u>	<u>\$ -</u>	<u>\$ 2,059</u>	<u>\$ 986,906</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 165,135	\$ -	\$ -	\$ 165,135
Unlisted shares	<u>-</u>	<u>-</u>	<u>15,549</u>	<u>15,549</u>
	<u>\$ 165,135</u>	<u>\$ -</u>	<u>\$ 15,549</u>	<u>\$ 180,684</u>

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	<u>-</u>	<u>28,239</u>	<u>-</u>	<u>28,239</u>
	<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	<u>-</u>	<u>-</u>	<u>17,129</u>	<u>17,129</u>
	<u>\$ 116,321</u>	<u>\$ -</u>	<u>\$ 17,129</u>	<u>\$ 133,450</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2021	\$ 2,244	\$ 17,129	\$ 19,373
Recognized in profit or loss (included in other gains and losses)	(185)	-	(185)
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>-</u>	<u>(1,580)</u>	<u>(1,580)</u>
Balance at December 31, 2021	<u>\$ 2,059</u>	<u>\$ 15,549</u>	<u>\$ 17,608</u>
Recognized in other gains and losses - unrealized	<u>\$ (185)</u>		<u>\$ (185)</u>

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>

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

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
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

	<u>December 31</u>	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 986,906	\$ 975,461
Financial assets at amortized cost (1)	4,125,505	4,816,137
Financial assets at FVTOCI		
Equity instruments	180,684	133,450
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	900,833	838,589

- 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		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Profit or loss	\$ 29,547 (i)	\$ 29,119 (i)	\$ 7,557 (ii)	\$ (1,403) (ii)

	EUR Impact		AUD Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Profit or loss	\$ 1,962 (iii)	\$ (2,259) (iii)	\$ 2,572 (iv)	\$ 113 (iv)
	CHF Impact		SGD Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Profit or loss	\$ - (v)	\$ 543 (v)	\$ 266 (vi)	\$ - (vi)

- i. This was mainly attributable to the exposure of outstanding RMB bank deposits and receivables 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 of outstanding EUR bank deposits, receivables and payables 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 outstanding CHF bank deposits and receivables which were not hedged at the end of the reporting period.
- vi. This was mainly attributable to the exposure of bank deposits in SGD 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	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 556,160	\$ 742,732
Financial liabilities	118,649	140,580
Cash flow interest rate risk		
Financial assets	320,100	879,100

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, 2022 and 2021 would have increased/decreased by \$3,201 thousand and \$8,791 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, 2022 and 2021 would have increased/decreased by \$9,869 thousand and \$9,755 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, 2022 and 2021 would have increased/decreased by \$1,807 thousand and \$1,335 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 69% and 74% in total trade receivables as of December 31, 2022 and 2021, 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, 2022 and 2021, the Company had available unutilized bank loan facilities in the amounts of \$2,028,405 thousand and \$1,977,047 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, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-interest bearing	\$ 283,496	\$ 569,972	\$ 47,215	\$ 150
Lease liabilities	2,985	5,797	25,315	86,872
Contract liabilities	<u>249</u>	<u>498</u>	<u>-</u>	<u>-</u>
	<u>\$ 286,730</u>	<u>\$ 576,267</u>	<u>\$ 72,530</u>	<u>\$ 87,022</u>

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>

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

<u>Line Items</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Sales	Subsidiaries		
	Standard Dairy Products	\$ 1,510,650	\$ 1,403,341
	GeneFerm	36,465	24,683
	Others	<u>-</u>	<u>105</u>
		<u>\$ 1,547,115</u>	<u>\$ 1,428,129</u>

Sales to 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>2022</u>	<u>2021</u>
Subsidiaries		
Standard Dairy Products	\$ 1,159,395	\$ 858,375
The Company is one of the directors		
GeneFerm	<u>102,636</u>	<u>76,368</u>
	<u>\$ 1,262,031</u>	<u>\$ 934,743</u>

Purchases from related parties were conducted on normal commercial terms.

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2022	2021
Trade receivables	Subsidiaries		
	Standard Dairy Products	\$ 141,101	\$ 120,483
	The Company is one of the directors		
	GeneFerm	<u>4,737</u>	<u>7,290</u>
		<u>\$ 145,838</u>	<u>\$ 127,773</u>
Other receivables	Subsidiaries		
	Standard Dairy Products	\$ 3,269	\$ 4,087
	Standard Beverage	15,117	10,416
	Dermalab	-	18,105
	China Standard Foods	443,448	218,403
	Xiamen Standard Foods	<u>443,448</u>	<u>655,209</u>
		<u>\$ 905,282</u>	<u>\$ 906,220</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized on receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2022	2021
Trade payables	The Company is one of the directors		
	GeneFerm	<u>\$ 19,633</u>	<u>\$ 19,472</u>

The outstanding payables from related parties are unsecured.

f. Loans to related parties

Related Party Category/Name	December 31	
	2022	2021
Standard Beverage	\$ 15,000	\$ 10,300
Dermalab	-	18,105
China Standard Foods	440,940	217,355
Xiamen Standard Foods	<u>440,940</u>	<u>652,065</u>
	<u>\$ 896,880</u>	<u>\$ 897,825</u>

Interest expenses

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Standard Beverage	\$ 189	\$ 151
Dermalab	186	443
China Standard Foods	3,650	2,126
Xiamen Standard Foods	<u>5,902</u>	<u>4,952</u>
	<u>\$ 9,927</u>	<u>\$ 7,672</u>

g. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31	
	2022	2021
Subsidiaries		
Standard Beverage		
Amount endorsed	\$ 92,130	\$ 143,040
Amount utilized	-	-

h. Other transactions with related parties

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Royalty revenue	Subsidiaries		
	Standard Dairy Products	<u>\$ 9,308</u>	<u>\$ 9,032</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	
		2022	2021
Short-term employee benefits		\$ 21,101	\$ 28,036
Post-employment benefits		<u>315</u>	<u>241</u>
		<u>\$ 21,416</u>	<u>\$ 28,277</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, 2022 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\$512 thousand.
- c. Unrecognized commitments for acquisition of property, plant and equipment of approximately \$130,647 thousand.
- d. Unrecognized commitments for acquiring approximately 55,800 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, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 10,584	30.71 (USD:NTD)	\$ 325,034
EUR	2,042	32.72 (EUR:NTD)	66,803
RMB	223,367	4.41 (RMB:NTD)	984,913
AUD	4,116	20.83 (AUD:NTD)	85,733
SGD	387	22.88 (SGD:NTD)	<u>8,851</u>
			<u>\$ 1,471,334</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	300	30.71 (USD:NTD)	\$ 9,213
RMB	1,889,307	4.41 (RMB:NTD)	8,330,334
SGD	14	22.88 (SGD:NTD)	<u>320</u>
			<u>\$ 8,339,867</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,381	30.71 (USD:NTD)	\$ 73,123
EUR	43	32.72 (EUR:NTD)	<u>1,406</u>
			<u>\$ 74,529</u>

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>
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>
<u>Financial liabilities</u>			
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>

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

For the Year Ended December 31				
2022		2021		
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.81 (USD:NTD)	\$ 21,227	28.01 (USD:NTD)	\$ 8,365
RMB	4.43 (RMB:NTD)	13,735	4.34 (RMB:NTD)	(6,392)
EUR	31.36 (EUR:NTD)	(3,564)	33.16 (EUR:NTD)	3,471
AUD	20.67 (AUD:NTD)	(516)	21.06 (AUD:NTD)	449
CHF	31.20 (CHF:NTD)	449	30.64 (CHF:NTD)	(3,105)
SGD	21.62 (SGD:NTD)	(3)	20.85 (SGD:NTD)	(16)
Others		<u>27</u>		<u>257</u>
		<u>\$ 31,355</u>		<u>\$ 3,029</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.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

TABLE 1

STANDARD FOODS CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	\$ 18,561	\$ -	\$ -	1.000%	b.	\$ -	Need for operation	\$ -	-	\$ -	\$ 6,934,510 (Note 3)	\$ 6,934,510 (Note 3)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	448,880	440,940	440,940	1.200%	b.	-	Need for operation	-	-	-	3,467,255 (Note 4)	6,934,510 (Note 5)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	676,380	440,940	440,940	1.200%	b.	-	Need for operation	-	-	-	3,467,255 (Note 4)	6,934,510 (Note 5)	Note 11
		Standard Beverage Company Limited	Financing receivables - related parties	Y	50,000	50,000	15,000	1.750%	b.	-	Need for operation	-	-	-	3,467,255 (Note 4)	6,934,510 (Note 5)	Note 11
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Y	224,440	176,376	114,181	1.000%	b.	-	Need for operation	-	-	-	1,653,661 (Note 6)	1,653,661 (Note 6)	Note 11
		Shanghai Le Ben Tuo Health Technology Co., Ltd.	Financing receivables - related parties	Y	269,328	264,564	197,069	1.000%	b.	-	Need for operation	-	-	-	1,653,661 (Note 6)	1,653,661 (Note 6)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	673,320	440,940	380,566	1.000%	b.	-	Need for operation	-	-	-	1,653,661 (Note 6)	1,653,661 (Note 6)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	538,656	440,940	272,153	1.000%	b.	-	Need for operation	-	-	-	1,653,661 (Note 6)	1,653,661 (Note 6)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	650,876	639,363	145,224	1.000%	b.	-	Need for operation	-	-	-	1,305,236 (Note 7)	1,305,236 (Note 7)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	473,466	220,470	-	1.000%	b.	-	Need for operation	-	-	-	1,305,236 (Note 7)	1,305,236 (Note 7)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	224,440	220,470	-	1.000%	b.	-	Need for operation	-	-	-	1,305,236 (Note 7)	1,305,236 (Note 7)	Note 11
		Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	11,273	5,732	5,732	1.000%	b.	-	Need for operation	-	-	-	12,016 (Note 8)	12,016 (Note 8)	Note 11
4	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	35,910	35,275	32,158	1.000%	b.	-	Need for operation	-	-	-	186,526 (Note 9)	186,526 (Note 9)	Note 11
5	Shanghai Le Min Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	35,910	35,275	22,426	1.000%	b.	-	Need for operation	-	-	-	116,688 (Note 10)	116,688 (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 \$6,934,510 thousand (the net value per financial statements of \$17,336,274 thousand x 40% as of September 30, 2022).

Note 4: The total amount shall not exceed 20% of net value of Standard Foods Corporation, which was calculated to be \$3,467,255 thousand (the net value per financial statements of \$17,336,274 thousand x 20% as of September 30, 2022).

Note 5: The total amount shall not exceed 40% of net value of Standard Foods Corporation, which was calculated to be \$6,934,510 thousand (the net value per financial statements of \$17,336,274 thousand x 40% as of September 30, 2022).

Note 6: The total amount shall not exceed 40% of net value of Standard Investment (China) Co., Ltd., which was calculated to be \$1,653,661 thousand (the net value per financial statements of \$4,134,153 thousand x 40% as of September 30, 2022).

Note 7: The total amount shall not exceed 40% of net value of Shanghai Standard Foods Co., Ltd., which was calculated to be \$1,305,236 thousand (the net value per financial statements of \$3,263,089 thousand x 40% as of September 30, 2022).

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 \$12,016 thousand (the net value per financial statements of \$30,039 thousand x 40% as of September 30, 2022).

Note 9: The total amount shall not exceed 40% of net value of Shanghai Le Ho Industrial Co., Ltd., which was calculated to be \$186,526 thousand (the net value per financial statements of \$466,314 thousand x 40% as of September 30, 2022).

Note 10: The total amount shall not exceed 40% of net value of Shanghai Le Min Industrial Co., Ltd., which was calculated to be \$116,688 thousand (the net value per financial statements of \$291,719 thousand x 40% as of September 30, 2022).

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

TABLE 2

STANDARD FOODS CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(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.	\$ 13,869,019 (Note 3)	\$ 145,875	\$ 92,130	\$ -	\$ -	0.53%	\$ 17,336,274 (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:

- Trading partner;
- Majority owned subsidiary;
- The Company and subsidiary owns over 50% ownership of the investee company.
- A subsidiary jointly owned by the Company and company's directly-owned subsidiary.
- Guaranteed by the Company according to construction contract.
- Investee company. The guarantees were provided based on the Company's proportionate share in an investee company.
- 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 \$13,869,019 thousand (the net value per financial statements of \$17,336,274 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 \$17,336,274 thousand (the net value per financial statements of \$17,336,274 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, 2022
(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, 2022			Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Standard Foods Corporation	<u>Shares</u> Far Eastern International Commercial Bank Co., Ltd.	The Company is one of the directors	Financial assets at fair value through other comprehensive income - current	1,466,828	\$ 16,135	-	\$ 16,135
	Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - current	48,600	5,492	-	5,492
	GeneFerm Biotechnology Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	2,145,110	143,508	5.2	143,508
	Dah Chung Bills Finance Corp.		Financial assets at fair value through other comprehensive income - non-current	1,274,480	15,549	0.3	15,549
	<u>Mutual funds</u> Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	3,585,869	69,673	-	69,673
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	4,720,915	53,973	-	53,973
	Cathay Global Aggressive Fund		Financial assets at fair value through profit or loss - current	2,284,844	51,500	-	51,500
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	53,336,058	734,182	-	734,182
	Hua Nan Phoenix Money Market Fund		Financial assets at fair value through profit or loss - current	3,209,709	53,023	-	53,023
	<u>Shares</u> Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through profit or loss - current	12,000	5,382	-	5,382
	Apple Inc.		Financial assets at fair value through profit or loss - current	1,675	6,683	-	6,683
	Amazon.com, Inc.		Financial assets at fair value through profit or loss - current	740	1,909	-	1,909
	Alphabet Inc.		Financial assets at fair value through profit or loss - current	820	2,222	-	2,222
	Microsoft Corporation		Financial assets at fair value through profit or loss - current	372	2,740	-	2,740
	NVIDIA Corporation		Financial assets at fair value through profit or loss - current	467	2,096	-	2,096
	Tesla, Inc.		Financial assets at fair value through profit or loss - current	387	1,464	-	1,464

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares	Carrying Amount	Percentage of Ownership	
Standard Dairy Products Taiwan Limited	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	-
	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	2,059	7.0	2,059
	<u>Mutual funds</u> Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	1,195,290	23,224	-	23,224
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	786,819	8,995	-	8,995
Chang Hui Ltd.	Cathay Global Aggressive Fund		Financial assets at fair value through profit or loss - current	761,615	17,167	-	17,167
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	6,722,366	92,535	-	92,535
	Shares		Financial assets at fair value through other comprehensive income - current	6,669,471	265,778	0.7	265,778
	Standard Foods Corporation		Financial assets at fair value through other comprehensive income - current	91,440	7,937	-	7,937
	Formosa Plastics Corporation		Financial assets at fair value through other comprehensive income - current	803,258	23,937	-	23,937
	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	1,596,000	90,493	1.9	90,493
	Polytronics Technology Corp.		Financial assets at fair value through other comprehensive income - current	90,000	40,365	-	40,365
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through other comprehensive income - current				

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Shares	Carrying Amount	Percentage of Ownership	
Standard Beverage Company Limited	<u>Mutual funds</u> Fuh Hwa Global Strategic Allocation FoF	Chang Hui Ltd. is one of the directors	Financial assets at fair value through profit or loss - current	1,000,000	\$ 11,500	-	\$ 11,500
	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds-Accu.		Financial assets at fair value through profit or loss - current	1,453,360	16,851	-	16,851
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	966,084	13,298	-	13,298
	<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	-
Domex Technology Corporation	CNEX Co., Ltd.	Chang Hui Ltd. is one of the directors	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	6,662	-	6,662
	<u>Mutual funds</u> Fuh Hwa Greater China Mid & Small Cap		Financial assets at fair value through profit or loss - current	225,000	1,881	-	1,881
	Franklin Templeton SinoAm Global Bd Acc		Financial assets at fair value through profit or loss - current	282,988	3,281	-	3,281
Accession Limited	<u>Shares</u> InnoComm Mobile Technology Corp.		Financial assets at fair value through profit or loss - non-current	3,600,000	199,152	13.4	199,152
	<u>Shares</u> AsiaVest Liquidation Co.		Financial assets at fair value through profit or loss - non-current	200	1,008	0.7	1,008
China Standard Investment	<u>Mutual funds</u> Term Liquidity Fund		Financial assets at fair value through profit or loss - current	33,453	110,818	-	110,818
	<u>Shares</u> Ccoop Group Co., Ltd.		Financial assets at fair value through profit or loss - current	342,939	2,404	-	2,404

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, 2022
(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	\$ (1,510,650)	12.41	55 days after month end closing (net of receivables and payables)	-	-	\$ 141,101	6.76	Note
			Purchases	1,159,395	14.57	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	1,510,650	53.21	55 days after month end closing (net of receivables and payables)	-	-	(141,101)	33.69	Note
			Sales	(1,159,395)	31.34	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	(1,725,669)	69.44	60 days after month-end closing	-	-	599,301	100.00	Note
			Purchases	694,761	30.51	60 days after month-end closing	-	-	(262,620)	79.73	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	1,725,669	15.79	60 days after month-end closing	-	-	(599,301)	17.08	Note
			Sales	(694,761)	5.63	60 days after month-end closing	-	-	262,620	10.66	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(5,300,160)	94.98	60 days after month-end closing	-	-	1,361,068	99.98	Note
			Purchases	5,300,160	48.71	60 days after month-end closing	-	-	(1,361,068)	38.79	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Brother company of Standard Foods (China) Co., Ltd.	Purchases	101,445	2.61	60 days after month-end closing	-	-	(10)	0.03	Note
			Sales	(101,445)	1.82	60 days after month-end closing	-	-	10	0.00	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	(3,801,302)	96.14	60 days after month-end closing	-	-	1,094,813	99.53	Note
			Purchases	3,801,302	34.94	60 days after month-end closing	-	-	(1,094,813)	31.20	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, 2022
(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	11.55	\$ -		\$ 141,101	\$ -	(Note 2)
			Other receivables		-		3,269	-	(Note 2)
	Standard Foods (China) Co., Ltd.	The Company's subsidiary	Financing receivables		-		\$ 144,370	\$ -	(Note 1)
			Other receivables		-		-	-	(Note 2)
Shanghai Standard Foods Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	The Company's subsidiary	Financing receivables	2.93	\$ -		\$ -	\$ -	(Note 1)
			Other receivables		-		\$ 443,448	\$ -	(Note 2)
	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Financing receivables		\$ -		\$ 440,940	\$ -	(Note 1)
			Other receivables		-		\$ 2,508	\$ -	(Note 2)
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Trade receivables	3.79	\$ -		\$ 599,301	\$ -	(Note 1)
			Financing receivables		-		145,224	-	(Note 2)
	Standard Foods (China) Co., Ltd.	The Company's subsidiary	Other receivables		\$ -		\$ 5,443	\$ -	(Note 1)
			Trade receivables		-		\$ 749,968	\$ -	(Note 2)
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	23.66	\$ -		\$ 471,961	\$ -	(Note 1)
			Other receivables		-		2,932	-	(Note 2)
	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Financing receivables		\$ -		\$ 474,893	\$ -	(Note 1)
			Other receivables		-		-	-	(Note 2)
Shanghai Standard Foods Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	The Company's subsidiary	Trade receivables	2.98	\$ -		\$ 23	\$ -	(Note 1)
			Financing receivables		-		19,443	-	(Note 2)
	Standard Investment (China) Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Other receivables		\$ -		\$ 19,466	\$ -	(Note 1)
			Trade receivables		-		-	-	(Note 2)
Shanghai Le Ben Tuo Health Technology Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Other receivables	2.94	\$ -		\$ 14,841	\$ -	(Note 1)
			Trade receivables		-		\$ 14,841	\$ -	(Note 2)
	Standard Investment (China) Co., Ltd.	Parent company of Standard Investment (China) Co., Ltd.	Financing receivables		\$ -		\$ 262,620	\$ -	(Note 1)
			Other receivables		-		3,536	-	(Note 2)
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	The Company's subsidiary	Financing receivables	2.94	\$ -		\$ 266,156	\$ -	(Note 1)
			Other receivables		-		-	-	(Note 2)
	Standard Investment (China) Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Trade receivables		\$ -		\$ -	\$ -	(Note 1)
			Other receivables		-		2,417	-	(Note 2)
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	The Company's subsidiary	Financing receivables	2.94	\$ -		\$ 2,417	\$ -	(Note 1)
			Other receivables		-		\$ 2,417	\$ -	(Note 2)
	Standard Investment (China) Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Trade receivables		\$ -		\$ -	\$ -	(Note 1)
			Other receivables		-		2,046	-	(Note 2)
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	The Company's subsidiary	Financing receivables	2.94	\$ -		\$ 2,046	\$ -	(Note 1)
			Other receivables		-		\$ 2,046	\$ -	(Note 2)
	Standard Investment (China) Co., Ltd.	Parent company of Standard Investment (China) Co., Ltd.	Trade receivables		\$ -		\$ 1,094,813	\$ -	(Note 1)
			Other receivables		-		-	-	(Note 2)

Note 1: Amounts received before March 23, 2023.

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

TABLE 6

STANDARD FOODS CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	\$ 3,936,267	\$ 3,936,267	123,600,000	100	\$ 3,645,244	\$ 26,829	28,884 (Note 1)	Subsidiary (Note 5)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	4,713,791	4,710,865	150,224,815	100	4,685,090	(914,564)	(914,564)	Subsidiary (Note 5)
	Standard Dairy Products Taiwan Limited	Taipei, Taiwan	Manufacture and sale of dairy products and beverages	300,853	300,853	30,000,000	100	1,042,081	340,558	340,971 (Note 1)	Subsidiary (Note 5)
	Chang Hui Ltd.	Taipei, Taiwan	Investment business	230,000	230,000	24,100,000	100	297,285	24,684	12,012 (Note 2)	Subsidiary (Note 5)
	Domex Technology Corporation	Hsinchu, Taiwan	Manufacture and sale of computer peripherals and computer and information products	114,116	114,116	10,374,399	52	328,587	81,050	42,154 (Note 3)	Subsidiary (Note 5)
Accession Limited	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	81,609	839	839	Subsidiary (Note 5)
	Standard Foods, LLC.	U.S.A.	Sale of health foods	9,056	9,056	Note 4	100	9,213	-	-	Subsidiary (Note 5)
	Standard Great Foods Singapore PTE. LTD.	Singapore	Food trade	317	-	Note 4	100	320	-	-	Subsidiary (Note 5)
Dermalab S.A.	Dermalab S.A.	Switzerland	Development and sale of cosmetics	379,489	379,489	4,050	100	238,663	(10,148)	-	Indirect subsidiary (Note 5)
	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100	-	-	-	Indirect subsidiary (Note 5)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investment business	4,709,971	4,708,566	150,098,815	100	4,683,503	(914,408)	-	Indirect subsidiary (Note 5)

Note 1: This amount was the share of loss of the investee of \$26,829 thousand plus the unrealized gain on sidestream transactions of \$2,055 thousand.

Note 2: This amount was the share of profit of the investee of \$340,558 thousand plus the unrealized gain on sidestream transactions of \$413 thousand.

Note 3: This amount was the share of profit of the investee of \$24,684 thousand minus the Standard Foods Corporation cash dividends paid of \$12,672 thousand.

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

Note 5: 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, 2022
(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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	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)	\$ 29,183	100.0%	\$ 29,814 (Note 10)	\$ 3,265,214	\$ -	Note 12
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)	(872,826)	99.0	(864,098) (Note 10)	3,568,111	-	Note 12
Shanghai New Vitality Health Technology (Group) Co., Ltd.	Sale of nutritional foods, cosmetics and international trading	445,000	b. (Note 5)	- (Note 5)	-	-	- (Note 5)	(15,711)	99.0	(15,554) (Note 10)	364,395	-	Note 12
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)	68,410	99.0	77,777 (Note 10)	2,441,375	-	Note 12
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetics and international trading	93,989	c. (Note 9)	- (Note 6)	-	-	- (Note 9)	(14,822)	99.0	(14,674) (Note 10)	(17,223)	-	Note 12
Shanghai Le Ben Tuo Health Technology Co., Ltd.	Sale of nutritional foods and international trading	380,418	c. (Note 9)	181,048 (Note 7)	-	-	181,048 (Note 9)	(122,197)	99.0	(121,660) (Note 10)	(57,254)	-	Note 12
Shanghai Le Ben De Health Technology Co., Ltd.	Sale of nutritional foods and international trading	31,220	c. (Notes 4 and 9)	31,220 (Note 4)	-	-	31,220 (Note 9)	920	99.0	924 (Note 10)	30,896	-	Note 12
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)	54,219	99.0	68,427 (Note 10)	1,601,316	-	Note 12
Shanghai Le Ho Industrial Co., Ltd.	Property management	607,717	b. (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	(21,706)	100.0	(21,706) (Note 10)	460,888	-	Note 12
Shanghai Le Min Industrial Co., Ltd.	Property management	378,009	b. (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	(13,033)	100.0	(13,033) (Note 10)	288,326	-	Note 12

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	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 11)

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

Note 10: Recognition of investment income (loss) was based on Note 2, b, 2).

Note 11: The Industrial Development Bureau of the MOEA issued the proofing document of operational headquarters to the Company; the document is still valid within the audit period. Hence, according to the Investment Commission of the MOEA, there is no upper limit on the amount of investment.

Note 12: The amounts presented above were eliminated upon consolidation.

TABLE 8**STANDARD FOODS CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Mu Te Investment Co., Ltd. Trust Property Account	161,918,315	17.69
Chia Yun Investment Co., Ltd. Trust Property Account	135,417,408	14.79
Chia Chieh Investment Co., Ltd. Trust Property Account	108,503,160	11.85

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

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

STANDARD FOODS CORPORATION

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STANDARD FOODS CORPORATION**SCHEDULE OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Interest Rate	Amount
Cash on hand			\$ 785
Cash in banks			
Checking account deposits			148,802
Demand deposits		0.001%-0.850%	2,542
Foreign currency demand deposits	Including US\$2,422 thousand @30.71, EUR40 thousand @32.72, AUD1 thousand @20.83, RMB2 thousand @4.41	0.001%-0.850%	75,735
			<u>227,079</u>
Cash equivalents			
Foreign time deposits	Including US\$1,200 thousand @30.71, AUD522 thousand @20.83, EUR2,001 thousand @32.72 and SGD200 thousand @22.88	1.400%-4.800%	<u>117,776</u>
			<u>\$ 345,640</u>

STANDARD FOODS CORPORATION
SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2022
(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								
Taishin 1699 Money Market Fund	53,336,057.83	13.77	\$ 734,182	\$ 733,925	13.77	\$ 734,182	\$ -	
Cathay China Domestic Demand Growth Fund	3,585,869.30	19.43	69,673	120,000	19.43	69,673	-	
Cathay Target Date 2029 Fund	4,720,915.20	11.43	53,973	60,000	11.43	53,973	-	
Hua Nan Phoenix Money Market Fund	3,209,709.10	16.52	53,023	53,000	16.52	53,023	-	
Cathay Global Aggressive Fund	2,284,843.90	22.54	51,500	60,000	22.54	51,500	-	
	<u>67,137,395.33</u>		<u>962,351</u>	<u>1,026,925</u>				
Shares								
Taiwan Semiconductor Manufacturing Co., Ltd.	12,000.00	448.50	5,382	7,304	448.50	5,382	-	
Apple Inc.	1,675.00	129.93	6,683	8,306	129.93	6,683	-	
Amazon.com, Inc.	740.00	84.00	1,909	3,349	84.00	1,909	-	
Alphabet Inc.	820.00	88.23	2,222	3,294	88.23	2,222	-	
Microsoft Corporation	372.00	239.82	2,740	3,313	239.82	2,740	-	
NVIDIA Corporation	467.00	146.14	2,096	3,317	146.14	2,096	-	
Tesla, Inc.	387.00	123.18	1,464	3,315	123.18	1,464	-	
	<u>16,461.00</u>		<u>22,496</u>	<u>32,198</u>		<u>22,496</u>		
	<u>67,153,856.33</u>		<u>\$ 984,847</u>	<u>\$ 1,059,123</u>		<u>\$ 984,847</u>	<u>\$ -</u>	

STANDARD FOODS CORPORATION
SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2022
(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	\$ 486	\$ 4,063	\$ -	113.00	\$ 5,492
Far Eastern International Commercial Bank Co., Ltd.	1,466,828	10	<u>14,668</u>	<u>17,114</u>	<u>-</u>	11.00	<u>16,135</u>
			<u>\$ 15,154</u>	<u>\$ 21,177</u>	<u>\$ -</u>		<u>\$ 21,627</u>

STANDARD FOODS CORPORATION
SCHEDULE OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT
DECEMBER 31, 2022
(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 2023, maturity interest	2	4,900	NTD	\$ 9,800	0.80%	\$ 9,800	Floating
Far Eastern International Bank time deposit	Expiry in February 2023, maturity interest	7	4,900	NTD	34,300	0.80%	34,300	Floating
Far Eastern International Bank time deposit	Expiry in March 2023, maturity interest	8	4,900	NTD	39,200	0.76%	39,200	Fixed
Far Eastern International Bank time deposit	Expiry in August 2023, maturity interest	9	4,900	NTD	44,100	1.18%	44,100	Floating
Far Eastern International Bank time deposit	Expiry in October 2023, maturity interest	3	2,900	NTD	8,700	1.30%	8,700	Floating
Far Eastern International Bank time deposit	Expiry in November 2023, maturity interest	9	4,900	NTD	44,100	1.30%	44,100	Floating
Far Eastern International Bank time deposit	Expiry in December 2023, maturity interest	4	4,900	NTD	19,600	1.30%	19,600	Floating
Far Eastern International Bank time deposit	Expiry in December 2023, maturity interest	2	4,900	NTD	9,800	1.43%	9,800	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in January 2023, maturity interest	3	49,900	NTD	149,700	0.92%	149,700	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in February 2023, maturity interest	1	40,000	NTD	40,000	0.91%	40,000	Fixed
Bank of China foreign time deposit	Expiry in June 2023, maturity interest	1	5,744	RMB	25,329	2.45%	25,329	Fixed (@4.41)
OCBC Wing Hang Bank foreign time deposit	Expiry in August 2023, maturity interest	1	2,274	RMB	10,029	2.25%	10,029	Fixed (@4.41)
Taishin Bank foreign time deposit	Expiry in March 2023, maturity interest	1	14,153	RMB	62,405	2.24%	62,405	Fixed (@4.41)
CTBC Bank Co., Ltd foreign time deposit	Expiry in June 2023, maturity interest	1	2,000	USD	61,420	5.10%	61,420	Fixed (@30.71)
CTBC Bank Co., Ltd foreign time deposit	Expiry in October 2023, maturity interest	2	1,000	USD	61,420	4.50%	61,420	Fixed (@30.71)
CTBC Bank Co., Ltd foreign time deposit	Expiry in December 2023, maturity interest	1	2,000	USD	61,420	5.25%	61,420	Fixed (@30.71)
HSBC foreign time deposit	Expiry in March 2023, maturity interest	1	186	SGD	4,256	3.35%	4,256	Fixed (@22.88)
ANZ Bank foreign time deposit	Expiry in January 2023, maturity interest	1	1,000	AUD	20,830	3.06%	20,830	Fixed (@20.83)
ANZ Bank foreign time deposit	Expiry in January 2023, maturity interest	1	2,000	AUD	41,660	3.06%	41,660	Fixed (@20.83)
ANZ Bank foreign time deposit	Expiry in January 2023, maturity interest	1	500	AUD	10,415	3.21%	10,415	Fixed (@20.83)
					\$ 758,484		\$ 758,484	

STANDARD FOODS CORPORATION
SCHEDULE OF TRADE RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Unrelated parties	
Company A	\$ 620,431
Company B	363,734
Company C	289,970
Company D	63,680
Others (Note)	<u>601,689</u>
	1,939,504
Less: Allowance for impairment loss	<u>(2,274)</u>
	<u>\$ 1,937,230</u>
Related party	
Standard Dairy Products Taiwan Limited	
GeneFerm Biotechnology Co., Ltd.	\$ 141,101
	<u>4,737</u>
	<u>\$ 145,838</u>

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

STANDARD FOODS CORPORATION
SCHEDULE OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Merchandise	\$ 332,409	\$ 484,078
Finished goods	1,305,660	2,079,653
Work in progress	213,341	346,681
Raw materials	782,833	1,219,800
Packaging materials	<u>57,346</u>	<u>76,454</u>
	<u>\$ 2,691,589</u>	<u>\$ 4,206,666</u>

STANDARD FOODS CORPORATION
SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investees	Balance at January 1, 2022		Addition		Deduction		Balance at December 31, 2022		Accumulated Reversal of Impairment Loss	Collateral	Accumulated Impairment	Remark
	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Fair Value				
Paradigm Venture Capital Corporation	153,320	\$ 2,244	-	\$ -	-	\$ 185	153,320	\$ 2,059	-	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>\$ 2,244</u>		<u>\$ -</u>		<u>\$ 185</u>		<u>\$ 2,059</u>				

Note: The decreased due to the changes in the fair value.

STANDARD FOODS CORPORATION
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2022		Addition		Deduction		Unrealized Gain (Loss)	Balance at December 31, 2022		Accumulated Impairment	Collateral	Remark
	Shares	Fair Value	Shares	Amount	Shares	Amount		Shares	Fair Value			
Emerging market shares												
GeneFerm Biotechnology Co., Ltd.	2,145,110	\$ 95,136	-	\$ -	-	\$ -	\$ 48,372	2,145,110	\$ 143,508	\$ -	Nil	-
Dah Chung Bills Finance Corp	1,274,480	17,129	-	-	-	-	(1,580)	1,274,480	15,549	-	Nil	-
		<u>\$ 112,265</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 46,792</u>		<u>\$ 159,057</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, 2022**
(In Thousands of New Taiwan Dollars)

Investees	Balance at January 1, 2022		Addition		Decrease		Balance at December 31, 2022		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	\$ 3,546,644	-	\$ 99,799	-	\$ 1,199	123,600,000	100.00	\$ 3,645,244	29.86	\$ 3,690,499	Nil	Note 1
Standard Dairy Products Taiwan Limited	30,000,000	1,134,020	-	348,971	-	440,910	30,000,000	100.00	1,042,081	35.20	1,056,193	Nil	Note 2
Chuang Hui Ltd.	24,100,000	422,385	-	24,684	-	149,784	24,100,000	100.00	297,285	23.36	563,063	Nil	Note 3
DOMEX Technology Corporation	10,374,399	425,275	-	42,154	-	138,842	10,374,399	52.00	328,587	31.67	328,587	Nil	Note 4
Standard Beverage Company Limited	7,907,000	82,390	-	935	-	1,716	7,907,000	100.00	81,609	10.32	81,609	Nil	Note 5
Standard Investment (Cayman) Limited	150,124,815	5,538,645	100,000	938,674	-	938,674	150,224,815	100.00	4,685,090	31.19	4,685,090	Nil	Note 6
Shanghai Le Ben Tuo Health Technology Co., Ltd.	-	32,168	-	26,955	-	59,123	-	-	-	-	-	Nil	Notes 7 and 10
Standard Foods, LLC.	-	8,304	-	909	-	-	-	100.00	9,213	-	9,213	Nil	Notes 8 and 10
Standard Great Foods Singapore PTE. LTD.	-	-	-	320	-	-	-	100.00	320	-	320	Nil	Notes 9 and 10
		\$ 11,189,831		\$ 629,846		\$ 1,730,248		\$ 10,089,429			\$ 10,414,574		

Note 1: For the year ended December 31, 2022, the increase amount of other comprehensive income accounted for using the equity method was \$824 thousand, investment income was \$28,884 thousand and translation adjustment was \$70,091 thousand; the decrease due to reorganization adjustment was \$1,199 thousand.

Note 2: For the year ended December 31, 2022, the increase amount of investment income accounted for using the equity method was \$340,971 thousand and other comprehensive income was \$8,000 thousand; the decrease amount of the cash dividend issued by the investee was \$440,910 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 \$24,684 thousand, of which adjustment to the capital surplus was \$12,672 thousand. The investment income accounted for using the equity method was \$12,012 thousand. For the year ended December 31, 2022, the decrease amount of other comprehensive income accounted for using the equity method was \$130,022 thousand and the cash dividend which was issued by the investee was \$19,762 thousand.

Note 4: For the year ended December 31, 2022, the increase amount of investment income accounted for using the equity method was \$42,154 thousand; and the decrease amount of other comprehensive income accounted for using the equity method was \$102,531 thousand and the cash dividend which was issued by the investee was \$36,311 thousand.

Note 5: For the year ended December 31, 2022, the increase amount of investments amounted to \$93.5 thousand, of which the equity method adopted for the accounting of the investment income was \$839 thousand; other comprehensive income was \$96 thousand; the decrease amount of cash dividend which was issued by the investee was \$1,716 thousand.

Note 6: For the year ended December 31, 2022, the increase amount of additional investment was \$2,926 thousand and translation adjustment accounted for using the equity method was \$82,193 thousand; and the decrease amount of investment loss accounted for using the equity method was \$914,564 thousand and reorganization adjustment was \$24,110 thousand.

Note 7: For the year ended December 31, 2022, the increase amount of translation adjustment accounted for using the equity method was \$1,404 thousand and the decrease of investments amounted to \$25,551 thousand; and the decrease amount of investment loss accounted for using the equity method was \$59,123 thousand.

Note 8: For the year ended December 31, 2022, the increase amount of translation adjustment accounted for using the equity method was \$909 thousand.

Note 9: For the year ended December 31, 2022, the increase amount of additional investment was \$317 thousand and translation adjustment accounted for using the equity method was \$3 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, 2022
(In Thousands of New Taiwan Dollars)

Item	Land	Buildings	Office Equipment	Transportation Equipment	Amount
<u>Cost</u>					
As originally stated on January 1, 2022	\$ 4,011	\$ 148,258	\$ 550	\$ 2,107	\$ 154,926
Additions	1,134	7,095	1,692	1,177	11,098
Lease expiration/termination	<u>(1,134)</u>	<u>(390)</u>	<u>-</u>	<u>-</u>	<u>(1,524)</u>
Balance at December 31, 2022	<u>\$ 4,011</u>	<u>\$ 154,963</u>	<u>\$ 2,242</u>	<u>\$ 3,284</u>	<u>\$ 164,500</u>
<u>Accumulated depreciation</u>					
As originally stated on January 1, 2022	\$ 1,832	\$ 11,730	\$ 201	\$ 703	\$ 14,466
Depreciation expenses	1,854	31,360	377	767	34,358
Lease expiration/termination	<u>(1,134)</u>	<u>(345)</u>	<u>-</u>	<u>-</u>	<u>(1,479)</u>
Balance at December 31, 2022	<u>\$ 2,552</u>	<u>\$ 42,745</u>	<u>\$ 578</u>	<u>\$ 1,470</u>	<u>\$ 47,345</u>

STANDARD FOODS CORPORATION**SCHEDULE OF TRADE PAYABLES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Unrelated parties	
Company C	\$ 57,387
Company B	55,699
Company F	41,677
Company E	37,680
Company G	35,218
Others (Note)	<u>570,260</u>
	<u>\$ 797,921</u>
Related party	
GeneFerm Biotechnology Co., Ltd.	<u>\$ 19,633</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, 2022
(In Thousands of New Taiwan Dollars)

	Lease Term	Discount Rate	Balance at December 31, 2022	Remark
Land	2022/12/1-2023/11/30	1.07%	\$ 1,040	
Buildings	2021/1/1-2028/5/31	1.07%	114,102	
Office equipment	2019/8/1-2027/12/31	1.07%	1,684	
Transportation equipment	2021/1/1-2025/10/30	1.07%-1.25%	<u>1,823</u>	
			118,649	
Less: Within 1 year			<u>(33,017)</u>	
Lease liabilities - non-current			<u>\$ 85,632</u>	

STANDARD FOODS CORPORATION
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Quantity (Tons)	Amount
Nutritious foods	95,038	\$ 11,018,531
Cooking products	23,346	2,597,770
Others	7,843	<u>495,588</u>
Total sales		14,111,889
Less: Sales returns		(96,419)
Sales allowances		<u>(1,847,040)</u>
Net sales		<u>\$ 12,168,430</u>

STANDARD FOODS CORPORATION

**SCHEDULE OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Amount
Cost of goods sold - finished goods	
Raw materials, beginning of year	\$ 465,406
Add: Raw materials purchased	6,727,241
Gain on physical inventory of raw materials	37
Less: Transferred to other accounts	(5,387)
Sales of raw materials	(135,546)
Raw materials scrapped	(980)
Raw materials, end of year	<u>(840,179)</u>
Raw materials consumed	6,210,592
Direct labor	263,486
Manufacturing expenses	<u>1,024,418</u>
Manufacturing costs	7,498,496
Work in progress, beginning of year	130,125
Less: Work in progress scrapped	(3,760)
Other use	<u>(10,538)</u>
Cost of finished goods	7,614,323
Work in progress, end of year	(213,341)
Finished goods, beginning of year	881,331
Less: Transferred to other accounts	(79,826)
Profit on physical inventory of finished goods	55
Finished goods scrapped	(2,152)
Cost of goods sold adjustment	(11,678)
Finished goods, end of year	<u>(1,305,660)</u>
Cost of goods sold - finished goods	<u>6,883,052</u>
Cost of goods sold - merchandise	
Merchandise, beginning of year	214,067
Add: Merchandise purchased	1,192,567
Profit on physical inventory of merchandise	48
Less: Other use	(5,059)
Merchandise scrapped	(827)
Cost of goods sold adjustment	(522)
Merchandise, end of year	<u>(332,409)</u>
Cost of goods sold - merchandise	<u>1,067,865</u>
Cost of sales of raw materials	<u>135,546</u>
Gain on physical inventory	<u>(140)</u>
Inventory scrap losses	<u>7,719</u>
	<u>\$ 8,094,042</u>

STANDARD FOODS CORPORATION

**SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrati ve Expenses	Research and Development Expenses	Amount
Advertising expenses	\$ 932,792	\$ -	\$ -	\$ 932,792
Salaries and pensions	340,038	189,801	37,328	567,167
Freight expenses	134,519	-	-	134,519
Taxes	22,286	65	18	22,369
Professional service fees	-	19,506	34	19,540
Rental	26,362	1,223	27	27,612
Insurance premiums	35,576	17,280	3,912	56,768
Amortization	1,962	8,718	-	10,680
Depreciation	18,046	29,519	8,991	56,556
Traveling expenses	18,569	844	650	20,063
Repair and maintenance expenses	4,983	1,018	1,173	7,174
Computer expenses	26,542	51,286	31	77,859
Meal expenses	11,084	3,992	1,193	16,269
Postage and telephone charges	303	3,459	137	3,899
Entertainment expenses	661	7,395	27	8,083
Employee welfare	8,547	2,960	900	12,407
Utilities	5,336	2,034	1,405	8,775
Donations	6	11,804	-	11,810
Others	10,473	57,925	26,285	94,683
Cost-sharing sectors	<u>-</u>	<u>(23,195)</u>	<u>-</u>	<u>(23,195) (Note)</u>
	<u>\$ 1,598,085</u>	<u>\$ 385,634</u>	<u>\$ 82,111</u>	<u>\$ 2,065,830</u>

Note: Transferred to manufacturing expenses.

STANDARD FOODS CORPORATION
SCHEDULE OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Item	For the Year Ended December 31		
	2022		2021
	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost			
Salary and bonus	\$ 425,735	\$ 514,995	\$ 940,730
Labor and health insurance	43,709	48,711	92,420
Pension	15,967	25,601	41,568
Remuneration of directors	-	8,237	8,237
Others	31,193	35,286	66,479
	<u>\$ 516,604</u>	<u>\$ 632,830</u>	<u>\$ 1,149,434</u>
Depreciation	\$ 155,471	\$ 56,556	\$ 212,027
Amortization	<u>10,305</u>	<u>10,680</u>	<u>20,985</u>
			<u>\$ 232,612</u>
			<u>\$ 1,382,046</u>

Note 1: As of December 31, 2022 and 2021, the Company had 1,065 and 1,008 employees, respectively, of which 6 and 5 directors were not concurrently appointed as employees, respectively.

Note 2: The average employee benefit expense for 2022 is \$1,078 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 2021 is \$1,195 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 2022 is \$888 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 2021 is \$981 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 -9.48%. ("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 2022 is \$0.

Note 8: The supervisors salary expense for 2021 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\$1,000

Item \ Date	December 31, 2021	December 31, 2022	Difference	
			Amount	%
Current assets	20,451,335	19,195,181	(1,256,154)	-6.14
Property, plant and equipment	4,333,681	4,282,791	(50,890)	-1.17
Intangible assets	102,981	110,818	7,837	7.61
Other assets	3,401,143	4,340,623	939,480	27.62
Total asset value	28,289,140	27,929,413	(359,727)	-1.27
Current liabilities	8,984,180	9,575,913	591,733	6.59
Non-current liabilities	827,743	499,760	(327,983)	-39.62
Total liabilities	9,811,923	10,075,673	263,750	2.69
Equity attributable to owners of parent company	18,037,190	17,511,340	(525,850)	-2.92
Share capital	9,150,897	9,150,897	0	-
Capital surplus	144,066	156,981	12,915	8.96
Retained earnings	8,953,485	8,475,172	(478,313)	-5.34
Other equity	(190,076)	(250,528)	(60,452)	-31.80
Treasury stock	(21,182)	(21,182)	0	-
Non-controlling Interests	440,027	342,400	(97,627)	-22.19
Total equity	18,477,217	17,853,740	(623,477)	-3.37
Description:				
(1) The increase in “other assets” in 2022 was mainly due to the increase in financial assets at amortized cost – non-current.				
(2) The decrease in “non-current liabilities” in 2022 was mainly due to the year-on-year decrease in deferred income tax liabilities compared to the same period last year.				
(3) The decrease in “other equity” and “non-controlling equity” in 2022 was mainly due to the increase in the unrealized loss on financial assets measured at fair values through other comprehensive income compared to the same period last year.				

II. Financial Performance

(I) Comparative Analysis of Operational Performance

Unit: NT\$1,000

Item \ Year	2021	2022	Increase (decrease) in amounts	Increase (Decrease)
Operating revenue	34,307,044	28,922,800	(5,384,244)	-15.69
Gross profit	8,231,860	6,358,576	(1,873,284)	-22.76
Operating profit (loss)	2,981,585	1,442,855	(1,538,730)	-51.61
Non-operating revenue and expenses	171,429	168,224	(3,205)	-1.87
Profit before income tax	3,153,014	1,611,079	(1,541,935)	-48.90
Income tax expenses	651,908	366,971	(284,937)	-43.71
Net income from continuing operations	2,501,106	1,244,108	(1,256,998)	-50.26
Loss from discontinued operations	-	-	-	-
Profit for the period	2,501,106	1,244,108	(1,256,998)	-50.26
Other comprehensive income for the period (after tax)	265,038	(108,326)	(373,364)	-140.87
Total comprehensive income for the period	2,766,144	1,135,782	(1,630,362)	-58.94
Analysis of the proportion of increase and decrease:				
(1) The decrease in other comprehensive income for 2022 was mainly due to the increase in unrealized valuation loss on investments in equity instruments measured at fair value through other comprehensive income compared to the same period last 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\$1,000

Cash balance at the beginning of the year (1)	Annual net cash flow from operating activities (2)	Other cash outflows throughout the year (3) (Note)	Amount of cash surplus (shortfall) (1)+(2)-(3)	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
3,748,069	1,870,846	1,270,660	4,348,255	N/A	N/A

- (1) Operating Activities: The net cash inflow in the current period was NT\$1,870,846 thousand, mainly due to operating profit.
- (2) Investment Activities: The net cash outflow in the current period was NT\$736,594 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\$570,467 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

- Shortage of liquidity this year: None.
- Liquidity analysis for the most recent two years:

Item	Year		Percentage of increase (decrease) (2)-(1)/(1)
	FY 2021 (1)	FY 2022(2)	
Cash flow ratio	42.40	19.54	-53.92%
Cash flow adequacy ratio (%)	107.39	107.10	-0.27%
Cash reinvestment ratio (%)	6.96	0.56	-91.95%

Analysis of the proportion of increase and decrease:

- (1) Cash flow ratio: The decrease in cash flow ratio in 2022 was due to the decrease in net cash inflow from operating activities, resulting in a decrease in the net cash inflow from operating activities.
- (2) Cash reinvestment ratio: The decrease in cash reinvestment ratio in 2022 was due to a decrease in net cash flow from operating activities.

(III) Cash Liquidity Analysis for the Following Year

Unit: NT\$1,000

Cash balance at the beginning of the year (1)	Annual net cash flow from operating activities (2)	Other cash outflows throughout the year (3)	Amount of cash surplus (shortfall) (1) +(2)-(3)	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
4,348,255	1,482,565	2,665,764	3,165,056	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\$1,000

Plan	Actual or expected source of funds	Actual or expected completion date	Total amount of capital needed	Actual or expected applications of the capital		
				2022	2023	2024
Purchase of machinery, transportation and office equipment as well as computer software, renovation of houses and buildings, and land use rights (improvement)	Own funds	2023	934,829	174,902	753,956	5,971

- (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\$1,000

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	29,183	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.	340,558	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.	(872,826)	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.	68,410	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.	54,219	It is mainly planned to be a production base for edible oils and nutritional foods.	Market demand has increased and the capacity utilization rate has gradually increased.	To expand product lines to make full use of production capacity and reduce the allocation of capital cost.	To continue to implement expansion plans of related products.
Dermalab S.A.	(10,148)	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:** The changes in US monetary policy have become pivotal in shaping global interest rate trends. The impact of the Russo-Ukrainian war in 2022 has led to a significant surge in commodity prices, driving inflation concerns. In an effort to curb inflation, the US Federal Reserve implemented interest rate hikes, resulting in a global cycle of tightening. The strong interest rate hikes in the US have widened the interest rate differential between Taiwan and the US. Additionally, foreign capital had a net outflow of approximately NT\$416.4 billion in 2022, marking a historical record. To mitigate the pressures of imported inflation and achieve price stability, the Central Bank of Taiwan raised interest rates by a total of 2.5 basis points in 2022. The main interest rate risk for our company stems from bank borrowings, with the interest expense on bank borrowings in 2022 accounting for around 3.28% of the pre-tax net income, which remains within manageable limits. Therefore, changes in interest rates have a minimal impact on the consolidated financial performance of our company. Looking ahead in 2023, we will continue to closely monitor global economic trends and interest rate movements. We will also adjust our asset and liability positions to mitigate interest rate risk.
- (2) **Exchange rate:** The impact of the Russo-Ukrainian war in 2022 has led to inflation, prompting the US Federal Reserve to implement interest rate hikes as a measure to curb inflation. The interest rate hikes in the US have resulted in the appreciation of the US dollar, which in turn has affected the depreciation of non-US currencies. As our company imports several raw materials from overseas, exchange rate fluctuations have a certain impact on profitability. Given the multitude of factors that influence changes in the foreign exchange market, our company has established clear foreign exchange hedging strategies and rigorous risk management processes. We continuously monitor exchange rate fluctuations and international financial conditions, making timely adjustments to our foreign exchange strategies to mitigate exchange rate volatility risks.
- (3) **Inflation:** The impact of the pandemic has caused supply chain bottlenecks, transportation disruptions, and the Russo-Ukrainian war has led to a surge in international commodity prices. The worsening global supply-demand imbalance, coupled with adverse weather conditions, has caused a spike in food prices and inflation. In response to the fluctuations in international commodity prices, our company maintains close monitoring of global market changes and market price fluctuations for our products. We strive to maintain strong relationships with suppliers, distributors, and customers through effective communication. Additionally, we employ agile procurement, marketing, and cost control strategies to adapt to market dynamics. Furthermore, we focus on innovation and product differentiation to enhance the value proposition of our products, enabling us to be more flexible and resilient in response to market changes, thus mitigating the impact of 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 2022 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 2022 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 2022 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 2023 is NT\$130 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 continues to value and actively invest in applying new intelligent technologies to realize business optimization. This year, the Company has implemented various initiatives, such as RPA, process and ERP system automated integrated management, Sales APP, and multi-dimensional BI report tools to streamline workflow processes, enhance efficiency, and enable real-time analysis of business data and trends, thereby achieving digital optimization.

In terms of IT infrastructure and information security, we will formulate and publish the ISMS Level 1 and Level 2 documents, such as: ISMS Information Security Policy, ISMS Assets and Information Security Notices, ISMS Organization Chart, and ISMS Information Security Organizational Management Regulations. We also perform core information system operation inventory and formulate operation continuous improvement plans. Moreover, we will introduce privileged account management into the application system and infrastructure; implement remote backup and drill and optimize network visibility; perform social attack drills; conduct regular system and website vulnerability scanning and penetration testing.

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:

There were no significant adverse events that affected the corporate image in 2022. Standard Foods, as a leading brand in the food industry, builds corporate resilience with rigorous governance and operations. At Standard Foods, we value corporate integrity, while at the same time requiring our employees to have a sense of integrity. In addition to the usual supervision, the Company began to offer a “Corporate Integrity and Sustainability Course” starting in 2022 to help employees have the awareness of legal compliance, establish good corporate governance and risk management mechanism,

prevent fraud and avoid legal liabilities and damage to goodwill arising from unethical behaviors.

(VII) Expected Benefits and Possible Risks Associated with M&A and Countermeasures:
N/A.

(VIII) Expected Benefits and Possible Risks Associated with Expanding Factory Building and Countermeasures:

The Company continues to invest in multiple production lines in Taiwan to increase product diversification, increase capacity, and ensure quality assurance. In order to reduce manpower and expand production lines, a fourth automatic packaging line is planned for the health food factory at Dayuan Plant to reduce the outsourcing work. The Company has also acquired a construction site for setting up an automated production base. A large yogurt production line has been added to the Zhongli Plant, expanding yogurt products and planning a factory reorganization to add a high-speed aseptic production line. A production base has been acquired for Hsinchu Plant for plant expansion. The subsidiary, Standard Investment (China) Co., Ltd., has expanded its oil tank storage area in Taichung High Technology Development Zone to increase production capacity. There are also plans to upgrade the edible oil packaging line and expand the functional food production line for the subsidiary, continuing to optimize production and supply efficiency.

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

The proportion of the Company's purchase from individual suppliers in 2022 did not exceed 10% of the total purchase. In addition, the main customer of sales was Company A, accounting for 14.9% 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) Information security risks: In order to strengthen information security risk management, the Company has established an information security risk management framework, and formulated information security policies and specific management plans, which are disclosed on the Company's official website. We have also set up an Information Security Promotion Committee with the CEO serving as the convener, and the Information Division is responsible for the implementation and provides regular reports to the Board of Directors on an annual basis.
- (4) 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.

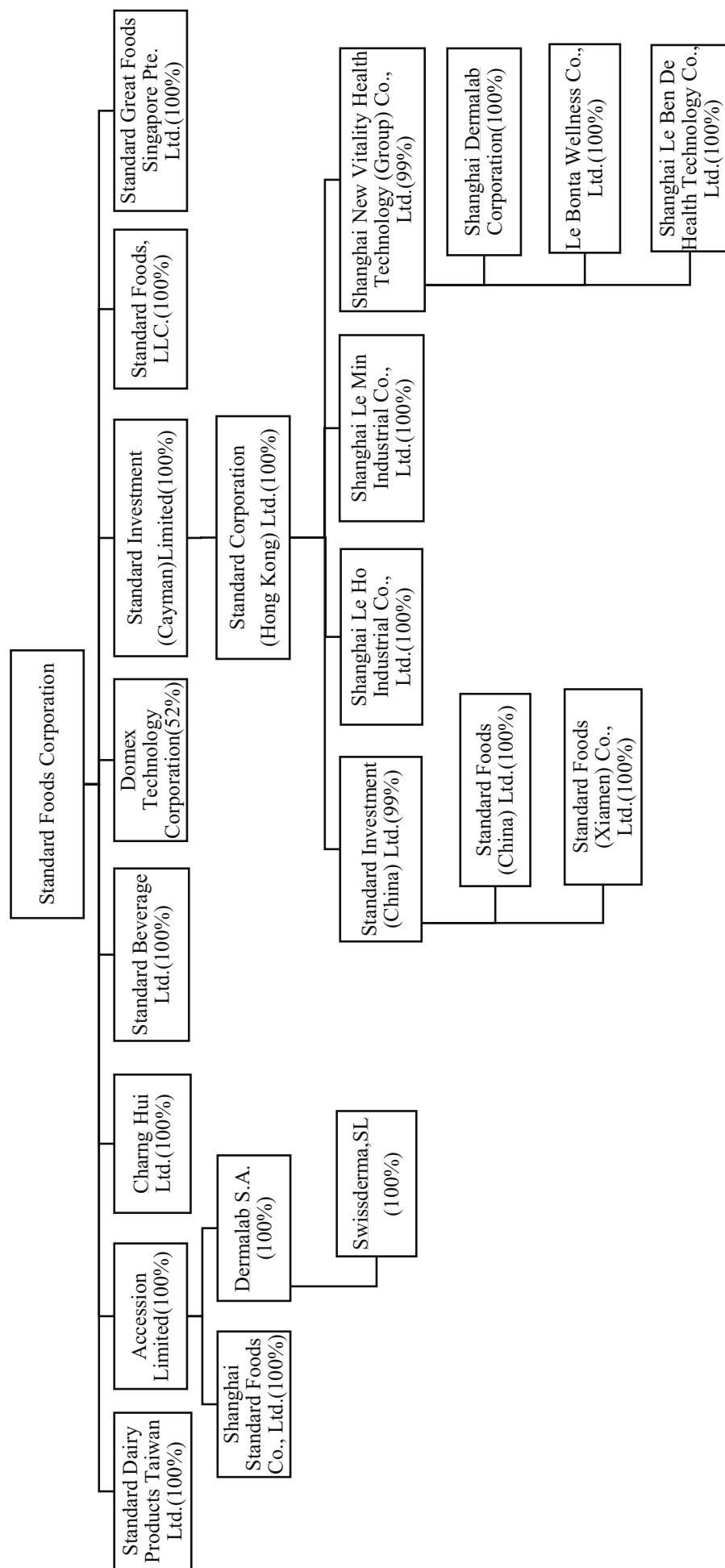
Chapter 8. Special Disclosure

I. Information on Affiliates

(I) The Consolidated Operating Report

(1) Consolidated Operating Report for Affiliated Enterprises in 2022

(1) Organizational chart of affiliates



(2) Basic Information of the Company's Affiliated Enterprises:

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Standard Dairy Products Taiwan Ltd.	1999.04.16	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
Chang 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 Chambers , 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, 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	1501 Capital Centre, No. 151, Gloucester Road, Wan Chai, Hong Kong	USD 150,099 thousand	Investments
Dermalab S.A.	1989.10.31	Dufourstrasse 20 8702 Zollikon/Zurich 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
Standard Great Foods Singapore PTE. LTD.	2022.08.26	531A UPPER CROSS STREET #03-108 HONG LIM COMPLEX Singapore 051531	SGD 14 thousand	Food trading

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
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.
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 66,000 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	RMB 6,117.2 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
Shanghai New Vitality Health Technology (Group) Co., Ltd.	2022.07.25	Room BN811, Building 1, No. 2138 Wanyuan Road, Shanghai City	RMB 100,000 thousand	Sale of nutritious foods and cosmetics and import and export business

(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.

Shanghai New Vitality Health Technology (Group) Co., Ltd. mainly engages in the sale of nutritious foods and cosmetics and import and export business.

Standard Great Foods Singapore PTE. LTD. mainly engages in Food trading.

(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: Tsao, Ter-Fung	30,000,000 shares -	100.00% -
Standard Beverage Ltd.	Director	Standard Foods Corporation Representative: Tsao, Ter-Fung	7,907,000 shares -	100.00% -
Chang Hui Ltd.	Director	Standard Foods Corporation Representative: Tsao, Ter-Fung	24,100,000 shares -	100.00% -
Domex Technology Corporation	Director	Standard Foods Corporation Representative: Tsao, Ter-Fung 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	Tsao, Ter-Fung	- Standard Foods Corporation Hold 123,600,000 shares	- 100.00%
Standard Investment (Cayman) Limited	Director	Tsao, Ter-Fung	- 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% -
Standard Great Foods Singapore PTE. LTD.	Director Director Director	Lynn Lee Sylvia Chou Tsai, Yu-Lin	- - - Standard Foods Corporation Investment amount SGD 14 thousand	

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
Standard Corporation (Hong Kong) Ltd.	Director	Tsao, Ter-Fung	- Standard Investment(Cayman) Limited holds 150,098,815 shares	- 100.00%
Dermalab S.A.	Director Director Director Director	Arthur Tsao Yao Steven Yih Chun Chiang, Hsiang-Ying Olgiati, Lorenzo	- - - - Accession Limited holds 4,050 shares	- - - - 100.00%
Shanghai Standard Foods Co., Ltd	Chairman Director Director Director	Jason Hsuan Arthur Tsao Lin, Chih-Hung 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 Director Director Director	Jason Hsuan Tsao, Ter-Fung Arthur Tsao 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 Arthur Tsao Lin, Chih-Hung Mao, Yuan-Cheng	-	-
	Director		-	-
	Director		-	-
Shanghai Dermalab Corporation	Director	Mao, Yuan-Cheng Yen, Ching-Lin	-	-
	Chairman		-	-
	Director		-	-
	Director		-	-
	Supervisor	Tang, Wei-Lun	Standard Investment (China) Ltd. Capital contribution: USD 66,000 thousand	100.00%
Le Bonta Wellness Co., Ltd.	General Manager (President)	Arthur Tsao	-	-
	Chairman	Jason Hsuan Arthur Tsao Lin, Chih-Hung Mao, Yuan-Cheng	-	-
	Director		-	-
	Director		-	-
	Director		-	-
Shanghai New Vitality Health Technology (Group) Co., Ltd.	Supervisor	Tang, Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	Shanghai New Vitality Health Technology (Group) Co., Ltd. Capital contribution: RMB 20,500 thousand	100.00%
	Chairman	Jason Hsuan Arthur Tsao Lin, Chih-Hung Mao, Yuan-Cheng	-	-
	Vice Chairman		-	-
	Director		-	-
	Director		-	-
Le Bonta Wellness Co., Ltd.	Supervisor	Tang, Wei-Lun	Shanghai New Vitality Health Technology (Group) Co., Ltd. Capital contribution: RMB 80,100 thousand	100.00%
	General Manager (President)	Arthur Tsao	-	-
	Chairman	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	-	-
Standard Foods (Xiamen) Co., Ltd.	Supervisor	Tang, Wei-Lun	Shanghai New Vitality Health Technology (Group) Co., Ltd. Capital contribution: RMB 6,117 thousand	100.00%
	General Manager (President)	Arthur Tsao	-	-
	Chairman	Jason Hsuan	-	-
Standard Foods (Xiamen) Co., Ltd.	Director	Arthur Tsao	-	-
	Director	Lin, Chih-Hung	-	-
	Director	Mao, Yuan-Cheng	-	-
Shanghai Le Ho Industrial Co., Ltd.	Supervisor	Tang, Wei-Lun	Standard Investment (China) Ltd. Capital contribution: USD 40,000 thousand	100.00%
	General Manager (President)	Arthur Tsao	-	-
	Chairman	Arthur Tsao	-	-
Shanghai Le Ho Industrial Co., Ltd.	Director	Mao, Yuan-Cheng	-	-
	Director	Yu, Kuang-Yao	-	-
	Supervisor	Tang, Wei-Lun	Standard Corporation (Hong Kong) Ltd. Capital contribution: USD 18,600 thousand	100.00%
Shanghai Le Ho Industrial Co., Ltd.	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	Arthur Tsao Mao, Yuan-Cheng Yu, Kuang-Yao	-	-
	Director		-	-
	Director		-	-
Shanghai New Vitality Health Technology (Group) Co., Ltd.			Standard Corporation (Hong Kong) Ltd. Capital contribution: USD 11,600 thousand	100.00%
	Supervisor	Tang, Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
	Chairman	Jason Hsuan Arthur Tsao Wu, Yi-Yan	-	-
	Vice Chairman		-	-
	Director		-	-
			Standard Corporation (Hong Kong) Ltd. Capital contribution: RMB 99,000 thousand	99.00%
	Supervisor	Mao, Yuan-Cheng	-	-
	General Manager (President)	Tang, Wei-Lun	-	-

(6) Operation Results of Affiliated Enterprises

Unit: NT\$1,000

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	1,930,221	873,933	1,056,288	3,698,839	441,915	340,558	11.35
Standard Beverage Ltd.	79,070	279,179	197,570	81,609	-	(3,398)	839	0.11
Charng Hui Ltd.	241,000	563,512	449	563,063	-	(3,401)	24,684	1.02
Domex Technology Corporation	199,471	1,292,136	661,429	630,707	2,643,719	51,135	81,050	4.06
Accession Limited	3,979,085	3,692,334	1,835	3,690,499	-	(4,433)	26,829	0.22
Shanghai Standard Foods Co., Ltd	3,949,575	3,720,617	449,376	3,271,241	2,485,134	(87,358)	29,183	(Note 1)
Shanghai Le Ben De Health Technology Co., Ltd.	31,220	37,230	6,022	31,208	15,110	150	920	(Note 1)
Dermalab S.A.	125,925	237,642	47,031	190,611	206,751	(6,927)	(10,148)	(2,505.67)
Standard investment (Cayman) Limited	4,713,791	4,685,136	46	4,685,090	-	(282)	(914,564)	(6.09)
Standard Corporation (Hong Kong) Ltd.	4,709,971	4,683,614	112	4,683,502	-	(159)	(914,408)	(6.09)
Standard Investment (China) Ltd.	3,755,530	11,047,675	7,443,522	3,604,153	12,343,934	(1,060,047)	(872,826)	(Note 1)
Standard Foods (China) Ltd.	1,714,756	3,674,360	1,192,978	2,481,382	5,580,291	60,741	68,410	(Note 1)
Shanghai Dermalab Corporation	93,989	162,197	179,594	(17,397)	187,926	(10,505)	(14,822)	(Note 1)
Le Bonta Wellness Co., Ltd.	380,418	187,210	245,042	(57,832)	26,498	(120,567)	(122,197)	(Note 1)
Standard Foods (Xiamen) Co., Ltd.	1,307,582	3,354,031	1,722,865	1,631,166	3,953,935	68,722	54,219	(Note 1)
Shanghai Le Ho Industrial Co., Ltd.	607,717	462,925	2,037	460,888	-	(168)	(21,706)	(Note 1)
Shanghai Le Min Industrial Co., Ltd.	378,009	289,583	1,257	288,326	-	(120)	(13,033)	(Note 1)
Shanghai New Vitality Health Technology (Group) Co., Ltd.	445,000	398,060	29,984	368,076	-	(111)	(15,711)	(Note 1)
Standard Foods, LLC.	9,056	9,213	-	9,213	-	-	-	(Note 1)
Standard Great Foods Singapore PTE. LTD.	317	320	-	320	-	-	-	(Note 1)

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

(II) Consolidated financial statements of affiliated enterprises: The same as of the consolidated financial statements of the parent company and subsidiaries. For the consolidated financial statements for 2022, please refer to pages 105-183 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
Charmg 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	-	-				
					Issue 11,694 shares	-	-				
				2010	Issue 352,598 shares	-	-				
				2011	Issue 675,813 shares	-	-				
				2012	Issue 810,975 shares	-	-				
				2013	Issue 628,506 shares	-	-				
				2014	Issue 433,669 shares	-	-				
				2015	Issue 525,221 shares	-	-				
				2016	Issue 635,517 shares	-	-				
				2017	Issue 256,518 shares	-	-				
				2018-2020	-	-	-				
				As of the date of publication of the Annual Report	-	-	-				

IV. Other Necessary Supplements:

(I) Listing method of impairment of assets and liabilities

(1) Allowance for bad debts of accounts receivable

Purpose: In order to assess the risk of collection of accounts and bills, the recovery rate of each age is obtained based on the customer's experience and the sample number, which is used to assess the impairment amount of assets in the current period.

The basis for listing:

(1) Listing of allowance for bad debts:

1.1. Accounts receivable are agreed to be collected within one year, so significant financial components are not included. IFRS 9 simplified method is adopted to recognize impairment based on lifetime expected credit losses.

1.2. The Company's customers are all companies in similar industries, and according to the historical experience of credit losses, there is no significant difference in the loss types of different customer groups. Therefore, the reservation matrix does not further distinguish the customer groups. When the accounts receivable is overdue for more than 180 days, the Company judges that the recovery cannot be reasonably expected (loss rate =100%).

1.3. The accounting unit calculates the amount of asset impairment based on the above and adjusts the amount of the item "allowance for bad debts."

(2) Charging off allowance for bad debts:

2.1. Identification of bad debt:

A. Part or all of the claims cannot be recovered due to bankruptcy, escape, conciliation or declaration of bankruptcy, or other reasons.

B. Claims that are overdue for two years and principal or interest have not been received after collection.

2.2. Charge off:

A. In case of actual bad debt losses, legal evidence should be attached to strike a balance in accordance with Article 94 of the Code of Auditing Business Income Tax.

B. When charging off bad debts, the allowance for bad debts should be set off in the current year. If there is any shortage, it should be listed as the loss in the current year.

(2) Allowance for reduction of inventory to market

Inventories include raw materials, packaging materials, work in process, finished products, and commodities. The value of inventory shall be determined based on the cost and Net Realizable Value (NRV), whichever is lower. With the exception of inventory of the same category, individual items shall be assessed when comparing the cost and NRV. The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The cost of inventory is calculated using the weighted-average method.

(II) Key Performance Indicators of the Company: Key Performance Indicators of Standard Foods are mainly divided into financial performance indicators and non-financial performance indicators. In addition to regularly examining the financial performance indicators of operating income, debt ratio, operating cycle, return on equity of shareholders and earnings per share, we also set non-financial performance indicators to control Standard Foods' competitive advantage and industry trends at any time.

(III) Licenses Acquired by Personnel Related to Financial Information Transparency: None.

- V. Matters that materially affect shareholders' equity or the price of the Company's securities as specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act occurred in the most recent year and up to the date of publication of the annual report: None.**



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