



**TWSE Code: 1227**

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

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

活出人生美好的 每<sup>☺</sup>刻!

# Standard Foods Corporation

## 2023

## Annual Report

Published April 30, 2024

## **Standard Foods Corporation**

Headquarters: 10F., No. 610, Ruiguang Rd., Neihu Dist., Taipei City 114727

Phone: (02) 2709-2323

Website: [www.sfworldwide.com](http://www.sfworldwide.com)

Dayuan Plant: No. 369, Section 1, Heping West Road, Xihai Village, Dayuan District, Taoyuan City, Taiwan 337

Phone: (03) 386-5130

Zhongli Plant: No. 13, Jilin Road, Zhongli City, Taoyuan City, Taiwan 320

Phone: (03) 452-5131

### **Spokesperson:**

Name: Ter-Fung Tsao

Title: Chairman

E-mail: [spokesperson1@sfworldwide.com](mailto:spokesperson1@sfworldwide.com)

Phone: (02) 2709-2323

### **Deputy Spokesperson:**

Name: Jimmy Chen

Title: Manager

E-mail: [spokesperson2@sfworldwide.com](mailto:spokesperson2@sfworldwide.com)

Phone: (02) 2709-2323

### **Stock Transfer Agency:**

Name: Transfer Agency Department, CTBC Bank Co., Ltd.

Address: 5F, No. 83, Section 1, Chongqing South Road, Zhongzheng District, Taipei City.

Website: [www.chinatrust.com.tw](http://www.chinatrust.com.tw)

Phone: (02) 6636-5566

### **Certifying CPA of Latest Financial Statement:**

Name of CPAs: Han-Ni Fang and Zhao-Yu Chen

Firm: Deloitte Touch Tohmatsu CPA Firm

Address: 20F, Taipei Nan Shan Plaza, No. 100, Songren Rd., Xinyi Dist., Taipei

Website: [www.deloitte.com.tw](http://www.deloitte.com.tw)

Phone: (02) 2725-9988

# Table of Contents

	Page
<b>One. Letter to Shareholders .....</b>	<b>1</b>
<b>Two. Company Profile .....</b>	<b>5</b>
I. Date of Incorporation .....	5
II. Development History .....	5
<b>Three. Corporate Governance Report .....</b>	<b>10</b>
I. Organization System .....	10
II. Information Regarding Directors, Supervisors, General Managers, Deputy General Managers, Assistant Managers, All Departments and Divisions .....	12
III. Implementation of Corporate Governance .....	22
IV. Information Regarding Audit Fee.....	93
V. Information About Replacement of CPA.....	93
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.....	94
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.....	95
VIII. Information About the Relationship Among the Company's 10 Largest Shareholders.....	96
IX. Shareholding Status of the Same Reinvestment Business by the Company, Directors, Supervisors, and Companies Directly or Indirectly Controlled by the Company .....	100
<b>Four. Fund Raising Status .....</b>	<b>101</b>
I. Capital and Shares.....	101
II. Corporate Bonds.....	106
III. Preferred Shares .....	106
IV. Issuance of Global Depository Receipts .....	106
V. Employee Stock Options .....	106
VI. Employee Restricted Stock .....	106
VII. Mergers and Acquisitions, or as Assignee of New Shares Issued by Another Company	106
VIII. Implementation of Capital Allocation Plans .....	106
<b>Five. Operational Highlights .....</b>	<b>107</b>
I. Business Activities.....	107
II. Overview of Marketing and Production & Sales .....	110
III. Information of employees in the Past 2 Years and up to the Report Printing Date.....	120

IV. Information on Environmental Protection Expenditure.....	121
V. Labor Relations.....	124
VI. Cyber Security Management .....	127
VII. Major Agreements .....	128
<b>Six. Financial Information.....</b>	<b>129</b>
I. Condensed balance sheet, income statement, external auditor's name and audit opinion for the most recent five years .....	129
II. Financial analysis in the most recent five years .....	133
III. Audit Committee's Audit Report on the Financial Statement for the Most Recent Year ....	136
IV. Consolidated Financial Statements for the Most Recent Fiscal Year .....	137
V. Individual Financial Statements for the Most Recent Fiscal Year.....	216
VI. If the Company or its Affiliates Experienced Financial Difficulties in the Most Recent Year, up to the Date of the Annual Report Publication .....	302
<b>Seven. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks.....</b>	<b>303</b>
I. Financial position.....	303
II. Financial performance .....	304
III. Cash flows .....	305
IV. Impact of Major Capital Expenditure on Financial Operation in the Most Recent Year ...	306
V. Reinvestment Policies, Main Reasons for Its Profits/Losses, Improvement Plans in the Most Recent Year and Investment Plan for the Following Year .....	307
VI. Analysis and Evaluation of Risks in the Most Recent Year and Up to the Date of Publication of the Annual Report.....	308
VII. Other Important Matters .....	311
<b>Eight. Special Disclosures .....</b>	<b>312</b>
I. Information on Affiliates .....	312
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 .....	321
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.....	322
IV. Other Necessary Supplements .....	323
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 .....	324



# Chapter 1. Letter to Shareholders

Dear Shareholders, Ladies and Gentlemen,

In 2023, as the public gradually emerges from pandemic restrictions and dining out and social activities resume, demand for fast-moving consumer goods has slowed down. Simultaneously, the retail landscape has entered a phase of intensified competition driven by consolidation, squeezing profit margins for companies. With concerted efforts from all employees, Standard Food Group continues to uphold high standards and specifications in research, development, and production processes, delivering innovative products that prioritize nutrition, health, and convenience for consumers. This commitment is a testament to our appreciation for the long-term support from the public.

Under the philosophy of "balanced nutrition is the foundation of health," Standard Food Group is unwavering in its commitment to quality. Through diverse distribution channels, we provide premium products essential from dawn to dusk, catering to the nutritional and health needs of every member of the family, from the young to the elderly. In pursuit of sustainable business practices, we continuously enhance environmental sustainability, social responsibility, and corporate governance with diligence, creativity, and compassion. Our aim is to strengthen satisfaction and trust among stakeholders, positioning ourselves as the most reliable food company.

Looking ahead to the year of 2024, while the overall supply chain is showing signs of stabilization, challenges stemming from geopolitical tensions and climate change adaptation persist. In adherence to the belief that "everyone has the right to nutritious and healthy products," Standard Food Group continues its dedication to new product development and product upgrades. We rigorously oversee every aspect of quality control processes to ensure that what reaches consumers is our professionally crafted, top-flavor, and safest balanced nutrition products. Serving as the "every family's nutrition and health partner" propels Standard Food Group growth, and we look forward to collectively forging a brighter future through concerted efforts, with the company's performance thriving day by day.

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

We hereby outline 2023 consolidated operating results and 2024 business plan as follows:

## I. 2023 Consolidated Business Results

### 1. Consolidated Revenue and Profit

Unit: NT\$1,000

Item	2023	%	2022	%	+/- %
Operating Revenue	27,804,118	100	28,922,800	100	-3.9
Operating Costs	21,514,418	77	22,564,224	78	-4.7
Gross Profit	6,289,700	23	6,358,576	22	-1.1
Operating Income	1,360,401	5	1,442,855	5	-5.7
Profit before Income Tax	1,603,314	6	1,611,079	5	-0.5
Net Profit	1,268,152	5	1,244,108	4	1.9
Total Comprehensive Income	1,012,773	4	1,135,782	4	-10.8

In 2023, Standard Food Group's consolidated operating income amounted to NT\$27.84 billion, marking a decrease of 3.9% compared to the previous year. This decline primarily stemmed from sluggish demand for electronic terminal products in subsidiary company. Furthermore, both domestic and international raw material prices gradually stabilized. The comprehensive income for the year of 2023 amounted to NT\$10.12 billion, reflecting a decrease of 10.8% compared to the previous year, representing a reduction of NT\$1.23 billion in terms of amount. Of this, the comprehensive income attributable to the company's owners stood at NT\$10.39 billion, indicating a decrease of 13.4% compared to the previous year, representing a reduction of NT\$160 million in terms of amount.

## 2. Research and Development

Our dedication to professionalism coupled with your feedback forms the cornerstone of Standard Food Group's research and development endeavors. In 2023, the company allocated a research and development budget of 1.84 billion. Grounded in scientific principles, our R&D team leverages innovative technologies and cutting-edge advancements to spearhead new product developments, conduct clinical trials, upgrade existing product processes and formulations. These efforts have led to the attainment of numerous specialized food certifications and awards. Furthermore, we have focused on developing lightweight and environmentally friendly packaging materials, thereby enhancing product recyclability and gradually fulfilling our commitment to sustainable environmental practices.

## II. 2024 Business Plan and Future Development Strategies

### 1. Business Directions

- (1) Deepening brand construction, Standard Food Group continues to adapt to the challenges posed by a declining birth rate and aging population. We remain steadfast in our commitment to understanding market dynamics, paying close attention to evolving dietary habits and nutritional trends among consumers. Leveraging cutting-edge innovation and technology, we develop professional, innovative, and effective diversified nutritional food and health products to meet the diverse needs of every family. While enhancing brand value and competitiveness, we remain committed to advancing towards sustainability, aiming to become a benchmark in the food industry for sustainability.
- (2) Strengthening resilience and transparency in value chain management, we rigorously control quality, manage costs, and enhance operational flexibility throughout the upstream and downstream supply chains to adapt to various risks effectively. We uphold the highest principle of minimal burden and no-additive preservatives, ensuring that what reaches consumers' hands is our best quality, finest taste, and safest products, providing peace of mind with every bite.
- (3) Through a systematic talent development program tailored to meet the needs of business growth, we emphasize cross-disciplinary expertise and cultural heritage. We construct diverse learning and development courses, promote employee engagement activities, and nurture a pool of diverse talents for long-term stability. By revitalizing internal organizational structures, we lead our teams to keep pace with the times, enhancing organizational agility and flexibility in operations.

### 2. Expected sales volume and important production and sales policies

With an estimated consolidated sales volume of 436,594 tons for the year of 2024, the future production and sales policies are outlined as follows:

#### (1) Production

- In response to the group's future development strategy and objectives, we are optimizing various aspects of research and development, capital expenditure, and production scheduling to ensure stable, efficient production and provide products that meet the nutritional needs of every family.
- Strengthening value chain management, we carefully select diverse suppliers and distribution channel partners, fostering mutual trust and close cooperation. We adhere to the highest standards of food safety, implementing traceability management and quality policies to maximize the overall efficiency of the supply chain.
- Adhering to our responsibility for trusted quality, we rigorously oversee all production processes. In addition to meeting various quality specifications and standards, we reduce greenhouse gas emissions by improving equipment efficiency and implementing energy-saving and carbon-reduction measures. Moreover, we strive to produce high-quality products that prioritize safety, efficacy, and convenience, meeting high standards and specifications.

## (2) Sales

- By closely monitoring market trends and listening to consumer demands, we integrate natural nutrition into every product. Furthermore, we continuously expand our range of dietary supplements tailored to specific health needs and offer comprehensive balanced nutrition supplements to meet the diverse needs of consumers, aspiring to become the trusted "nutritional and health partner" for more families.
- The oil supply in China Standard Food is stabilizing, with plans to accelerate efforts in strengthening previously underserved markets through increased sales outlets and the development of new distribution channels. Additionally, the company aims to expand its range of health products surrounding kitchen essentials.
- Through data-enabled digital transformation and strategic partnerships, we aim to accurately understand market dynamics and consumer behavior. By adopting an omni-channel marketing strategy and closely collaborating with various distribution channels, we seek to enhance brand synergy, increase product visibility, penetration, and market share.
- Through the official website of Standard Food Group, the Health GO sales platform, interactions on social media, and other collaborative platforms, we engage directly with consumers, providing product information and recommendations. This enables consumers to enjoy a one-stop shopping experience.

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

### 1. External competitive environment

In the face of changing demographics, the rise of diverse distribution channels, intensified competition following retail consolidation, the entry of international brands, and the continuous emergence of new brands, Standard Food Group, as a leading market brand, maintains its competitive edge by continually innovating its product offerings. It remains attuned to consumer behavior and trends across different age groups, channel characteristics, and developments. Through professional and innovative research and development, we adhere to high specifications and standards in producing various products, ensuring strict quality control to deliver delicious and nutritious food that guarantees peace of mind with every bite.

### 2. Regulatory environment

Standard Food Group is dedicated to being the "every family's nutritional and health partner" adhering to government regulations on food safety and upholding high standards of quality control to fulfill our commitment to consumers' food safety. Recognizing the importance of environmental sustainability, we not only comply with environmental regulations and disclose climate-related information but also actively engage in energy conservation, carbon reduction management, water resource recycling, pollution prevention, the use of eco-friendly materials, and reducing packaging material consumption in our daily operations. We strategically aim to minimize our production's impact on the environment.

### 3. Overall business environment

Influenced by global political and economic conditions, information and cybersecurity, climate change, and countries' climate policies aiming for net-zero emissions, risks and opportunities will impact business operations. Looking ahead, Standard Food Group, under the premise of sustainable operation, will not only balance financial profitability and corporate governance but also deepen its impact on the environment and society. Through

digital technology empowerment, we aim to enhance operational efficiency, organizational agility, and value chain resilience. By understanding consumer trends and demands, we will introduce a diverse range of high-quality products and align with global standards to internationalize Taiwanese brands, meeting the balanced nutritional needs of more families worldwide.

With Standard Food Group companionship, we aspire to enable everyone to "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.



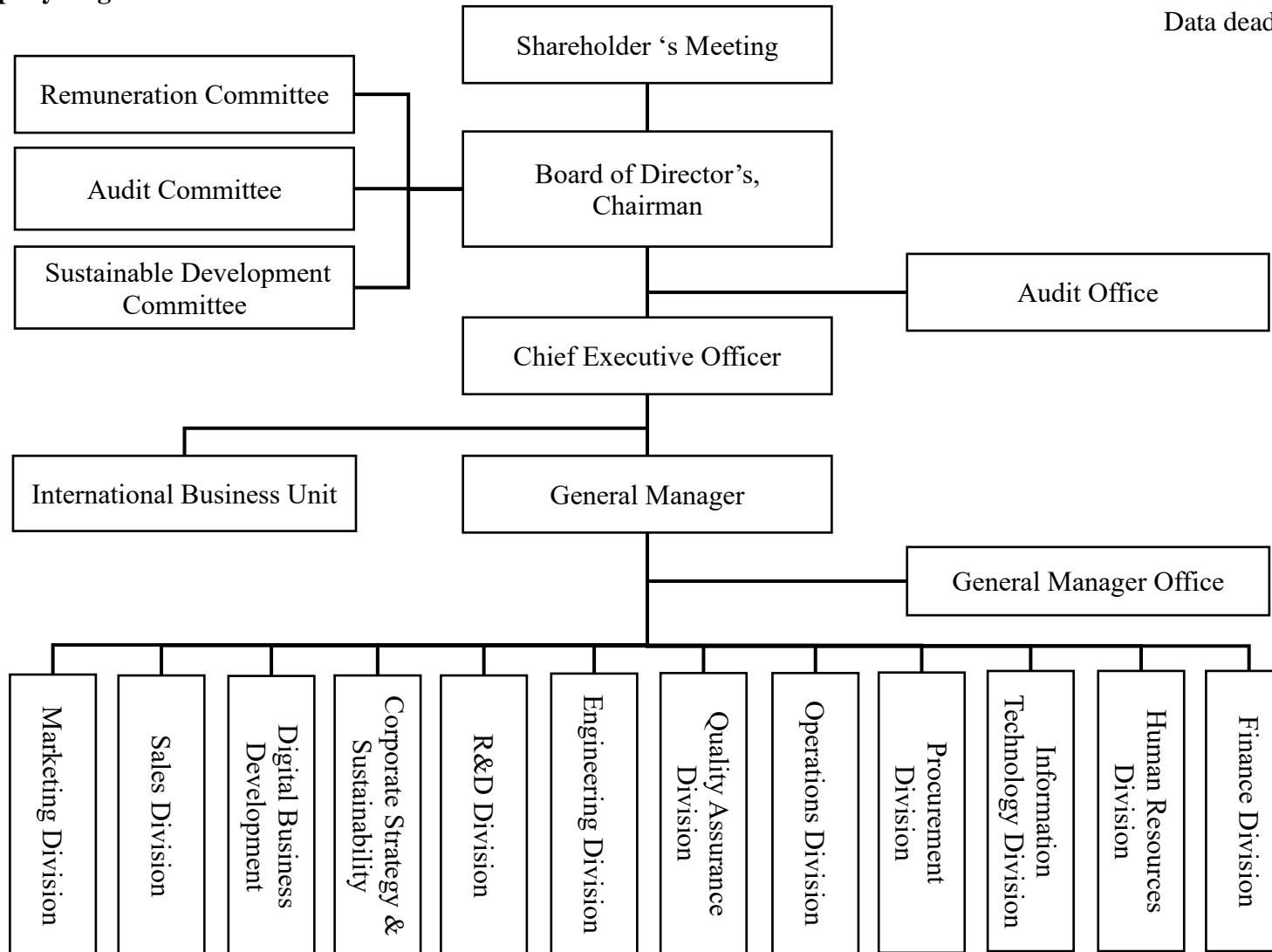
- The Board meeting held on August 11 approved the subsidiary Standard Investment (China) Co., Ltd. to increase its capital contribution with its capital to its subsidiary Food Standards (China) by US\$11 million.
  - The liquidation of Le Bonta Wellness International Corporation was completed in August.
- 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 established Standard Great Foods Singapore PTE. LTD., with 100% shareholding.
- 2023
- The “Sustainable Development Team” was renamed the “Sustainable Development Committee” to guide the Company toward fulfilling social responsibilities and contributing to the improvement of the economy, environment, and society, and thereby ensure sustainability.
  - Shanghai New Vitality Health Technology (Group) Co., Ltd. established a new subsidiary, Jiangsu Hua Sun Health Technology Co., Ltd. with 100% shareholding.
  - Increased capital RMB4,590 thousand to Standard Corporation (Hong Kong) Ltd., Standard Corporation (Hong Kong) Ltd., reinvested in Jiangsu Hua Sun Health Technology Co., Ltd.

## Chapter 3. Corporate Governance Report

### I. Organization System

#### (I) Company Organizational Structure

Data deadline: April 30, 2024



**(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.
Sustainable Development Committee	Assist the Board of Directors to continue to promote sustainable development of the Group and enhance corporate governance, while planning and executing the sustainable development strategies and plans to realize the purpose of sustainable operation.
Audit Office	Carry out the internal audit of the company, and provide the audit results to the management and assess corporate risks.
International Business Unit	Responsible for the development of overseas market affairs of the Group.
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.
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.
Corporate Strategy & Sustainability Division	Promote the sustainable development of the Group. Assist the Group in the development, planning and implementation of short-, medium- and long-term growth strategies, plans, and new business models.
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.
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.
Operations Division	Responsible for product manufacturing and packaging, supply planning and implementation, inventory management, storage and transportation, factory labor safety and health management matters, etc.
Procurement Division	Responsible for the procurement of domestic and foreign raw materials and packaging materials, and the management of outsourcing manufacturers.
Information Technology Division	Responsible for planning, managing, and maintaining information systems and network security.
Human Resources Division	Responsible for HR management and development.
Finance 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.

## 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 21, 2024

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		Directors 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%	Share s	Shareholding ratio%	Shares	Shareholding ratio%			Title	Name	Nature of Relationships	
Chairman	R.O.C.	Mu Te Investment Co., Ltd. Representative: Ter-Fung Tsao	Male Over 71	2022.06.16	Three years	1986.06.06					40,848,203	4.46	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 Standard Foods Corporation 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 of Mu Te Investment Co., Ltd. Chairman of Chia Yun Investment Co., Ltd. Director of Chia Chieh Investment Co., Ltd	Directors	Wendy Tsao	Sibling	None
																Arthur Tsao				Son	None	
Directors	R.O.C.	Mu Te Investment Co., Ltd. Representative: Jason Hsuan	Male Over 71					2016.06.15	22,650,057	2.48	22,650,057	2.48	0	0	0	0	0	0	Ph.D. in Systems Engineering, College of Science and Engineering of New York University	Director of Standard Foods Corporation 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. Chairman of Jiangsu Hua Sun Health Technology Co., Ltd.	None	None
Directors	R.O.C.	Mu Te Investment Co., Ltd. Representative: Wendy Tsao	Female Over 71			2016.06.15					0	0	0	0	0	0	Soochow University	Director of Standard Foods Corporation Chairman of Green Wall Enterprise Co., Ltd. Chairman of Crosslink Semiconductor, Inc. Chairman of SPARKLE Inc.				

Title	Nationality/Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Directors 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%	Shares	Shareholding ratio%			Title	Name	Nature of Relationships	
Directors	R.O.C.	Charng 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	0	0	Master of Business Administration (MBA) of Stanford University, U.S.	Director of Standard Foods Corporation CEO & General Manager of Standard Foods Corporation 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. Vice-Chairman of Shanghai New Vitality Health Technology (Group) Co., Ltd. Vice-Chairman of Jiangsu Hua Sun Health Technology Co., Ltd.	Chairman	Ter-Fung Tsao	Father	None
Independent Director	R.O.C.	Ben Chang	Male 71-80	2022.06.16	Three years	2016.06.15	0	0.00	0	0.00	0	0	0	0	0	0	Master of Statistical Institute of National Chengchi University (NCCU)	Independent Director of Standard Foods Corporation	None	None	None	None
Independent Director	R.O.C.	George Chou	Male 71-80	2022.06.16	Three years	2016.06.15	0	0.00	0	0.00	0	0	0	0	0	0	Master of Mathematics of Colorado State University	Independent Director of Standard Foods Corporation Independent Director of Yulong Motor Co., Ltd. Independent Director of Yulong Finance Corporation	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	0	0	Master of Political Economy of University of Texas General Manager of Trend Micro CEO of Huayuan Information Website Chairman of Sina.com	Independent Director of Standard Foods Corporation Chairman of Purestone Capital Group	None	None	None	None
Independent Director	R.O.C.	David Wang	Male 71-80	2022.06.16	Three years	2022.06.16	0	0.00	0	0.00	0	0	0	0	0	0	Master of Computer of Northern Illinois University	Independent Director of Standard Foods Corporation Chairman & CEO of Taiwan Medical Supply, Inc. 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

April 21, 2024

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:

April 21, 2024

Name of Institutional Shareholder	Major Shareholder	Shareholding ratio %
Standard Foods Corporation	Mu Te Investment Co., Ltd. Trust Property Account	19.53
	Chia Yun Investment Co., Ltd. Trust Property Account	16.13
	Chia Chieh Investment Co., Ltd. Trust Property Account	12.84
	Ter-Fung Tsao	4.46
	Mu Te Investment Co., Ltd.	2.48
	Nan Shan Life Insurance Company, Ltd.	2.04
	Lin Junyao	1.82
	Fubon Life Insurance Co., Ltd.	0.81
	Charng Hui Ltd.	0.73
	JPMorgan Chase Bank N.A., Taipei Branch has been entrusted with the Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	0.67

#### 4. Independence data of Directors and Independent Directors

April 21, 2024			
<div>Qualification</div> <div>Name</div>	Professional Qualifications and Work Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Mu Te Investment Co., Ltd. Representative: Ter-Fung Tsao	<div>Professional Qualifications</div> <div>Working experience in financial accounting, investment, asset management, industry knowledge and risk management.</div> <div>Work Experience</div> <div>Chairman of Standard Foods Corporation, 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 of Mu Te Investment Co., Ltd., Chairman of Chia Yun Investment Co., Ltd., Director of Chia Chieh Investment Co., Ltd</div> <div>Remarks</div> <div>Not under any of the categories stated in Article 30 of the Company Act.</div>	-	1
Mu Te Investment Co., Ltd. Representative: Jason Hsuan	<div>Professional Qualifications</div> <div>Working experience in financial accounting, investment, asset management, industry knowledge, information technology and risk management.</div> <div>Work Experience</div> <div>Director of Standard Foods Corporation, 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., Chairman of Jiangsu Hua Sun Health Technology Co., Ltd.</div> <div>Remarks</div> <div>Not under any of the categories stated in Article 30 of the Company Act.</div>	-	1

<div> <div>Qualification</div> <div>Name</div> </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	<u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management. <u>Work Experience</u> Director of Standard Foods Corporation, Chairman of Green Wall Enterprise Co., Ltd., Chairman of Crosslink Semiconductor, Inc., Chairman of Sparkle Inc. <u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.	-	0
Charng Hui Ltd. Representative: Arthur Tsao	<u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge, information technology and risk management. <u>Work Experience</u> Director of Standard Foods Corporation, CEO & General Manager of Standard Foods Corporation, 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., Vice-Chairman of Shanghai New Vitality Health Technology (Group) Co., Ltd., Vice-Chairman of Jiangsu Hua Sun Health Technology Co., Ltd. <u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.	-	0
Ben Chang	<u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management. <u>Work Experience</u> Independent Director of Standard Foods 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	0



<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
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 Standard Foods Corporation, Independent Director of Yulong Motor Co., Ltd., Independent Director of Yulong Finance Corporation <u>Remarks</u> Not under any of the categories stated in Article 30 of the Company Act.	the Company. 2. Not holding shares of the Company. 3. Not serving as a director, supervisor, or an employee of a company with which the Company has a specific relationship. 4. Not having received any remuneration for business, legal, financial, and accounting services provided by the Company or its affiliates in the past two years.	2
Daniel Chiang	<u>Professional Qualifications</u> Working experience in financial accounting, investment, asset management, industry knowledge and risk management. <u>Work Experience</u> Independent Director of Standard Foods Corporation, Chairman of Purestone Capital Group <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> Independent Director of Standard Foods Corporation, Chairman & CEO of Taiwan Medical Supply, Inc., 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 receives 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**

April 21, 2024

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) 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. Vice-Chairman of Shanghai New Vitality Health Technology (Group) Co., Ltd. Vice-Chairman of Jiangsu Hua Sun Health Technology Co., Ltd.	Chairman	Ter-Fung Tsao	father and son	Note1
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

Note 1: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: Increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer.

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

#### 1. Remuneration of general directors and independent directors

Unit: NT\$1,000

Title	Name	Remuneration Paid to Directors								Sum of A+B+C+D and ratio to net income (Note 1)		Relevant Remuneration Received by Directors who Are Also Employees								Sum of A+B+C+D+E+F+G and ratio to net income (Note 1)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)				The Company	All consolidated entities	
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities						
														Amount in cash	Amount in stock	Amount in cash	Amount in stock					
Chairman	Representative of Mu Te Investment Co., Ltd.: Ter-Fung Tsao	-	-	-	-	1,043	1,0543	60	60	1.103 0.09	1.103 0.09	7,688	7,688	442	442	-	-	-	-	9,233 0.75	9,233 0.75	None
Directors	Representative of Mu Te Investment Co., Ltd.: Jason Hsuan	-	-	-	-	1,010	1,010	60	60	1.070 0.09	1.070 0.09	-	-	-	-	-	-	-	-	1,070 0.09	1,070 0.09	None
Directors	Representative of Mu Te Investment Co., Ltd.: Wendy Tsao	-	-	-	-	1,010	1,010	60	60	1.070 0.09	1.070 0.09	-	-	-	-	-	-	-	-	1,070 0.09	1,070 0.09	None
Directors	Representative of Chang Hui Ltd. Arthur Tsao	-	-	-	-	1,010	1,010	60	60	1.070 0.09	1.070 0.09	4,692	4,692	159	159	-	-	-	-	5,921 0.48	5,921 0.48	None
Independent Director	Ben Chang	-	-	-	-	1,010	1,010	60	60	1.070 0.09	1.070 0.09	-	-	-	-	-	-	-	-	1,070 0.09	1,070 0.09	None
Independent Director	George Chou	-	-	-	-	1,010	1,010	60	60	1.070 0.09	1.070 0.09	-	-	-	-	-	-	-	-	1,070 0.09	1,070 0.09	None
Independent Director	Daniel Chiang	-	-	-	-	1,010	1,010	60	60	1.070 0.09	1.070 0.09	-	-	-	-	-	-	-	-	1,070 0.09	1,070 0.09	None
Independent Director	David Wang	-	-	-	-	1,010	1,010	60	60	1.070 0.09	1.070 0.09	-	-	-	-	-	-	-	-	1,070 0.09	1,070 0.09	None
1. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks: please refer to page 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.																						

1. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks: please refer to page 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 2023 individual financial statement.

## 2. Remuneration of the General Manager and Deputy General Manager

Dec. 31, 2023; Unit: NT\$1,000

</

Note 1: Refers to the after-tax net income in 2023 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

Dec. 31, 2023; Unit: NT\$1,000

Managerial Officer	Title	Name	Amount in stock	Amount in cash	Total	As a % of net profit (Note 1)
	CEO and General Manager	Arthur Tsao	0	0	0	0%
	Financial Officer	Lynn Lee				
	Accounting Manager	Thomas Huang				

Note 1: Refers to the after-tax net income in 2023 individual financial statement.

4. If a company listed on the TWSE or the TPEX has the circumstances specified in Sub-item 1 or Sub-item 5 of Item 2, Paragraph 3, Article 10 of the Regulations, it shall disclose the individual remuneration paid to each of its five highest remunerated management personnel: None.

**(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	2022				2023			
	Remuneration		Ratio of Total Remuneration to Net Income (%)		Remuneration		Ratio of Total Remuneration to Net Income (%)	
	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities
Directors	8,687	8,687	0.72	0.72	8,593	8,593	0.70	0.70
General Manager	4,868	4,868	0.40	0.40	4,851	4,851	0.40	0.40
Total	13,555	13,555	1.12	1.12	13,444	13,444	1.10	1.10

(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 2023 was equivalent to that of 2022.

(2) See Item (VIII) of pages 105 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 2023 and up to the publication date of the annual report, seven 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	7	-	100%	
Directors	Mu Te Investment Co., Ltd. Representative: Jason Hsuan	3	4	43%	
Directors	Mu Te Investment Co., Ltd. Representative: Wendy Tsao	5	2	71%	
Directors	Charng Hui Ltd. Representative: Arthur Tsao	7	-	100%	
Independent Director	Ben Chang	7	-	100%	
Independent Director	George Chou	7	-	100%	
Independent Director	Daniel Chiang	7	-	100%	
Independent Director	David Wang	6	1	86%	

#### 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 2023 and up to the publication date of the annual report, seven Board meetings were held. The resolutions by the Board are disclosed on pages 89 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: The proceedings and implementation of conflict of interest in each meeting were in compliance with the Company's Rules of Procedure for Board of Directors Meeting.

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:

To implement corporate governance and enhance the Company's board functions, and to set forth performance objectives to improve the operational efficiency of the board of directors, the "Rules for Performance Evaluation of Board of Directors" was approved at the board meeting on November 20, 2020, pursuant to Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for compliance. The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years as required by Article 3 of the "Rules for Performance Evaluation of Board of Directors" of the Company. The internal board performance evaluation shall be subject to review at least once a year. External board performance evaluations and internal self-board performance evaluations shall be completed at the latest board meeting of the following year.

(I) The evaluations performed were as follows:

■ External

Basis	The Company's "Rules for Performance Evaluation of Board of Directors"
Cycles	Conducted once every three years
Period	January 1, 2023 - December 31, 2023
Institution	The Taiwan Institute of Ethical Business, an external professional and independent organization, was appointed to conduct a performance evaluation on the operation of the company's board of directors; all three executive members signed a declaration of independence, and a performance evaluation report of the company's board of directors was issued on December 27, 2023.
Method	An overall assessment is made based on the internal regulations and record documents related to corporate governance provided by the company, as well as the responses to questionnaires from all directors and the results of interviews with individual directors.
Results	<p>■ The board's professional functions The members of the Board of Directors include the management team and independent directors, with backgrounds in different professional fields such as R&amp;D, system engineering, business administration, and statistics, providing diverse opinions from different perspectives.</p> <p>■ The effectiveness of the board's decision-making Members of the Board of Directors have all expressed that there are sufficient opportunities for discussion. In case of major business development decisions, Board members and managers have also undergone in-depth discussions and adjustments before resolution. The participation of Board members in the Company's operations and the effectiveness of decision-making are sufficient.</p> <p>■ The supervision of the Board of Directors on the internal control of the enterprise The assessed company has established a risk management promotion team to review and follow up on their risk management policies on a regular basis. It also differentiates risk aspects and establishes corresponding strategies and actions for concrete promotion of risk management operations. This allows Board members to effectively grasp the overall operation information and risk of the corporation, and it is helpful for the Board of Directors to supervise the internal control of the Company.</p>

	<p>■ Attitude toward corporate social responsibility</p> <p>In order to fulfill corporate social responsibility and achieve the goal of sustainable development, the assessed company has established the Sustainable Development Committee to formulate policies related to environmental sustainability, employee care, social care, corporate governance, food safety, and supplier management. In the future, we will also be more active in leading activities related to corporate social responsibility, and further deepen the implementation of corporate social responsibility in order to pursue the goal of sustainable operation.</p>
Report	On Mar. 11, 2024, the Company reported the results to the Board of Directors

Evaluation criteria	Evaluation indicator
The board's professional functions	Board composition diversity, continuing education of directors, and use of external resources.
The effectiveness of the board's decision-making	The level of directors' participation in meetings, the directors' grasp of the Company's operations, the board's management of corporate risk, and the adequacy of information for directors to make their decisions, etc.
The level of the board's attention and supervision on internal control	Stipulation and implementation of an employee code of ethics, supervision of internal audit and control, smooth communication and reporting channels, and disclosure and recusal of interests, etc.
The board's attitude toward sustainable management	ESG information disclosure, talent cultivation and succession planning, and actions toward sustainable management, etc.

■ Internal

Basis	The Company's "Rules for Performance Evaluation of Board of Directors"
Cycles	Conducted once a year
Period	January 1, 2023 - December 31, 2023
Scope	Performance evaluation of the Board of Directors and individual directors
Method	Self-evaluation by board member, The grading criteria for each appraisal item (indicator) are as follows Five grades: Excellent (5), Good (4), Satisfactory (3), Fair (2), and Needs improvement (1).
Results	In general, the operations of the board members, 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.
Report	On Mar. 11, 2024, the Company reported the results to the Board of Directors



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 4.86 and 5.00 (out of 5), showing that the operation of the Board of Directors as a whole is excellent.

Evaluation Aspects	Question	AVG
(1) Understanding of the Company's goals and mission	3	5.00
(2) Awareness of director's duties	3	5.00
(3) Involvement in the Company's operations	8	4.86
(4) Internal relationship and communication	3	4.92
(5) Director's professionalism and continuing knowledge development	3	5.00
(6) Internal controls	3	5.00
Total	23	4.96

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

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

The average score for each aspect was between 4.77 and 4.93 (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	4.79
(2) Enhancement of the quality of the board's decision- making	12	4.92
(3) Makeup and structure of the board	7	4.77
(4) Election of board members and continuing knowledge development	7	4.89
(5) Internal controls	7	4.93
Total	45	4.86

3. “Self-Evaluation Questionnaire of the Functional Committee Performance” is a self-evaluation conducted by all Committee members.

- “Self-Evaluation Questionnaire of the Audit Committee” is a self-evaluation conducted by all committee members.

The indicators for the evaluation of the Audit Committee include five major aspects, totaling 22 indicators. The average score for each aspect was between 4.88 and 5.00 (out of 5), showing that the operations of the Audit committee is excellent.

Evaluation Aspects	Question	AVG
Involvement in the Company's operations	4	4.88
Awareness of Audit Committee duties	5	5.00
Enhancement of the quality of the Audit Committee's decision-making	7	5.00
Composition and Member Selection of the Audit Committee	3	5.00
Internal controls	3	5.00
Total	22	4.98

- “Self-Evaluation Questionnaire of the Remuneration Committee” is a self-evaluation conducted by all committee members.

The indicators for the evaluation of the Remuneration Committee include four major aspects, totaling 19 indicators. The average score for each aspect was between 4.75 and 5.00 (out of 5), showing that the operations of the Remuneration committee is excellent.

Evaluation Aspects	Question	AVG
Involvement in the Company’s operations	4	4.75
Awareness of Remuneration Committee duties	5	5.00
Enhancement of the quality of the Remuneration Committee’s decision- making	7	5.00
Composition and Member Selection of the Remuneration Committee	3	5.00
Total	19	4.94

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:

1. Operations of the Sustainable Development Committee:

In order to strengthen the functions of the Board of Directors, practice the Company’s sustainable core values, and actively promote and strengthen corporate governance functions related to sustainable operation, sustainable development and corporate social responsibility, the Company established the “Sustainable Development Committee” in May 2023.

The Sustainable Development Committee Charter is established in accordance with the Company’s “Corporate Governance Best-Practice Principles” and the “Sustainable Development Best-Practice Principles.” The Sustainable Development Committee is the decision-making and supervision unit for the Company’s sustainable development, including three aspects, Corporate Governance (G), Environmental (E) and Social (S) aspects, strengthening the Company’s management system, and devoting to environmental protection and fulfilling social responsibilities. With the help of the Sustainable Development Committee, the Board of Directors fulfills their duties of protecting the rights and interests of the Company, employees, shareholders, and stakeholders.

The Committee consists of three directors, two of whom are independent directors. The Committee convenes at least two meetings a year.

(I) The main duties are as follows:

- Establishment of the Company’s sustainable development policy.
- Establishment of goals, strategies and implementation plans for corporate sustainable development, including sustainable governance, ethical management, and environmental and social aspects.
- Review, follow up and revise the implementation and effectiveness of the Company’s sustainable development, and report to the Board of Directors on a regular basis.
- Pay attention to all stakeholders, including the issues shareholders, customers, suppliers, employees, governments, non-profit organizations, communities, and media care about, and the supervisory communication plan.
- Implementation of sustainability-related information management policies and the quality of disclosure.

(II) Circumstances of the meeting

- 08/09/2023 Topic: Sustainability Action Plan
- 11/09/2023 Topic: Implementation Progress Report

(III) Information on members of the Sustainable Development Committee.

\*Please refer to pages 12 of the Annual Report for education attainment and experience.

Member	Job Title	Name	Expertise
Convener	Directors	Arthur Tsao	<ul style="list-style-type: none"> <li>■ Professional skills in business management, sustainable development, industry knowledge, risk management, and decision-making and judgment</li> <li>■ Participation in ESG training</li> <li>■ Practical experience in the implementation of corporate sustainability to achieve sustainable development of the company</li> </ul>
Committee Members	Independent Director	George Chou	<ul style="list-style-type: none"> <li>■ Professional skills in sustainable development, industry knowledge and risk management</li> <li>■ Serve as an independent director of other listed companies, with professional knowledge in accounting and financial accounting analysis, and understand the importance of corporate sustainable development</li> <li>■ Participation in ESG training</li> </ul>
Committee Members	Independent Director	David Wang	<ul style="list-style-type: none"> <li>■ Professional skills in business management, sustainable development, industry knowledge, and risk management</li> <li>■ Participation in ESG training</li> </ul>

(IV) Matters recently reported to the Board of Directors are as follows:

Date of the board meeting	Reporting matters	Directors' feedback and opinions
Aug. 11, 2023	<ul style="list-style-type: none"> <li>■ Description of the Company's 2022 Sustainability Report.</li> </ul>	<p>The directors have not made any major adjustment to the promotion of sustainable development.</p> <p>The general advice is as follows:</p> <ol style="list-style-type: none"> <li>1. Improve the writing of the sustainability report so that stakeholders can understand the implementation of the Company's sustainable development.</li> <li>2. The greenhouse gas inventory and verification by the Environmental Sustainability Team are carried out ahead of the legal deadline, which is beneficial to the disclosure of</li> </ol>
Nov. 08, 2023	<ul style="list-style-type: none"> <li>■ Continue to promote and implement the Company's sustainable development.</li> <li>■ Through the ESG workshop, senior managers of all departments build the sustainability knowledge and consensus and provide the CDP education and training for relevant staff and the ESG online courses for all employees.</li> <li>■ Pursue corporate sustainability from the four cornerstones of the brand</li> </ul>	

Date of the board meeting	Reporting matters	Directors' feedback and opinions
	(dedication, innovation, love, and family)	sustainable information. 3. Continue the training on sustainability knowledge to improve the performance of sustainable development.

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," "Procedures for Preventing Insider Trading Management" 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) Reviewing various risk management policies.

- (12) Reviewing the adequacy of the risk management framework.
  - (13) Review the early warning and response measures for major risk management issues and supervise improvement mechanisms.
  - (14) Regularly report to the board on the status of risk management implementation.
  - (15) Any other material matter so required by the company or the Competent Authority.
2. In 2023 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%	None
Independent Director	George Chou	6	-	100%	
Independent Director	Daniel Chiang	6	-	100%	
Independent Director	David Wang	5	1	83%	

**Other matters:**

- I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the Audit Committee meeting held, the discussed topics, the content of the objections, reservations or material recommendations on independent directors, the Audit Committee's resolution, and how the company has responded to Audit Committee's opinions.

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

In 2023 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
Mar. 15, 2023 the 3rd meeting of the 3rd Audit Committee	<ol style="list-style-type: none"> <li>1. Approved the motion for the 2023 business plan and budget.</li> <li>2. Approved the motion for the 2022 financial report and consolidated financial report.</li> <li>3. Approved the motion for the 2022 earnings distribution.</li> <li>4. Approved the motion for the 2022 statement of internal control.</li> <li>5. Amendments to the "Procedure for Preparation of Sustainability Report and Verification" of the internal control system.</li> <li>6. Approved the evaluation of the independence and suitability of the external auditors with reference to the AQI.</li> <li>7. Approved the motion to change CPAs for the financial report in line with the internal rotation mechanism of the accounting firm.</li> <li>8. Approved pre-approval for non-assurance services provided by CPA firm that posed no threat to independence.</li> <li>9. Approved the application for corporate credit card limit of financial institutions.</li> <li>10. Approved the motion for extending credit lines from financial institutions.</li> </ol>	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
May 11, 2023 the 4th meeting of the	<ol style="list-style-type: none"> <li>1. Approved the motion for the consolidated financial statements for Q1 2023.</li> </ol>	Submitted to the Board of Directors for

Date of Audit Committee meeting (session)	Discussed topic	The Audit Committee's resolution, and how the company has responded to Audit Committee's opinions
3rd Audit Committee	<ol style="list-style-type: none"> <li>2. Approved the second-phase adjustment proposal for the investment framework.</li> <li>3. Approved the motion for loaning funds to the subsidiary in China.</li> <li>4. Approved the motion to lend funds to subsidiary Charng Hui Company Limited.</li> <li>5. Approved the motion for providing an endorsement guarantee for the subsidiary Charng Hui Company Limited to extend credit lines from financial institutions.</li> </ol>	resolution and approved by all directors present at the meeting without objection
Aug. 2, 2023 the 5th meeting of the 3rd Audit Committee	<ol style="list-style-type: none"> <li>1. Approved the motion for the consolidated financial statements for Q2 2023.</li> <li>2. Approved the motion for the amendment to the "Audit Committee Charter."</li> <li>3. Approved the motion for the amendment to the "Risk Management Policies and Procedures."</li> <li>4. Approved the motion for extending credit lines from financial institutions.</li> </ol>	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
Nov. 8, 2023 the 6th meeting of the 3rd Audit Committee	<ol style="list-style-type: none"> <li>1. Approved the motion for the consolidated financial statements for Q3 2023.</li> <li>2. Approved the motion of the remuneration of the Company's CPAs for 2023.</li> <li>3. Approved the motion for the Company's 2024 audit plan.</li> <li>4. Approved the amendments to the provisions related to the "Risk Management Policies and Procedures" under the Company's internal control system items.</li> <li>5. Approved the motion for the amendment to the "Procedures for Preventing Insider Trading Management."</li> <li>6. Approved the motion for the amendment to the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises."</li> <li>7. Approved the motion for the amendment to the "Supplier Management Policies."</li> </ol>	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
Jan. 24, 2024 the 7th meeting of the 3rd Audit Committee	<ol style="list-style-type: none"> <li>1. Approved the investment proposal in H2U.</li> <li>2. Approved the motion for extending credit lines from financial institutions.</li> </ol>	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
Mar. 11, 2024 the 8th meeting of the 3rd Audit Committee	<ol style="list-style-type: none"> <li>1. Approved the motion for the 2024 business plan and budget.</li> <li>2. Approved the motion for the 2023 financial report and consolidated financial report.</li> <li>3. Approved the motion for the 2023 earnings distribution.</li> <li>4. Approved the motion for the 2023 statement of internal control.</li> <li>5. Approved the evaluation of the independence and suitability of the external auditors with reference to the AQI.</li> </ol>	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection

(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 2023:

Date	Attendee	Communication matter	Communication result
Dec. 26, 2023 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"> <li>• Implementation report for internal audit for November to December 2023</li> <li>• Audit Operations report of 2023</li> <li>• Description of 2024 audit plan</li> </ul>	No objection

2. Communication between the independent director and the CPA

- (1) Communication principle: The CPA 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 2023:

Date	Attendee	Communication matter	Communication result
Mar. 13, 2023 Meeting for annual audit results	Independent Director Ben Chang Independent Director George Chou Independent Director Daniel Chiang Independent Director David Wang CPA Tza-Li Gung CPA Han-Ni Fang	<ul style="list-style-type: none"> <li>• Summary of Audit Results and Conclusions for the Consolidated and Individual Financial Statements for the 2022</li> <li>• New Regulations on International Code of Ethics for Professional Accountants</li> <li>• Regulations on Rotation and Independence Declaration</li> </ul>	No objection
Dec. 26, 2023 Meeting for annual audit plan	Independent Director Ben Chang Independent Director George Chou Independent Director Daniel Chiang Independent Director David Wang CPA Han-Ni Fang CPA Zhao-Yu Chen	<ul style="list-style-type: none"> <li>• Scope and methodology of audit for the Consolidated and Individual Financial Statements for the 2023</li> <li>• Significant risks and key audit matters</li> <li>• Regulations on International Code of Ethics for Professional Accountants</li> <li>• Pre-approval of non-assurance services and independence assessment</li> <li>• Audit Quality Indicators (AQI) Report</li> <li>• Explanation of significant legislative amendments</li> </ul>	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	Description	
I. Does the company establish and disclose the "Corporate Governance Best Practice Principles" based on "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established the "Corporate Governance Best Practice Principles", which specifies relevant contents such as protecting shareholders' rights and interests, intensifying the Board's functions, respecting stakeholders' rights and interests and improving information transparency.	None
II. Shareholding structure & shareholders' rights				
(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.	None
(II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(II) The Company shall regularly obtain the latest register of shareholders from the stock affairs agency (Agency Department of CTBC Bank) and acquire the list of major shareholders substantially controlling the Company and their ultimate controlling parties and maintain good interaction with them. The change data shall be declared in accordance with regulations on information declaration of listed companies and disclosed on the Market Observation Post System of public information.	
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(III) The rights and liabilities (e.g. assets, business, and finance) between the Company and affiliates shall be split clearly and operated independently. Besides, the "Supervision Measures for Subsidiaries", "Procedures for Acquisition and Disposal of Assets", "Procedures for Loaning of Funds to Other Parties", "Procedures for Endorsements and Guarantees", and other related measures have been established in accordance with regulations, to implement risk control mechanism and firewall management for affiliates.	
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	V		(IV) The company has established "Management Regulations for Prevention of Insider Trading" against insiders trading with undisclosed information.	

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
III. Composition and responsibilities of the Board of Directors (I) Has the board of directors formulated a diversity policy, specific management objectives and are they implemented?	V		(I) Diversity policy for board members and specific management objectives To strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, Paragraph 3, Article 20 of the Company's "Corporate Governance Best-Practice Principles" states: The Company shall diversify Board composition and develop appropriate guidelines on diversity based on the operations, nature of business activities and development needs of the Company, including but not limited to the standards in the aspects below: 1. Basic condition and value (gender, age, nationality, culture, etc.) 2. Professional knowledge and skills (professional background such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. The directors should generally have the knowledge, skills and accomplishment required for performing their duties. In order to achieve the ideal targets of corporate governance, the abilities that the board of directors should be equipped with are stated below: (1) Capability to make sound business judgments (2) Accounting and financial analysis capabilities (3) Business management ability. (4) Crisis management capability (5) Industrial Knowledge (6) Global market viewpoint (7) Leadership skills (8) Capability to make decisions (II) Implementation of the diversity of the Board members 1. Basic condition and value (gender, age, nationality, culture, etc.): The current Board of Directors of the company consists of 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	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		<p>industry experience.</p> <p>(1) Professional knowledge and skills: (See pages 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> <p>(II) The company has set up the Remuneration Committee and the Audit Committee according to law, the Board of Directors resolved on May 11, 2023, to establish a Sustainability Committee, with three committee members.</p>	
(III) Does the company establish a standard to measure the performance of the Board, and implement it annually?	V		<p>(III) On November 20, 2020, the Board of Directors approved the "Rules for Performance Evaluation of Board of Directors" for employees to follow. The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years as required by Article 3 of the Company's "Rules for Performance Evaluation of Board of Directors." The internal board performance evaluation shall be subject to review at least once a year. The Company's external board performance evaluations and internal self-board performance evaluations of 2023 have been reported to the Board of Directors on March 11, 2023. Please refer to pages 23 of the annual report for the performance evaluation results.</p> <p>In a bid to improve the Company's system of remuneration of directors and managers, according to the Company's "Remuneration Committee Charter," annual performance of directors and managers is evaluated at the end of a fiscal year. Performance bonus and distribution suggestions will be proposed after taking into account the Company's strategic objectives, as well as the achievement rate of the manager's annual contribution and key performance indicator (KPI). Proposals are subject to approval of the Audit Committee.</p>	
(IV) Does the company regularly evaluate the independence of CPAs?	V		<p>(IV) The Company regularly evaluates the independence of the certified public accountants. Deloitte Taiwan issues the Audit Quality Indicators (AQIs) report as a reference for the Company to evaluate the independence and appropriateness of the hired CPAs.</p> <p>After assessment, both Han-Ni Fang and Zhao-Yu Chen, CPAs of Deloitte Taiwan, met the Company's independence evaluation standards (see the table below) and they are both qualified to act as the Company's certified public accountants. The</p>	

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons thereof																														
	Yes	No	Description																															
			<p>CPA firm has also issued a letter of declaration certifying no violation of independence.</p> <p>The evaluation results have been submitted to the Audit Committee and the Board of Directors for review and approval on March 15, 2023.</p> <p>Evaluation standards for the independence of CPAs:</p> <table><tr><th>Evaluation item</th><th>Evaluation results</th><th>Meet independence criteria</th></tr><tr><td>1. Is the CPA an employee of the company or the related companies?</td><td>No</td><td>Yes</td></tr><tr><td>2. Does the CPA hold the company's shares?</td><td>No</td><td>Yes</td></tr><tr><td>3. Does the CPA engage in financing activities or guarantee behaviors with the company or its directors?</td><td>No</td><td>Yes</td></tr><tr><td>4. Are there direct or indirect material financial interests between the CPAs and the company?</td><td>No</td><td>Yes</td></tr><tr><td>5. Are there close business relations between the CPA and the company?</td><td>No</td><td>Yes</td></tr><tr><td>6. Are there close business relations between the CPA and the company's management, or other individuals in positions that could seriously impact the audit?</td><td>No</td><td>Yes</td></tr><tr><td>7. Does the CPA provide the company non-audit items that may directly affect the audit?</td><td>No</td><td>Yes</td></tr><tr><td>8. Does the CPA act as the defender of the company or on behalf of the company to coordinate conflicts with other third parties?</td><td>No</td><td>Yes</td></tr><tr><td>9. Does the CPA provide the statement of independence?</td><td>Yes</td><td>Yes</td></tr></table>	Evaluation item	Evaluation results	Meet independence criteria	1. Is the CPA an employee of the company or the related companies?	No	Yes	2. Does the CPA hold the company's shares?	No	Yes	3. Does the CPA engage in financing activities or guarantee behaviors with the company or its directors?	No	Yes	4. Are there direct or indirect material financial interests between the CPAs and the company?	No	Yes	5. Are there close business relations between the CPA and the company?	No	Yes	6. Are there close business relations between the CPA and the company's management, or other individuals in positions that could seriously impact the audit?	No	Yes	7. Does the CPA provide the company non-audit items that may directly affect the audit?	No	Yes	8. Does the CPA act as the defender of the company or on behalf of the company to coordinate conflicts with other third parties?	No	Yes	9. Does the CPA provide the statement of independence?	Yes	Yes	
Evaluation item	Evaluation results	Meet independence criteria																																
1. Is the CPA an employee of the company or the related companies?	No	Yes																																
2. Does the CPA hold the company's shares?	No	Yes																																
3. Does the CPA engage in financing activities or guarantee behaviors with the company or its directors?	No	Yes																																
4. Are there direct or indirect material financial interests between the CPAs and the company?	No	Yes																																
5. Are there close business relations between the CPA and the company?	No	Yes																																
6. Are there close business relations between the CPA and the company's management, or other individuals in positions that could seriously impact the audit?	No	Yes																																
7. Does the CPA provide the company non-audit items that may directly affect the audit?	No	Yes																																
8. Does the CPA act as the defender of the company or on behalf of the company to coordinate conflicts with other third parties?	No	Yes																																
9. Does the CPA provide the statement of independence?	Yes	Yes																																
IV. Does the 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 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	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>	None																														

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?			<p>V. Assist the Directors in regulatory compliance</p> <p>VI. Other matters stipulated in the Articles of Incorporation or contracts.</p> <p>Business execution in 2023 is as follows:</p> <p>I. Assisting in compliance of laws of rules of procedure and resolutions from the Board meetings and the Shareholders' Meeting.</p> <p>II. Assist Independent Directors and general Directors in performing their duties by providing the necessary information.</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 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 2023.</p>	
V. Has the company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established on the company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the company?	V		<p>The company has established a spokesperson system and properly uses the public information systems, ensuring shareholders and stakeholders fully understanding the company's financial operations and corporate governance.</p> <p>The company has also established a special zone for the stakeholders on the website, so the stakeholders may contact the company via telephone or e-mail to reflect different CSR issues of concern.</p>	None
VI. Has the company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The corporation has appointed CTBC Bank to handle the affairs of the shareholders' meeting.	None
VII. Information disclosure (I) Does the company establish a website to disclose information on financial operations and corporate governance?	V		(I) The Company establishes a website (www.sfworldwide.com) and discloses relevant financial business and corporate governance information on "Investors".	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
(II) Does the company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implement a spokesperson system, and disclosing the process of investor conferences on the company website)?	V		(II) The Company also establishes an 1. English website (www.sfworldwide.com) 2. assigns a special person to take charge of the Company's information collection and disclosure, so as to ensure accuracy and timeliness of the information. 3. Spokesperson and deputy spokesperson 4. Information regarding the road show has been disclosed on a "Investors".	
(III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		(III) The financial statements for the fiscal year 112 are announced and reported within 75 days from the end of the accounting year in accordance with legal regulations and quarterly financial reports and monthly operating conditions are announced within the designated deadlines.	
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		(I) Employee's rights and employee wellness: 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. (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.	None

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
			<p>(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.</p> <p>The Company has established the "Supplier Management Policies." With regard to how much the procurement collection supplier fulfills sustainable development, suppliers are invited to forge ahead with the Company for continuous improvement in line with the spirit of sustainable procurement. We have also signed the Supplier Code of Conduct to expect suppliers to comply with our expectations in terms of business integrity and anti-corruption, labor practices, health and safety, and environmental management. Supplier relations: The Procurement Division also conducts an annual evaluation of suppliers to screen out excellent supply sources as partners. To implement effective supplier management, the Quality Assurance Division and the Procurement Division carry out annual audits and provide guidance according to the plan. They encourage and assist suppliers in acquiring food safety and quality system certification to ensure that suppliers operate the system and supply products in line with the Company's standards, meeting the requirements of the Company.</p> <p>(IV) Stakeholders' rights: A special area for stakeholders is established on the Company's website, so as to maintain a favorable two-way communication and interaction relationship with stakeholders. In case of a dispute about stakeholders' 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 2023.</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 308 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>	

Evaluation item	Implementation status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof
	Yes	No	Description	
			(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. (VIII) Liability insurance purchased by the company for its directors and the Audit Committee: the company has covered the director liability insurance for all directors and the Audit Committee.	
IX. Please state the improved situation according to the corporate governance evaluation results released by the Corporate Governance Center of TWSE in the latest year and put forward priority items and measures for those which have not been improved: the company regularly carries out corporate governance evaluations in accordance with the regulations of the competent authority. In the future, the company shall strengthen corporate governance by improving the situation and protecting shareholders' rights, strengthening equal treatment of shareholders, strengthening the board structure and improving information transparency.				



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

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

Note 2: Summary on the continuing education of the corporate governance officer in 2023

Continuing education date	Organizer	Course title	Hours of continuing education
2023.03.23	The Institute of Internal Auditors	Practice evolution about the materiality benchmark of fraudulent financial statements and responsibility determination of board of directors	3
		Legal liability of corporate fraud and practice	3
2023.05.30	The Institute of Internal Auditors	Fundamentals of Cybersecurity Auditing	6

Note 3 : Summary on the continuing education of directors in 2023

Title	Name	Continuing education date	Organizer	Course title	Hours of continuing education
Director	Ter-Fung Tsao	2023.08.09	Greater China Financial and Economic Development Association	Impact of Carbon Pricing on Business Operations	3
		2023.09.13		The Prospect of Global and Taiwan Economy and Firms' Strategy	3
Director	Jason Hsuan	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6
Director	Wendy Tsao	2023.08.09	Greater China Financial and Economic Development Association	Impact of Carbon Pricing on Business Operations	3
		2023.09.13		The Prospect of Global and Taiwan Economy and Firms' Strategy	3
Director	Arthur Tsao	2023.10.04	Taiwan Corporate Governance Association	How should the board of directors formulate ESG sustainable governance strategies	3

Title	Name	Continuing education date	Organizer	Course title	Hours of continuing education
		2023.10.11	Greater China Financial and Economic Development Association	War for Talents: Leveraging total reward strategy for talent acquisition	3
Independent Director	Ben Chang	2023.06.26	Greater China Financial and Economic Development Association	Outlook for the global economic situation in the second half of 2023	3
		2023.09.13		The Prospect of Global and Taiwan Economy and Firms' Strategy	3
Independent Director	George Chou	2023.09.06	Taiwan Corporate Governance Association	Exploring Sustainable Risk Trends and Response Strategies	3
				Reinforcement Strategy for cyber security governance and digital resilience	3
Independent Director	Daniel Chiang	2023.05.19	Greater China Financial and Economic Development Association	ESG and Legal Compliance	3
		2023.05.29		Circular Economy and Sustainable Development for Enterprises	3
Independent Director	David Wang	2023.05.29	Greater China Financial and Economic Development Association	Circular Economy and Sustainable Development for Enterprises	3
		2023.06.26		Outlook for the global economic situation in the second half of 2023	3

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

In order to implement the rationalization of the Company's remuneration system to protect the rights and interests of shareholders, pursuant to the Securities and Exchange Act, the Company's Board of Directors resolved on December 16, 2011 to establish the "Remuneration Committee" consisting entirely of independent directors.

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

Title	Qualification Name	Professional Qualifications and Work Experience	Independence Criteria	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director (Convener)	Ben Chang	The Remuneration committee consists of independent directors of the Company. For more information regarding professional qualifications and experience, please refer to pages 15 of this annual report under section 4, "Independence data of Directors and Independent Directors."	The Remuneration committee consists of independent directors of the Company. For more information regarding professional qualifications and experience, please refer to pages 15 of this annual report under section 4, "Independence data of Directors and Independent Directors."	0
Independent Director	George Chou			0
Independent Director	Daniel Chiang			0

**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 2023, 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	3	-	100%	None
Committee member	George Chou	3	-	100%	
Committee member	David Wang	2	-	67%	

(3) Other matters:

1. Discussions and resolutions of the Remuneration Committee

Date of Meeting (Period)	Proposals	Resolution
Mar. 15, 2023 2nd Meeting of the 5th Remuneration Committee	(1)Approved the self-evaluation of the performance of the Board members, Board, and functional committees of the Company for the 2022. (2)Approved the performance evaluation of the directors and managers of the Company for the 2022. (3)Approved the allocation of director remuneration and employee compensation for the 2022.	Submitted to the Board of Directors for resolution and approved by all directors present at the meeting without objection
Nov. 8, 2023 3rd Meeting of the 5th Remuneration Committee	Approved the allocation ratio of employee compensation and director remuneration for the 2023.	
Mar. 11, 2024 4th Meeting of the 5th Remuneration Committee	Proposal of Ratio of Provision for the Remuneration for Employees and Directors of 2022 (1)Approved the external performance evaluation of the Board for the 2023, and self-evaluation of the performance of the Board members, Board, and functional committees of the Company for the 2023. (2)Approved the performance evaluation of the directors and managers of the Company for the 2023. (3)Approved the allocation of director remuneration and employee compensation for the 2023.	

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		<p>In order to promote the sustainable development of the Company, and promote economic, environmental and social progress, in order to achieve the goal of sustainable development, in May 2023, the Company's Board of Directors approved the establishment of a "Sustainable Development Committee" with "Corporate Governance Team," "Food Safety Team," "Environmental Sustainability Team," "Supply Chain Management Team," "Employee Care Team" and "Social Care Section" established under it. The Company has established the "Sustainable Development Committee Charter."</p> <p>In October of the same year, the "Sustainable Development Division" was established. In 2023, the Sustainable Development Division reported the implementation status of ESG-related programs to the Board of Directors. Based on the implementation status, the Board of Directors assessed sustainability-related issues and managed sustainability strategies and goals. The Sustainable Development Division prepares an annual "Sustainability Report" and reports the implementation results to the Board of Directors on a regular basis.</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	
II. Does the company follow the principle of materiality, conduct risk assessments on environmental, social, and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies?	V		<p>(I) Organizational boundaries of Standard Foods are set with its operating activities as the boundary for risk assessment, covering Taipei, Dayuan, Zhongli and Hsinchu plants.</p> <p>(II) Standard Foods used the materiality principle to identify significant stakeholders and sustainability issues through a systematic process. To identify annual material issues, significant stakeholders are first identified followed by a survey and analysis on stakeholders. The 2022 Sustainability Report will incorporate TCFD and SASB standards to continue to improve the disclosure of the Sustainability Report.</p>	None
III. Environmental issues (I) Has the company established a suitable environmental management system based on its industrial characteristics?	V		<p>(I) In 2014, we introduced the international standard ISO 14001 environmental management system, completed the revision in 2018, and passed the audit verification every year at a high standard.</p> <p>(II) According to ISO 14001 operational specifications, 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) The Group introduced the ISO 14064-1 greenhouse gas inventory system. In 2023, completed 2022 inventory of four major sites. (Taipei Headquarters, Standard Foods Dayuan Plant, Standard Foods Zhongli Plant, and Standard Dairy Hukou Plant) and the Group passed the SGS verification and obtained the verification</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	
			statement.	
(II) Is the company committed to improving the utilization efficiency of energy, and using the recycled materials that have a low impact on the environmental load?	V		<p>(I) We have an Energy Conservation Management Team in place for facilitating energy conservation work. The Team strengthens energy self-management and understand the current status of energy consumption and seek feasible improvement plans for implementation. By doing this, we are able to promote reasonable and effective energy consumption in order to reduce energy expenditures, further improving competitiveness and achieving energy conservation and carbon reduction targets.</p> <p>(II) As a means to continue to promote energy conservation, carbon reduction and environmental protection policies, our Zhongli plant in 2016, Hsinchu plant in 2017, and Dayuan plant in 2018 have fully switched to using natural gas boilers with high cleanliness. In 2019, the energy intensity of fuel oil (heavy oil) of Taiwan Standard Foods Group reduced to 0. As a responsible operator, we strive to do our utmost for the environment.</p> <p>(III) A total of NT\$10,657 thousand was invested in the completion of eight energy saving and carbon reduction projects and the implementation of the total productive maintenance (TPM) equipment maintenance plan in 2023 for the three factories of Standard Foods.</p> <p>(IV) The above improvements as compared to 2022:</p> <ol style="list-style-type: none"> <li>1. Save 7,984 thousand kWh.</li> <li>2. Conserve 12,997 metric tons of water.</li> <li>3. Save 84 MWh of natural gas.</li> <li>4. Reduce 416 metric tons of carbon emissions.</li> </ol>	None



Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																										
	Yes	No	Summary description																											
(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&amp;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		<table><tr><th colspan="6">■ Greenhouse gas emissions</th></tr><tr><th colspan="2">Issue</th><th colspan="2">Indicator</th><th colspan="2">2023</th></tr><tr><th colspan="2">Environmental Aspect</th><th>Data</th><th>Scope of data</th><th>Certification institution</th><th>Certification standard</th></tr><tr><td rowspan="2">Greenhouse gas emissions</td><td>Direct GHG emissions (scope 1) (tons CO2e)</td><td>12,435.2359</td><td rowspan="2">Standard Foods Group’s headquarters and 6 business premises throughout Taiwan, Standard Foods Dayuan Plant, Zhongli Plant, and</td><td rowspan="2">China Productivity Center</td><td rowspan="2">ISO14064</td></tr><tr><td>Energy indirect (Scope 2) (tons CO2e)</td><td>15,588.6567</td></tr></table>	■ Greenhouse gas emissions						Issue		Indicator		2023		Environmental Aspect		Data	Scope of data	Certification institution	Certification standard	Greenhouse gas emissions	Direct GHG emissions (scope 1) (tons CO2e)	12,435.2359	Standard Foods Group’s headquarters and 6 business premises throughout Taiwan, Standard Foods Dayuan Plant, Zhongli Plant, and	China Productivity Center	ISO14064	Energy indirect (Scope 2) (tons CO2e)	15,588.6567	None
■ Greenhouse gas emissions																														
Issue		Indicator		2023																										
Environmental Aspect		Data	Scope of data	Certification institution	Certification standard																									
Greenhouse gas emissions	Direct GHG emissions (scope 1) (tons CO2e)	12,435.2359	Standard Foods Group’s headquarters and 6 business premises throughout Taiwan, Standard Foods Dayuan Plant, Zhongli Plant, and	China Productivity Center	ISO14064																									
	Energy indirect (Scope 2) (tons CO2e)	15,588.6567																												

Item	Implementation status							Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No	Summary description						
				Other indirect (scope 3) (tons CO2e)	95,523,4371	Standard Foods Hukou Plant			
				Greenhouse gas emission intensity (tons CO2e/NTD 1 million of revenue)	1.7507	Scope 1 + 2			
				Strategy, method, and goal of greenhouse gas management	(I) Corporate strategies in response to climate change or greenhouse gas management 1. Continue to promote the sustainability strategies formulated by the Group in 2022. 2. The Company continues to promote sustainability-related activities, education, and training to cultivate employees' sustainability awareness and build consensus. (II) Based on the Group's sustainability strategy, adjust the short-, mid and long-term goals for the inventory of greenhouse gas emissions: 1. Short-term goal (1) Completion of greenhouse gas emission inventory and verification for the Group's four major sites and six new business premises in Taiwan by 2024. (2) Introduce the CDP Carbon Disclosure Project. (3) All factories implement proposal improvement projects and conduct carbon emission control for carbon emission				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<div> <div>hotspots to effectively reduce carbon emissions.</div> <div>(4) Reduce carbon emissions by 3% in 2025 (based on 2023, unit: metric tons/NTD 1 million of revenue)</div> <div>(5) In 2025-2026, we will assist subsidiaries in inheriting and completing the ISO14064-1 greenhouse gas inventory and setting the group's long-term carbon reduction goals.</div> <div>2. Mid and long-term goals</div> <div>(1) Reduce carbon emissions by 5% in 2027 (based on 2023, unit: metric tons/NTD 1 million of revenue)</div> <div>(2) In 2028, it is planned that in the new plants, green building materials will be used, greening around the plant will be expanded, gravity transportation will be adopted to reduce power consumption, and efficient public equipment will be planned.</div> <div>(3) In 2029, we adopt the SBTi Science-Based Carbon Reduction Targets initiative to advance carbon reduction intensity scientifically.</div> <div>(III) Greenhouse gas management performance of the Group Each plant implements energy-saving and carbon reduction measures such as equipment replacement, renewal, or process improvement. A total of 4,103 metric tons of CO2e were reduced in 2023, saving 7,984 kWh.</div> </div>	

Item	Implementation status					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons			
	Yes	No	Summary description						
			Issue	Indicator	2022				
			Environmental Aspect		Data	Scope of data	Certification institution		Certification standard
			Greenhouse gas emissions	Direct GHG emissions (scope 1) (tons CO2e)	12,936,0688	Standard Foods Group’s headquarters, Standard Foods Dayuan Plant, Zhongli Plant, and Standard Foods Hukou Plant	SGS		ISO14064
				Energy indirect (Scope 2) (tons CO2e)	15,794,7017				
				Other indirect (scope 3) (tons CO2e)	124,285,1459				
				Greenhouse gas emission intensity (tons CO2e/NTD 1 million of revenue)	1.8107	Scope 1 + 2			

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons		
	Yes	No	Summary description			
				Strategy, method, and goal of greenhouse gas management	(I) Corporate strategies in response to climate change or greenhouse gas management 1. Continue to implement activities related to the sustainable development within the organization to develop sustainable awareness in employees. 2. Develop alternative (second) sources for bulk raw materials to make the materials supply more flexible to lower the impact of price fluctuation due to source differences incurred from climate change. 3. Continue to enhance the productivity, efficiency, and quality of manufacturing processes, and evaluate reuse process by-products to reduce process waste. 4. Reduce water consumption, wastewater, or waste. 5. Consider sustainable development issues, such as policies for packaging material reduction and recovery, in new product R&D. 6. Develop third-party logistics to make shipping more flexible. 7. Optimize counteraction against power outages and water cutoffs. 8. The Company has implemented the ISO14064-1 greenhouse gas inventory management system for four major sites and performs annual verification. (II) Corporate GHG emission reduction targets 1. The Company actively implements various energy-saving and carbon reduction policies. In addition to continuously monitoring the production process in factories and striving to improve equipment efficiency, the Company also implements various equipment replacement	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<div> <div> <div>projects to improve efficiency and reduce greenhouse gas emissions.</div> <div>2. Using 2022 as the base year, the Company has set a carbon emission reduction target of 3% (metric ton/NTD 1 million revenue) in 2025 and 5% (metric ton/ NTD 1 million revenue) in 2027.</div> <div>(III) The budget and plan of corporate GHG emission reduction The CEA project budget for carbon reduction prepared by each factory of the Company is implemented in accordance with the project.</div> <div>(IV) Carbon reduction effect of the Company's products or services on customers or consumers In 2022, the Company implemented a number of carbon reduction projects that reduced carbon emissions by 360 tons of CO2e in total, reduced the impact on the environment, and fulfilled the corporate responsibility for sustainable environmental protection. TPM management was fully implemented in each factory to maximize the synergy of factory equipment. The Company adapts to the annual carbon reduction CEA projects in the future to achieve the carbon reduction goal and bring customers or consumers the carbon reduction effect.</div> </div> </div>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons					
	Yes	No	Summary description						
			■ Water resources management						
			Issue	Indicator	2023				
			Environmental Aspect		Data	Scope of data		Certification institution	Certification standard
			Water resources management	Water consumption (metric tons)	678,317.9000	Standard Foods Dayuan Plant, Zhongli Plant, and Standard Diary Hukou Plant.		-	-
				Water intensity (metric tons/NTD 1 million of revenue)	42.38				
				Water resource management or reduction targets	(I) There was no significant increase in water intensity due to production line adjustments and new product additions in 2023. The groundwater utilization rate of three plants of Standard Foods Group was 65%, and a reasonable margin was reserved. Each plant has established water use management measures and comprehensive water quality monitoring standards to monitor the quality and quantity of water resources thoroughly. (II) During 2023, Dayuan Plant completed installation of an LCC-S sealed cooling tower (LCC-V-125S) in the nourishing drinks production line to replace the old open cooling tower, and the recycling project for water used for the production line of nourishing drinks. Zhongli Plant completed the installation of a 300RT				

Item	Implementation status					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons			
	Yes	No	Summary description						
					energy-saving low-noise cooling tower. The related investment amounted to NTD 6,749 thousand for the water tower project, which actually saved 13,937 tons of water.				
			Issue	Indicator	2022				
			Environmental Aspect		Data	Scope of data		Certification institution	Certification standard
			Water resources management	Water consumption (metric tons)	662,540.0000	Standard Foods Dayuan Plant, Zhongli Plant, and Standard Diary Hukou Plant.		-	-
				Water intensity (metric tons/NTD 1 million of revenue)	41.76				
				Water resource management or reduction targets	The groundwater utilization rate for three plants of Standard Foods Group is 62%, and a reasonable margin was reserved. In case of drought, the three plants can coordinate with each other to support each other. Each plant has established water use management measures and comprehensive water quality monitoring standards to monitor the quality and quantity of water resources thoroughly.				



Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																																	
	Yes	No	Summary description																																		
			<div><div>■ Waste management</div><table><tr><th>Issue</th><th>Indicator</th><th colspan="4">2023</th></tr><tr><th colspan="2">Environmental Aspect</th><th>Data</th><th>Scope of data</th><th>Certification institution</th><th>Certification standard</th></tr><tr><td rowspan="5">Waste management</td><td>Hazardous waste (metric tons)</td><td>5.1300</td><td rowspan="3">Standard Foods Dayuan Plant, Zhongli Plant, and Standard Dairy Hukou Plant.</td><td rowspan="3">SGS</td><td rowspan="3">ISO 14001</td></tr><tr><td>Non-hazardous waste (metric tons)</td><td>5,877.2350</td></tr><tr><td>Total weight (hazardous + non-hazardous) (metric tons)</td><td>5,882.3650</td></tr><tr><td>Waste intensity (metric tons/NTD 1 million of revenue)</td><td>0.3675</td><td colspan="3"></td></tr><tr><td>Waste management policy or reduction target</td><td colspan="5">(I) Waste management is carried out in accordance with the ISO14001 environmental management system, waste classification is strictly implemented, and the recycling rate is maintained at 88% in 2023. (II) In 2023, the Dayuan Plant implemented an industrial chain of reuse, sorting and providing 1,239 metric tons of by-products to processors to produce biodiesel and feed, and effectively reduce waste.</td></tr></table></div>	Issue	Indicator	2023				Environmental Aspect		Data	Scope of data	Certification institution	Certification standard	Waste management	Hazardous waste (metric tons)	5.1300	Standard Foods Dayuan Plant, Zhongli Plant, and Standard Dairy Hukou Plant.	SGS	ISO 14001	Non-hazardous waste (metric tons)	5,877.2350	Total weight (hazardous + non-hazardous) (metric tons)	5,882.3650	Waste intensity (metric tons/NTD 1 million of revenue)	0.3675				Waste management policy or reduction target	(I) Waste management is carried out in accordance with the ISO14001 environmental management system, waste classification is strictly implemented, and the recycling rate is maintained at 88% in 2023. (II) In 2023, the Dayuan Plant implemented an industrial chain of reuse, sorting and providing 1,239 metric tons of by-products to processors to produce biodiesel and feed, and effectively reduce waste.					
Issue	Indicator	2023																																			
Environmental Aspect		Data	Scope of data	Certification institution	Certification standard																																
Waste management	Hazardous waste (metric tons)	5.1300	Standard Foods Dayuan Plant, Zhongli Plant, and Standard Dairy Hukou Plant.	SGS	ISO 14001																																
	Non-hazardous waste (metric tons)	5,877.2350																																			
	Total weight (hazardous + non-hazardous) (metric tons)	5,882.3650																																			
	Waste intensity (metric tons/NTD 1 million of revenue)	0.3675																																			
	Waste management policy or reduction target	(I) Waste management is carried out in accordance with the ISO14001 environmental management system, waste classification is strictly implemented, and the recycling rate is maintained at 88% in 2023. (II) In 2023, the Dayuan Plant implemented an industrial chain of reuse, sorting and providing 1,239 metric tons of by-products to processors to produce biodiesel and feed, and effectively reduce waste.																																			

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																															
	Yes	No	Summary description																																
			<table><tr><th>Issue</th><th>Indicator</th><th colspan="4">2022</th></tr><tr><th colspan="2">Environmental Aspect</th><th>Data</th><th>Scope of data</th><th>Certification institution</th><th>Certification standard</th></tr><tr><td rowspan="5">Waste management</td><td>Hazardous waste (metric tons)</td><td>4,0000</td><td rowspan="3">Standard Foods Dayuan Plant, Zhongli Plant, and Standard Dairy Hukou Plant.</td><td rowspan="3">SGS</td><td rowspan="3">ISO 14001</td></tr><tr><td>Non-hazardous waste (metric tons)</td><td>6,788,0000</td></tr><tr><td>Total weight (hazardous + non-hazardous) (metric tons)</td><td>6,792,0000</td></tr><tr><td>Waste intensity (metric tons/NTD 1 million of revenue)</td><td>0.4280</td><td colspan="2"></td></tr><tr><td>Waste management policy or reduction target</td><td colspan="4">Waste management is carried out in accordance with the ISO 14001 environmental management system, waste classification is strictly implemented, and the recycling and reuse ratio in 2022 reached 90%.</td></tr></table> <p>Refer to the Company’s 2023 Sustainability Report for the greenhouse gas reduction, water use reduction, or other waste management policies.</p>	Issue	Indicator	2022				Environmental Aspect		Data	Scope of data	Certification institution	Certification standard	Waste management	Hazardous waste (metric tons)	4,0000	Standard Foods Dayuan Plant, Zhongli Plant, and Standard Dairy Hukou Plant.	SGS	ISO 14001	Non-hazardous waste (metric tons)	6,788,0000	Total weight (hazardous + non-hazardous) (metric tons)	6,792,0000	Waste intensity (metric tons/NTD 1 million of revenue)	0.4280			Waste management policy or reduction target	Waste management is carried out in accordance with the ISO 14001 environmental management system, waste classification is strictly implemented, and the recycling and reuse ratio in 2022 reached 90%.				
Issue	Indicator	2022																																	
Environmental Aspect		Data	Scope of data	Certification institution	Certification standard																														
Waste management	Hazardous waste (metric tons)	4,0000	Standard Foods Dayuan Plant, Zhongli Plant, and Standard Dairy Hukou Plant.	SGS	ISO 14001																														
	Non-hazardous waste (metric tons)	6,788,0000																																	
	Total weight (hazardous + non-hazardous) (metric tons)	6,792,0000																																	
	Waste intensity (metric tons/NTD 1 million of revenue)	0.4280																																	
	Waste management policy or reduction target	Waste management is carried out in accordance with the ISO 14001 environmental management system, waste classification is strictly implemented, and the recycling and reuse ratio in 2022 reached 90%.																																	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
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 "<u>International Covenant on Economic, Social and Cultural Rights</u>" regarding the right to freedom of association and to form trade unions. We have also established women worker-related rights and obligations, which are in line with the "<u>Convention on the Elimination of All Forms of Discrimination Against Women</u>."</p> <p>(II) The Company's Work Rules</p> <ol style="list-style-type: none"> <li>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."</li> <li>2. Chapter 4 states that working hours, breaks and holidays are carried out in compliance with the Labor Standards Act.</li> <li>3. Chapter 9 states that women workers' related rights and obligations are in compliance with the Labor Standards Act.</li> <li>4. Chapter 13 states communication means for labor opinions.</li> <li>5. Chapter 14 states sexual harassment prevention.</li> </ol>	None
(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"> <li>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.</li> <li>2. All full-time workers (including spouse and children. including</li> </ol>	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>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.</p> <p>3. Annual appraisal bonuses are subject to the Company's operation and performance.</p> <p>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.</p> <p>5. Holidays and leave and various types of leave are provided as stipulated in the Labor Standards Act.</p> <p>6. Periodic health examinations are provided to employees.</p> <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> <p>1. Festive cash gift: Cash gifts are given before the Spring Festival, Dragon Boat Festival and Mid-Autumn Festival.</p> <p>2. Cash gift for colleagues.</p> <p>3. Marriage, childbirth, funeral, disability allowances.</p> <p>4. Travel subsidies.</p> <p>5. Club activity subsidies.</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			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>(I) It is the Company's responsibility and commitment to ensure the physical and mental health and safety of each employee at work. Therefore, we are committed to providing a healthy and safe working environment and organizing activities to promote the physical and mental health of our employees. Every year, based on employees' work patterns and health check-up reports, we continue to identify workplace hazards, implement employee health management, organize various health promotion activities, and promote comprehensive health and joyful living, in order to maintain the physical and mental health of employees, while continuing to improve the overall health performance, as outlined below:</p> <ol style="list-style-type: none"> <li>1. Conduct employee health check-up – Hospital health check-ups are held every two years. The contents of the check-ups exceed the statutory requirements. Hospital health check-ups are combined with the four-cancer screening tests conducted by the Health Promotion Administration.</li> <li>2. Implement employee health management – Contract consultant medical staff and full-time nurses analyze and evaluate the health check-up reports, and conduct graded management based on the abnormal standards of each item. High-risk cases are included in the health tracking. At the same time, based on the overall health check-up report, health seminars and smoking cessation management activities have been organized.</li> <li>3. Implementation of the employee health protection plan – A</li> </ol>	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>health questionnaire survey is conducted in conjunction with the annual health check-up and the results are analyzed. Cases with high-risk abnormal workload and abnormal musculoskeletal aches are included in the health tracking, and the employees are arranged for health consultation and guidance. Maternity healthcare assessments are conducted for pregnant and breastfeeding employees, and care and interviews are arranged.</p> <p>4. Health promotion activities – Diet and exercise are health promotion activities that must be promoted within the Company every year. Nutrition and exercise-related competitions are held to encourage employees to achieve physical and mental health via healthy diet and regular exercise habits.</p> <p>5. Promote health and career growth – The Company organizes various health promotion courses according to the needs of employees and makes use of the internal extensive training system of self-development, through which employees may learn about health courses, stress-relieving activities, exercise, and healthcare. Encourage employees to achieve a balance between health, work, life, and healthy family.</p> <p>6. Conduct four major programs: Conduct questionnaire surveys on employees' overload and human factors in the workplace. Provide individualized care according to the results of the questionnaires, hire physical therapists through the contract company for counseling, and promote illegal workplace abuse courses and employee awareness.</p>	

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. Establish a friendly and healthy environment – The Company is equipped with fitness space, shower rooms, breastfeeding rooms, a bright and comfortable office environment, an open workspace design, employee kitchen island and dining area, health consultation room (health center), body fat scale and sphygmomanometer.</p> <p>(II) 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>1. Education and training: 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>2. 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</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>assessment in 2020; and passed the ISO/CNS45001 annual audit every year since 2021.</p> <p>3. Quantitative indicator: The total working hours in three factories of Standard Foods Group in 2023 were 20.35 million, with 9 annual recordable occupational injury records, for a ratio of about 0.44. The number of recordable occupational injury records throughout the year is 12. In 2023, the number of serious occupational injuries was 0, and the number of fatal accidents due to occupational injuries was also 0. Compared to the 19.58 million working hours in 2022 with a ratio of about 0.61, there was a significant decrease, and no significant difference is shown. In 2023, the number of serious occupational injuries was 0, and the number of fatal accidents due to occupational injuries was also 0.</p> <p>(III) Analysis of the accident types throughout the year revealed that unsafe personal actions and inappropriate actions without complying with SOP accounted for the largest number of occupational injuries (60%). Most of them occurred in unconventional situations such as car washing, troubleshooting, and failure to comply with SOP. In 2024, we will continue to promote hazard assessment for control of this situation. At the same time, we will run the CIT project to find out those situations with a high occurrence rate of anomalies that are related to personnel hazards in all production lines of the plant, and evaluate and reduce their anomalies through elimination, replacement, and engineering improvements. It is expected to reduce the probability of major</p>	



Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>disabling injuries in the plant and continue to strengthen the safety supervision system.</p> <p>(IV) There was no fire incident in 2023, and the number of injuries or deaths due to fire was zero. Each factory conducts personnel education, training, and drills in accordance with the “Emergency Preparedness and Response Procedure” and “Fire Protection Plan.”</p>	
(IV) Does the company establish an effective career development training program for employees?	V		<p>Standard Foods is committed to cultivating talents to ensure the continuous development of its employees and enhance their professionalism and work efficiency.</p> <p>(I) New employees: We provide a series of physical and online courses to introduce the company’s culture, values, policies, and procedures, and provide professional training courses for job roles. In addition, the direct manager or the senior employee designated by the direct manager will provide personal guidance and support for new employees to help them adapt to the new work environment.</p> <p>(II) In-service employees: The Company offers various professional courses and training courses to help employees improve their professional knowledge and skills. These courses cover communication skills, presentation skills, and more. We also encourage employees to participate in external training courses and seminars to broaden their horizons and gain new perspectives and ideas.</p> <p>(III) Management staff: Leadership training is planned for different levels to help supervisors develop their leadership skills, learn effective team management and motivation skills, and improve their leadership skills.</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	
(V) In terms of issues such as customer health and safety, customer privacy, marketing and labeling of products and services, does the company comply with relevant regulations and international standards, and does it formulate relevant consumer or customer protection policies and appeal procedures?	V		<p>(I) Product packaging and labeling/information transparency and non-rendering: The Quality Assurance Division of Standard Foods has set up the Labeling and Regulation Section under the Group Food Safety Management Department, which is responsible for packaging, labeling, and advertising review. In addition to complying with the Food Safety and Sanitation Act and the “Packaging and Labeling Review Process,” information on trademarks, brands, recycling, production, and manufacturing sources must also be reviewed to ensure compliance. Multi-stage reviews including first draft, second draft, and final draft were conducted to reduce the black hole of labeling and review and maintain labeling safety.</p> <p>In addition to reviewing packaging and labeling, the Labeling and Regulation Division also reviews advertising copywriting related to marketing communications to ensure that consumers have a correct understanding of the product. Internal education and training are held on a regular basis every quarter, including labeling, advertising related regulatory changes and explanations. The Labeling and Regulation Division raises relevant personnel’s awareness and understanding of laws and regulations, improves the efficiency and accuracy of review and promotion, better protects consumer rights, and enhances brand image and value.</p> <p>(II) 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</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>personal data protection. As well as this, we formulate privacy rights policies and legal terms which are disclosed on our website/e-shopping mall. We will continue to carry out security protection plans for personal data files and related matters, implementing the personal data protection of our customers.</p> <p>(III) Our 0800 customer service hotline answers nearly 100 calls per day, hoping to solve whatever questions consumers may have as quickly as we can. Consequently, we hope consumers feel our sincerity as it is our dedication to gain an understanding of their expectations.</p>	
(VI) Has the company formulated supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor and their implementation?	V		<p>The Company has established the “Supplier Management Policies.” Raw material suppliers wishing to be our partners must be willing to make continuous progress. At the same time, we constantly encourage and require suppliers to pass quality system certifications, such as ISO 22000, SQF (Safe Quality Food), BRC (British Retail Consortium), FSSC 22000 and IFS. Through a systemic continuous assessment mechanism, we select decent and quality suppliers to ensure the quality of raw materials, further producing products that give consumers peace of mind.</p> <p>In 2023, 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>	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
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 structure of the 2023 sustainability report was compiled in accordance with the latest GRI Standards issued by the Global Reporting Initiative (GRI). The report also discloses the sustainable accounting standards indicators for the food processing industry issued by the US Sustainability Accounting Standards Board (SASB) and the information provided by the Task Force on Climate-related Financial Disclosures (TCFD) of the International Financial Stability Board (FSB). In addition, we also complied with the provisions of Table 1-1, Article 4 of "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" promulgated by the Taiwan Stock Exchange to explain the sustainability disclosure indicator requirements for the food and catering industries whose income accounts for over 50% of their total operating income, as well as climate-related information according to Table 2 in Article 4-1.</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:

**(I) Public Welfare Project :**

As a leading brand in the food industry, the Company is committed to connecting its core business, fulfilling its corporate social responsibility, and promoting the concepts and knowledge of nutrition and health, so that each ethnic group and age group will value their physical health and a lifetime of well-being! We have worked with many charity partners to implement caring action plans to continue to fill the society with warmth and love.

**1. Nutrition Project for Children**

Standard Foods Group has been focusing on the calcium deficiency issue among children from 2020 to 2022. Based on this, we initiated the “Calcium with Love” three-year welfare activity, inviting children of rural areas to take part in painting competitions at schools, which are voted by consumers online. Anyone purchasing Fresh Delight milk also made a contribution to collecting milk for children in rural areas. Eventually, Standard Foods Group achieved the goal for donating millions of bottles of milk in three years.

Starting in 2023, the Company reorganized and upgraded its plans. Focusing on the core functions of the Company’s core business, it combined with the many products and stakeholders of Standard Foods Group. The Company called on the public to pay attention to the issue of the broken chain of nutrition for children in rural areas during the summer and launched the “Calcium with Love” children nutrition independence program. The program implements food education through the “Calcium with Love Lesson Plan,” designs food education teaching materials based on the concept of six major food types. The Company also plans a “summer food incubator” to meet children’s nutritional needs. The writing mat with nutrition knowledge and simple recipes are provided along with the summer food incubator. The Company has donated more than 5,500 food incubators to rural families, reaching a total of 8,000 people. At the same time, the Company has exerted social influence by inviting consumers to join us on our e-platform, SFG Health GO. In addition, during the summer vacation, a series of nutritional knowledge courses was organized during the “Food Camp” for two days and one night to guide children to cook nutritious and healthy food. Standard Foods Group looks forward to inviting the public to jointly protect the health of children in remote areas.

**2. Nutrition Project for the Elderly :**

In 2023, Standard Foods Group launched the “Live with Love” nutrition and elderly care program, and joined hands with Alliance of Taiwan Foodbanks, Hondao Senior Citizen’s Welfare Foundation, and Old Five Old Foundation to protect nutrition and health of disadvantaged elders. Standard Foods observes that social welfare organizations for the disadvantaged in Taiwan have long suffered from a shortage of manpower and resources. When faced with lots of people asking for help, these social welfare partners were unable to strengthen their

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>public welfare mission due to numerous difficulties. In order to build a comprehensive health protection network for the elderly, 22,500 cans of food supplies are donated by Standard Foods as a nutritional supplement in addition to meals. To take into account the long-term needs of the elderly, the donations are made in three batches in three quarters to help a total of 2,500 disadvantaged elders (7,500 person-times).</p> <p>Standard Foods invests in marketing resources, invites celebrity charity ambassador Chi Yu to call on volunteers, and actively encourages retirees to volunteer in charity work to connect with society and enhance their sense of self-worth by helping others. The promotional video has been viewed more than 4.72 million times since it was launched. During the six nutrition workshops throughout Taiwan, 241 volunteers were trained with nutrition knowledge. Standard Foods connects community resources with professional dietitians, passes on the correct dietary concepts, and makes elders feel like being in a group. In addition, Standard Foods has also established the website Live with Love to assist public welfare partners in recruiting volunteers. The website has more than 200,000 hits, assisting the recruitment of 92 sites and successfully recruited 105 new volunteers. Standard Foods Group is committed to listening to the voices of each disadvantaged elderly person and works with more social welfare organization partners to practice elderly care and create a healthy and beautiful life together.</p>				
<p><b>(II) Public Welfare Donations</b></p> <p>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. In 2023, the Company made major donations/sponsorships to a total of 24 public welfare organizations, eight more than the previous year. Recipient units are as follows:</p>				
No.	Recipient		No.	Recipient
1	Alliance of Taiwan Foodbanks		13	Taiwan Hope Association for Children and Juvenile
2	Hondao Senior Citizen's Welfare Foundation		14	Wise Love
3	Old Five Old Foundation		15	Taiwan Literature Development Foundation
4	Chinese Christian Relief Association		16	Andrew Charity Association

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	

No.	Recipient	No.	Recipient
5	Hope Foundation	17	Chia Ai
6	The Mustard Seed Association	18	United Way of Taiwan
7	Boyo Social Welfare Foundation	19	Department of Social Welfare, Taoyuan- Anjia Food Bank
8	Lung Cancer Association	20	Child Welfare League Foundation
9	Kindgarden	21	Kaohsiung Social Welfare Association
10	Rain Spring Charitable Foundation	22	Taitung County Indigenous Ebenezer Holistic Care and Development Association
11	Jen Ji Shiang Social Service Institute	23	Heng-Shan Social Welfare Foundation
12	St. Anne's Home	24	Changhua Veterans Home

### (III) Green Investment

In 2023, the Company invested in the green bond of Taiwan Semiconductor Manufacturing Co., Ltd. This green bond obtained the green bond certification from the Taipei Exchange.

Bond Code	Bond abbreviation	Type of bond	Amount (NTD 10 thousand)
B618DG	P12 台積 2A	Green bond	NT\$5,000

## Climate-related information of TWSE and TPEX Listed Companies:

### 1. Implementation of climate-related information

Item	Implementation Status																	
(1) Describe the board of directors’ management oversight and governance of climate-related risks and opportunities.	<p>In 2023, the Board of Directors established the “Sustainable Development Committee” consisting of two board members and various working groups composed of senior executives. The Committee is responsible for formulating, promoting, and strengthening the development of sustainability-related issues and tracking the results. After the short-, medium-, and long-term goals are confirmed by the Board of Directors, climate change-related issues are included. The environmental sustainability team regularly reports the progress and effectiveness of climate-related projects to the Board of Directors.</p> <p>In response to the high degree of climate uncertainty, the Company’s Sustainable Development Committee and Environmental Sustainability Team convene relevant departments periodically to discuss the impact of various climate-related issues on internal and external issues of the organization. After identifying and assessing climate-related impacts, the Committee and Team hold meetings with senior executives to discuss climate-related risks and opportunities. Improvement suggestions and measures are put forward based on the possible harm caused by the risks, in order to adapt and mitigate climate-related financial risks, and corresponding climate-related financial opportunities are identified.</p>																	
(2) Describe how the identified climate risks and opportunities will affect the Company’s business, strategy, and finances in the short, mid, and long run.	<div><div>(1) Climate-related risks and financial impacts</div><table><tr><th>Type</th><th>Climate-related risks</th><th>Impact period</th><th>Risk content description</th><th>Potential financial impacts</th><th>Adaptation and response actions</th></tr><tr><td rowspan="2">Transition risks</td><td colspan="5">Policies and regulations</td></tr><tr><td>Laws and standards for energy-efficient products</td><td>Long term</td><td>● According to the Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity under the Renewable Energy</td><td>● Due to the increase in energy costs, in accordance with the green power policy of Taipower, electricity tariffs will be increased</td><td>● Each plant implements energy-saving and carbon reduction measures such as equipment replacement, renewal, or process improvement.</td></tr></table></div>	Type	Climate-related risks	Impact period	Risk content description	Potential financial impacts	Adaptation and response actions	Transition risks	Policies and regulations					Laws and standards for energy-efficient products	Long term	● According to the Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity under the Renewable Energy	● Due to the increase in energy costs, in accordance with the green power policy of Taipower, electricity tariffs will be increased	● Each plant implements energy-saving and carbon reduction measures such as equipment replacement, renewal, or process improvement.
Type	Climate-related risks	Impact period	Risk content description	Potential financial impacts	Adaptation and response actions													
Transition risks	Policies and regulations																	
	Laws and standards for energy-efficient products	Long term	● According to the Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity under the Renewable Energy	● Due to the increase in energy costs, in accordance with the green power policy of Taipower, electricity tariffs will be increased	● Each plant implements energy-saving and carbon reduction measures such as equipment replacement, renewal, or process improvement.													



Item	Implementation Status					
				Development Act that went into effect in 2021, electricity users with a contracted capacity of 5,000 kilowatts (kW) or higher must prepare 10% of their green electricity within five years.	year by year, resulting in a certain degree of financial impact.	
	Local regulations	Mid-term		● Taiwan’s “Climate Change Response Act”	● Carbon reduction costs increase	
	Technology					
	Costs for transiting to low-carbon technologies	Mid-term		● The development of fermentation process is relatively rigorous.	● Cost of developing new packaging materials ● R&D and testing costs ● Investment in new packaging equipment	● Large-size yogurt was successfully developed to reduce the quantity of packaging and the use of plastics.
	Market					
	Market demand changes	Short term		● Competitors have implemented plastic reduction measures in product packaging	● Poor merchandise sales led to reduced profits.	● Invest in R&D funds and increase marketing efforts for new

Item	Implementation Status					
				design due to changes in market demand.		products and packaging materials so consumers are more willing to accept Standard Foods' products.
	Physical risks	Immediacy				
		Extreme weather events such as typhoons and floods	Short term	<ul style="list-style-type: none"> <li>● May cause machinery, personnel, plant, or other equipment losses.</li> <li>● Staff attendance is affected.</li> <li>● Disruption of transportation and loss of goods.</li> </ul>	<ul style="list-style-type: none"> <li>● Due to power outages and equipment damage, the production lines cannot be restored in a short time, and the production capacity will be affected. The factory will be shut down for several days to several weeks, depending on the situation.</li> <li>● Loss of machinery,</li> </ul>	<ul style="list-style-type: none"> <li>● Build a remote backup system to reduce the impact of natural disasters on the company's information system.</li> <li>● An insurance premium budget is prepared each year to transfer risks.</li> </ul>

Item	Implementation Status					
					plant, and personnel. ● Salary expenses incurred from paid typhoon leave.	
		Long term				
		Changes in rainfall (volume) patterns	Mid-term	● The heat wave and drought in Europe have reduced the supply and price of olive oil. It is necessary to purchase early, increase safety stocks and find other production areas.	● The quality of raw materials is affected, resulting in increased operating costs. The cost of urgent items for individual inspection is 1.5 times that of ordinary items, and the cost of urgent items costs twice as much.	● In response to the unstable supply of agricultural products in specific regions and the increase in quotations, the Company responded by placing orders in advance and purchasing goods.
		Average annual temperature rise	Long term	● Affect the operation of cooling equipment ● Reduced raw	● Electricity bill increase ● Reduced production	● In response to energy conservation and waste

Item	Implementation Status			
			material supply (e.g. oats) • Increase the energy consumption of logistics air conditioners	of raw materials and increase in cost of raw materials • Increased shipping costs  reduction, promote the replacement of chillers in the Group's factories to improve energy efficiency. • Strengthen close partnerships with existing suppliers, find alternative sources to stabilize the supply chain, control operating costs within a certain range, and reduce procurement risks.
	(2) Climate-related opportunities and financial impacts			
	Type	Climate-related opportunities	Potential financial impacts	Response actions
	Resource efficiency	• Paper and waste recycle and reuse • Reduce water consumption • Circular economy • Green building plant	• Reduce electricity consumption and carbon emissions • Reduce water consumption costs • Subsidies for purchasing energy-efficient appliances	• In response to energy conservation and waste reduction, promote the replacement of chillers in the Group's factories to improve energy efficiency.

Item	Implementation Status			
	Energy source	<ul style="list-style-type: none"> <li>● Low-carbon energy use</li> </ul>	<ul style="list-style-type: none"> <li>● Use multiple energy sources to strengthen the energy supply resilience</li> </ul>	<ul style="list-style-type: none"> <li>● Assess the installation of solar panels to stabilize renewable energy generation and increase the proportion of renewable power.</li> </ul>
	Product and service	<ul style="list-style-type: none"> <li>● R&amp;D and innovation for development of new products and services.</li> </ul>	<ul style="list-style-type: none"> <li>● Provide diverse services and products to meet market demand and enhance the company's reputation and popularity.</li> </ul>	<ul style="list-style-type: none"> <li>● Continue to introduce new products and green packaging to meet the needs of different customer groups.</li> </ul>
	Resilience	<ul style="list-style-type: none"> <li>● Integrate climate change risks and handling methods to improve the company's resilience.</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthen corporate resilience, reduce losses caused by climate change, and decrease customer losses.</li> </ul>	<ul style="list-style-type: none"> <li>● Continue to respond to the impact of climate change on Standard Foods' operations via the climate-related financial disclosure (TCFD) framework, strengthen climate adaptation capabilities, in order to improve organizational resilience.</li> </ul>
(3) Describe the financial impacts of extreme climate events and transitional actions.	Please refer to the description of item (2) for details.			
(4) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>The Company's risk management includes "strategy," "operation," "finance," "environment," and "legislation." Through the participation of the Board of Directors and senior management, the Company supports and establishes a risk management unit, and builds a sound risk management framework. Each business unit integrates various strategies related to climate change risks specified by the Sustainable Development Committee based on the duties it is in charge of and considering various risks that might affect achievement of the corporate goal. Each business unit identifies, evaluates, and builds a comprehensive climate management procedure, including identification, assessment, management, recovery, adaptation, and other</p>			

Item	Implementation Status
	<p>steps, and executes continuous monitoring. The risk management promotion team compiles the risk information provided by each unit, issues risk management reports to the Audit Committee and the Board of Directors every year and establishes a dynamic management and reporting mechanism to supervise the effective implementation of risk management. By integrating risk management into operating activities and daily management processes, the Company shapes a comprehensive corporate risk management culture to achieve corporate goals, improve management efficiency, and provide and effectively allocate resources.</p>
<p>(5) If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.</p>	<p>The Company has evaluated the impact of climate disasters that may occur at 2.4°C to 4.4°C based on the RCP climate scenario it selected and then simulated climate scenarios as RCP2.6–RCP8.5 based on the “TCCIP” (<a href="https://tccip.ncdr.nat.gov.tw/">https://tccip.ncdr.nat.gov.tw/</a>), the “3D Disaster Potential Map” (<a href="https://dmap.ncdr.nat.gov.tw/1109/map/">https://dmap.ncdr.nat.gov.tw/1109/map/</a>), and other public climate model/chart websites. It is estimated that the average and maximum daily rainfall increase at the end of the century did not exceed the disaster-causing standard of the “3D Disaster Potential Map”: 650 mm of rainfall in 24 hours. Therefore, the Company has no immediate flood risk. But there are still typhoons and other natural disasters that may cause line stoppage, transportation difficulties, supply chain interruption, and personnel absenteeism.</p> <p>The Company estimates the financial impact of future electricity costs according to the Nationally Determined Contributions (NDCs) of the Paris Agreement and relevant domestic laws and regulations (such as the “Greenhouse Gas Reduction and Management Act” and the “Renewable Energy Development Act”). According to the Ministry of Economic Affairs, the actual average unit price of Taipower in 2022 is 2.8064 NTD/kWh, and the overall average electricity price in 2023 after adjustment based on the summer plan is 3.1154 NTD/kWh, an increase of 11%. The new rates came into effect on April 1, 2023. The aggregate calculation of the Company’s major factories and headquarters in Taiwan is based on the estimated purchased electricity of 31,554 thousand kWh in 2023. Based on the above average electricity price increase in 2024, the annual increase in electricity expenditure will be NTD 9,750,186. Based on the scenario analysis results, the company will continue implementing various energy-saving measures in response to the potential impact of purchased electricity on electricity consumption.</p>

Item	Implementation Status
(6) If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	<p>The company has taken the potential impact of climate change into consideration for overall operations. This is to estimate the probability of risk occurrence and the degree of impact. The goal is to formulate a risk response and mitigation plan and identify physical and transformation risks and opportunities based on business type, risk strategy, and financial planning status. Scenario simulation (physical risk: RCP 2.6, RCP 8.5, transition risk: NDCs, domestic regulations) will be conducted for possible future climate financial impact. Prospective and positive climate actions will be planned, and risk response and mitigation measures will be formulated. Crisis management mechanisms have been developed, such as promoting green energy and environmental protection policies, transforming supply chains to low-carbon manufacturing, expanding the use of renewable energy, and developing innovative carbon reduction technologies. These measures will comprehensively reduce the carbon footprint of corporate operations, product production, and sales. In response to global climate change and the greenhouse effect on the environment, the Company has formulated energy-saving and carbon reduction measures, promoted energy-saving management in offices and public areas, reduced waste, implemented green procurement, purchased products with energy-saving and green labels, and truly fulfilled energy saving and carbon reduction according to government regulations.</p> <p>Please refer to the description of item (2) for the main short, mid, and long-term risks and opportunities of the Company.</p>
(7) If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	Not applicable.
(8) If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve the goals, the source and quantity of offset carbon reduction credits or quantity of RECs must be explained.	Please refer to 1-1 and 1-2 for the scope and planning period of greenhouse gas emission, and annual progress.
(9) Greenhouse gas inventory and assurance status, as well as reduction targets, strategies, and concrete action plans (please refer to 1-1 and 1-2).	Please refer to 1-1 and 1-2 below.

# 1-1 The Company's greenhouse gas inventory and assurance in the recent two years

## 1-1-1 Greenhouse gas inventory information

### (1) 2022 Standard Foods Group greenhouse gas inventory table

Category	Sub-category	Total emissions equivalents (tons CO <sub>2</sub> e/year)				
		Taipei headquarters	Standard Foods Dayuan Plant	Standard Foods Zhongli Plant	Standard Dairy Hukou Plant	Total
Category 1	1.1 Direct emissions from stationary combustion sources	0.0000	5,832.8605	2,723.5049	3,442.3562	11,998.7216
	1.2 Direct emissions from mobile combustion sources	288.2803	87.9961	3.9682	3.0191	383.2637
	1.3 Direct process emissions and removals from industrial processes	0.0000	0.0207	0.0000	0.0018	0.0225
	1.4 Direct fugitive emissions from greenhouse gases released by the man-made system	10.5412	302.5139	89.9380	151.0679	554.0610
Category 2	2.1 Indirect emissions from imported electricity	183.9853	6,737.8414	5,060.2860	3,812.5890	15,794.7017
	2.2 Indirect emissions from imported energy	0.0000	0.0000	0.0000	0.0000	0.0000
Category 3	3.1 Emissions from upstream transport and distribution for goods	0.0000	0.0000	0.0000	0.0000	0.0000
	3.2 Emissions from downstream transport and distribution for goods	0.0000	0.0000	0.0000	0.0000	0.0000
	3.3 Emissions from employee commuting	108.4189	0.0000	0.0000	0.0000	108.4189
	3.4 Emissions from client and visitor transport	0.0000	0.0000	0.0000	0.0000	0.0000
	3.5 Emissions from business travels	0.0000	0.0000	0.0000	0.0000	0.0000



Category	Sub-category	Total emissions equivalents (tons CO <sub>2</sub> e/year)				
		Taipei headquarters	Standard Foods Dayuan Plant	Standard Foods Zhongli Plant	Standard Dairy Hukou Plant	Total
Category 4	4.1 Emissions from purchased goods	113.2911	120,396.2582	1,666.1128	1,560.5920	123,736.2541
	4.2 Emissions from capital goods	0.0000	0.0000	0.0000	0.0000	0.0000
	4.3 Discharge from the disposal of solid and liquid waste	0.4953	112.3858	197.9879	129.6039	440.4729
	4.4 Emissions from the use of assets	0.0000	0.0000	0.0000	0.0000	0.0000
Category 5	5.1 Emissions or removals from the use stage of the product	0.0000	0.0000	0.0000	0.0000	0.0000
	5.2 Emissions from downstream leased assets	0.0000	0.0000	0.0000	0.0000	0.0000
	5.3 Emissions from end-of-life stage of the product	0.0000	0.0000	0.0000	0.0000	0.0000
	5.4 Emissions from investments	0.0000	0.0000	0.0000	0.0000	0.0000
Category 6	6.1 Indirect greenhouse gas emissions from other sources	0.0000	0.0000	0.0000	0.0000	0.0000
Total emissions of Category 1 (tons CO <sub>2</sub> e/year)		298.8215	6,223.3912	2,817.4111	3,596.4450	12,936.0688
Total emissions of Category 2 (tons CO <sub>2</sub> e/year)		183.9853	6,737.8414	5,060.2860	3,812.5890	15,794.7017
Total emissions of Category 2 to 6 (tons CO <sub>2</sub> e/year)		406.1906	127,246.4854	6,924.3867	5,502.7849	140,079.8476
Total emissions of Category 3 to 6 (tons CO <sub>2</sub> e/year)		222.2053	120,508.6440	1,864.1007	1,690.1959	124,285.1459
Total emissions equivalents of Category 1 to 6 (tons CO <sub>2</sub> e/year)		705.0121	133,469.8766	9,741.7978	9,099.2299	153,015.916

(2) 2023 Standard Foods Group greenhouse gas inventory table

Category	Sub-category	Total emissions equivalents (tons CO <sub>2</sub> e/year)				
		Taipei headquarters	Standard Foods Dayuan Plant	Standard Foods Zhongli Plant	Standard Dairy Hukou Plant	Total
Category 1	1.1 Direct emissions from stationary combustion sources	0.0000	4,961.6692	2,891.9865	3,076.2336	10,929.8893
	1.2 Direct emissions from mobile combustion sources	1,011.0868	42.8604	5.6925	1.8964	1,061.5361
	1.3 Direct process emissions and removals from industrial processes	0.0000	0.0222	0.0099	0.1140	0.1461
	1.4 Direct fugitive emissions from greenhouse gases released by the man-made system	28.7246	267.0373	70.0128	77.8897	443.6644
Category 2	2.1 Indirect emissions from imported electricity	272.8970	6,357.1685	5,206.9576	3,751.6336	15,588.6567
	2.2 Indirect emissions from imported energy	0.0000	0.0000	0.0000	0.0000	0.0000
Category 3	3.1 Emissions from upstream transport and distribution for goods	0.0000	0.0000	0.0000	0.0000	0.0000
	3.2 Emissions from downstream transport and distribution for goods	0.0000	0.0000	0.0000	0.0000	0.0000
	3.3 Emissions from employee commuting	85.1054	255.8563	42.4857	77.9841	461.4315
	3.4 Emissions from client and visitor transport	0.0000	0.0000	0.0000	0.0000	0.0000
	3.5 Emissions from business travels	0.0000	0.0000	0.0000	0.0000	0.0000
Category 4	4.1 Emissions from purchased goods	312.6613	64,984.7268	24,609.9061	4,753.5615	94,660.8557
	4.2 Emissions from capital goods	0.0000	0.0000	0.0000	0.0000	0.0000
	4.3 Discharge from the disposal of solid and liquid waste	0.9766	114.9738	143.5123	141.6872	401.1499
	4.4 Emissions from the use of assets	0.0000	0.0000	0.0000	0.0000	0.0000
Category 5	5.1 Emissions or removals from the use stage of the product	0.0000	0.0000	0.0000	0.0000	0.0000
	5.2 Emissions from downstream leased assets	0.0000	0.0000	0.0000	0.0000	0.0000
	5.3 Emissions from end-of-life stage of the product	0.0000	0.0000	0.0000	0.0000	0.0000
	5.4 Emissions from investments	0.0000	0.0000	0.0000	0.0000	0.0000

Category	Sub-category	Total emissions equivalents (tons CO <sub>2</sub> e/year)				
		Taipei headquarters	Standard Foods Dayuan Plant	Standard Foods Zhongli Plant	Standard Dairy Hukou Plant	Total
Category 6	6.1 Indirect greenhouse gas emissions from other sources	0.0000	0.0000	0.0000	0.0000	0.0000
Total emissions of Category 1 (tons CO <sub>2</sub> e/year)		1,039.8114	5,271.5891	2,967.7017	3,156.1337	12,435.2359
Total emissions of Category 2 (tons CO <sub>2</sub> e/year)		272.8970	6,357.1685	5,206.9576	3,751.6336	15,588.6567
Total emissions of Category 2 to 6 (tons CO <sub>2</sub> e/year)		671.6403	71,712.7254	30,002.8617	8,724.8664	111,112.0938
Total emissions of Category 3 to 6 (tons CO <sub>2</sub> e/year)		398.7433	65,355.5569	24,795.9041	4,973.2328	95,523.4371
Total emissions of Category 1 to 6 (tons CO <sub>2</sub> e/year)		1,711.4517	76,984.3145	32,970.5634	11,881.0001	123,547.3297

#### 1-1-2 Greenhouse gas assurance information

The Group introduced the ISO14064-1 greenhouse gas inventory system. In 2023, the Group completed the inventory of four major sites for 2022 (Taipei Headquarters, Standard Foods Dayuan Plant, Standard Foods Zhongli Plant, and Standard Dairy Hukou Plant). The Group passed the SGS verification and obtained the verification declaration.

In the year 2024, 6 business premises were added to survey sites. The category of Scope 3 was improved. The Group's GHG Inventory Procedures were revised. The first year (2023) after verification is executed after more sites are added is the base year. The Procedures may be executed upon approval of the President. The application for 2024 will be verified by the China Productivity Center in April, and it is planned to obtain the verification statement in May.

### 1-2 Greenhouse gas reduction goals, strategies, and concrete action plans

#### (1) Short-term plan:

- Complete greenhouse gas emission inventory and verification for the Group's four major sites and six new business premises in Taiwan by 2024.
- Introduce the CDP Carbon Disclosure Project.
- Implement proposal improvement projects and conduct carbon emission control for carbon emission hotspots to effectively reduce carbon emissions.
- Reduce carbon emissions by 3% in 2025 (based on 2023, unit: metric tons/NTD 1 million of revenue).
- In 2025-2026, we will assist subsidiaries in inheriting and completing the ISO 14064-1 greenhouse gas inventory and setting the group's long-term carbon reduction goals.

#### (2) Mid- and long-term plan:

- Reduce carbon emissions by 5% in 2027 (based on 2023, unit: metric tons/NTD 1 million of revenue).
- Use green building materials, expand greening around the plant, adopt gravity transportation to reduce power consumption, and plan efficient public equipment.
- Adopt the SBTi Science-Based Carbon Reduction Targets initiative to advance carbon reduction intensity scientifically.

Note 1 The inventory scope of the data of Company in 2022 covers the four major sites of Taiwan Standard Foods Group. The scope of 2023 inventory data covers the four major sites and six business premises of Taiwan Standard Foods Group.

Note 2 For more climate-related information, please refer to the Company's 2023 Sustainability Report.

**(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	Description	
II. Fulfillment of ethical corporate management				
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	V		The Company does not accept cash gifts or kickbacks in any transaction with suppliers, in hope that the opposite party could provide a reasonable price and favorable quality.	None
(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?	V		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.	
(III) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		Pursuant to the "Ethical Corporate Management Best-Practice Principles," stakeholders should adopt appropriate recusal measures in the face of a conflict of interest.	
(IV) Does the company have an effective accounting system for the implementation of ethical management, internal control system, and the evaluation result of the risk of dishonesty by the internal audit unit, to formulate relevant audit plans, and check the compliance with the plan to prevent dishonesty, or entrust an accountant to perform the audit?	V		The Company has established a sound internal control system. The internal auditors regularly audit the implementation of each unit in accordance with the audit plan. The audit results are reported to the Board of Directors.	
(V) Does the company regularly hold internal and external educational pieces of trainings on operational integrity?	V		In addition to periodic education and training, the HR Division performs relevant ethical corporate management promotion on new employees upon their report to work. To provide employees with relevant legal knowledge, we have established a section dedicated to laws on the Company's intranet.	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for Exchange-listed and OTC-listed Companies and Reasons Thereof
	Yes	No	Description	
<b>III. Operation of the whistle-blowing system</b> (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? (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? (III) Does the company provide proper whistleblower protection?	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.	None
	V			
	V			
<b>IV. Enhanced disclosure of ethical corporate management information</b> Does the Company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company's Ethical Corporate Management Best Practice Principles for Exchange-listed and OTC-listed Companies” and “Code of Ethics” have been disclosed in investor information on the Company's website. The Company also discloses relevant and reliable information on ethical corporate management in the Annual Report and Sustainability Report.	None
<b>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.</b>				
<b>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)</b> (I) The Company adheres to the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, and relevant regulations in relation to the exchange-listed and OTC-listed companies and other related business law and regulations, as the foundation for ethical corporate management. (II) The Company’s “Rules for Procedure for Board of Directors Meetings” clearly outlined the directors’ interest avoidance system. Directors should excuse him or herself in relation to matters which directly related to themselves or any juristic person which they represent. If the matter is harmful to the Company's interests, it shall be properly explained and answered at the Board meeting. The Director is abstained from discussion or vote nor vote				

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	
on behalf of another Director in this regard.				
(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.sfworldwide.com> Disclose and update information regularly.
2. Information on the Company's website is collected and maintained by a specially assigned person. The regulations such as "Corporate Governance Best Practice Principles" are disclosed on the website for reference.

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

**(X) Implementation of Internal Control System**

**1. Statement of Internal Control System**

Standard Foods Corporation  
Statement on Internal Control

Date: March 11, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 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, 2023, 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. 11, 2024, 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:**

1. Major Resolutions of 2023 Shareholders' General Meeting and Implementation Status:

2023 and up to the publication date of the annual report, the Company has convened one shareholder's general meeting. The Company's 2023 shareholders' general meeting was held on Jun. 16, 2023. The summary of matters approved via resolution is as follows:

Matters Approved	Implementation Status
(1) Approval of 2022 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 2022	Upon the approval in shareholders' general meeting of the proposal via a resolution, the cash dividends of NT\$1.29 share, totally NT\$1,180,465,572 were distributed, with the ex-dividend base date of Jul. 26, 2023. The dividends were granted on Aug. 17, 2023.

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
Mar. 15, 2023 the 5th meeting of the 14th Board	<ol style="list-style-type: none"> <li>1. Approved the motion for the 2023 business plan and budget.</li> <li>2. Approved the motion for the 2022 financial report and consolidated financial report.</li> <li>3. Approved the motion for the 2022 earnings distribution.</li> <li>4. Approved the motion for the 2022 performance evaluation for Board Members, Board of Directors, and functional committees.</li> <li>5. Approved the Proposal of 2022 Performance Evaluation of Directors and Managers.</li> <li>6. Approved the Proposal of Remuneration for Employees and Directors of 2022</li> <li>7. Approved the motion for the 2022 statement of internal control.</li> <li>8. Amendments to the "Procedure for Preparation of Sustainability Report and Verification" of the</li> </ol>	Approved by the Audit Committee and approved by all directors attending the meeting without objections.

Date	Major resolution matters	Opinions of independent director opinions and how the company has responded to such opinions
	<p>internal control system.</p> <p>9. Approved the evaluation of the independence and suitability of the external auditors with reference to the AQI.</p> <p>10. Approved the motion to change CPAs for the financial report in line with the internal rotation mechanism of the accounting firm.</p> <p>11. Approved pre-approval for non-assurance services provided by CPA firm that posed no threat to independence.</p> <p>12. Approved the motion for the date for the 2023 annual general meeting of shareholders and agenda as well as related matters.</p> <p>13. Approved the application for corporate credit card limit of financial institutions.</p> <p>14. Approved the motion for extending credit lines from financial institutions.</p>	
May 11, 2023 the 6th meeting of the 14th Board	<p>1. Approved the motion for the consolidated financial statements for Q1 2023.</p> <p>2. Approved the establishment of the Sustainable Development Committee and appointment of committee member.</p> <p>3. Approved the second-phase adjustment proposal for the investment framework.</p> <p>4. Approved the motion for loaning funds to the subsidiary in China.</p> <p>5. Approved the motion to lend funds to subsidiary Charng Hui Company Limited.</p> <p>6. Approved the motion for providing an endorsement guarantee for the subsidiary Charng Hui Company Limited to extend credit lines from financial institutions.</p>	Approved by the Audit Committee and approved by all directors attending the meeting without objections.
Jun. 16, 2023 the 7th meeting of the 14th Board	Approved the motion regarding the ex-dividend record date as resolved by the Board of directors.	Approved by the Audit Committee and approved by all directors attending the meeting without objections.
Aug. 2, 2023 the 8th meeting of the 14th Board	<p>1. Approved the motion for the consolidated financial statements for Q2 2023.</p> <p>2. Approved the motion for the amendment to the “Corporate Governance Best Practice Principles.”</p> <p>3. Approved the motion for the amendment to the “Sustainable Development Best Practice</p>	Approved by the Audit Committee and approved by all directors attending the meeting without objections.

Date	Major resolution matters	Opinions of independent director opinions and how the company has responded to such opinions
	Principles.” 4. Approved the motion for the amendment to the “Risk Management Policies and Procedures.” 5. Approved the motion for the amendment to the “Audit Committee Charter.” 6. Approved the 2022 sustainability report. 7. Approved the motion for extending credit lines from financial institutions.	
Nov. 8, 2023 the 9th meeting of the 14th Board	1. Approved the allocation ratio of employee compensation and director remuneration for the 2023. 2. Approved the motion for the consolidated financial statements for Q3 2023. 3. Approved the motion of the remuneration of the Company’s CPAs for 2023. 4. Approved the motion for the Company’s 2024 audit plan. 5. Approved the amendments to the provisions related to the “Risk Management Policies and Procedures” under the Company’s internal control system items. 6. Approved the motion for the amendment to the “Procedures for Preventing Insider Trading Management.” 7. Approved the motion for the amendment to the “Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises.” 8. Approved the motion for the amendment to the “Supplier Management Policies.” 9. Approved the motion for extending credit lines from financial institutions.	Approved by the Audit Committee and approved by all directors attending the meeting without objections.
Jan. 24, 2024 the 10th meeting of the 14th Board	1. Approved the motion for extending credit lines from financial institutions. 2. Approved the investment proposal in H2U.	Approved by the Audit Committee and approved by all directors attending the meeting without objections.
Mar. 11, 2024 the 11th meeting of the 14th Board	1. Approved the motion for the 2024 business plan and budget. 2. Approved the motion for the 2023 financial report and consolidated financial report. 3. Approved the motion for the 2023 earnings	Approved by the Audit Committee and approved by all directors attending the meeting without

Date	Major resolution matters	Opinions of independent director opinions and how the company has responded to such opinions
	<p>distribution.</p> <p>4. Approved the performance evaluation of the directors and managers of the Company for the 2023.</p> <p>5. Approved the allocation of director remuneration and employee compensation for the 2023.</p> <p>6. Approved the motion for the 2023 statement of internal control.</p> <p>7. Approved the evaluation of the independence and suitability of the external auditors with reference to the AQI.</p> <p>8. Approved the motion for the date for the 2024 annual general meeting of shareholders and agenda as well as related matters.</p>	<p>objections.</p>

- (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	Han-Ni Fang Zhao-Yu Chen	2023.01-2023.12	5,575	406	5,981	Non-audit fees include NT\$406,000 for the transfer pricing report.

1. Change of auditing firm with reduced audit fees compared to the previous year : Not applicable.
2. Audit fees decreased by over 10% from the previous year : Not applicable.

#### V. Information About Replacement of CPA:

##### (I) Former CPAs

Former CPAs			
Date of Replacement	January 2023		
Replacement Reasons and Explanations	Internal job adjustments of Deloitte & Touche		
Termination by the Company or the CPAs	Party	CPA	Client
	Condition		
	Termination by the Company	N/A	
	Termination by the CPAs		
Unqualified opinion of issuance in the latest 2 years Opinions and reasons other than the audit report	N/A		
Deviation from the Issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Others
	None	V	
	Remark		
Other Revealed Matters (Additional Disclosures under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guideline)	None		

(II) Successive CPAs

Name of CPA Firm	Deloitte & Touche
Name of CPAs	Han-Ni Fang, Zhao-Yu Chen
Date of Appointment	January 2023
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	2023		Current year ended April 21	
		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	9,036,423	0	0	0

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

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

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

April 21, 2024 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	178,727,315	19.53	0	0	0	0	Ter-Fung Tsao	Chairman of Mu Te Company	
							Chia Yun Investment Co., Ltd. Trust Property Account	The chairman of Mu Te Company is the chairman 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	
							Charng Hui Ltd.	The chairman of Mu Te Company is the chairman of Charng Hui 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	Chairman of Chia Yun Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Director of Chia Chieh Company	
							Mu Te Investment Co., Ltd.	Chairman of Mu Te Company	
							Charng Hui Ltd.	Chairman of Charng Hui Company	
Chia Yun Investment Co., Ltd. Trust Property Account	147,633,489	16.13	0	0	0	0	Ter-Fung Tsao	Chairman of Chia Yun Company	
							Mu Te Investment Co., Ltd. Trust Property Account	The chairman of Chia Yun Company is the chairman 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 chairman of Mu Te Company	
							Charng Hui Ltd.	The chairman of Chia Yun Company is the chairman of Charng Hui 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	
Representative: Ter-Fung Tsao	40,848,203	4.46	0	0	22,688,211	2.48	Mu Te Investment Co., Ltd. Trust Property Account	Chairman of Mu Te Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Director of Chia Chieh Company	
							Mu Te Investment Co., Ltd.	Chairman of Mu Te Company	
							Charng Hui Ltd.	Chairman of Charng Hui Company	
Chia Chieh Investment Co., Ltd. Trust Property Account	117,539,583	12.84	0	0	0	0	Ter-Fung Tsao	Director of Chia Chieh Company	
							Mu Te Investment Co., Ltd. Trust Property Account	The director of Chia Chieh Company is the chairman of Mu Te Company	
							Chia Yun Investment Co., Ltd. Trust Property Account	The director of Chia Chieh Company is the chairman of Chia Yun Company	
							Mu Te Investment Co., Ltd.	The director of Chia Chieh Company is the chairman of Mu Te Company	
							Charng Hui Ltd.	The director of Chia Chieh Company is the chairman of Charng Hui Company	
	5,871	0.00	0	0	0	0	Mu Te Investment Co., Ltd. Trust Property Account	Director of Mu Te Company	
							Chia Yun Investment Co., Ltd. Trust Property Account	Director of Chia Yun Company	
							Mu Te Investment Co., Ltd.	Director of Mu Te Company	
Representative: Siao Siou Jhen									

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	
Ter-Fung Tsao	40,848,203	4.46	0	0	22,688,211	2.48	Mu Te Investment Co., Ltd. Trust Property Account	Chairman of Mu Te Company	
							Chia Yun Investment Co., Ltd. Trust Property Account	Chairman of Chia Yun Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Director of Chia Chieh Company	
							Mu Te Investment Co., Ltd.	Chairman of Mu Te Company	
							Charng Hui Ltd.	Chairman of Charng Hui Company	
Mu Te Investment Co., Ltd.	22,650,057	2.48	0	0	0	0	Ter-Fung Tsao	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 chairman 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	
							Charng Hui Ltd.	The same person as the chairman.	
Representative: Ter-Fung Tsao	40,848,203	4.46	0	0	22,688,211	2.48	Mu Te Investment Co., Ltd. Trust Property Account	Chairman of Mu Te Company	
							Chia Yun Investment Co., Ltd. Trust Property Account	Chairman of Chia Yun Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Director of Chia Chieh Company	
							Charng Hui Ltd.	Chairman of Charng Hui Company	
Nan Shan Life Insurance Company, Ltd. Representative: Yin,Chong-Yao	18,670,000	2.04	0	0	0	0	-	-	
	0	0.00	0	0	0	0	-	-	
Lin Junyao	16,699,000	1.82	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	
Fubon Life Insurance Co., Ltd. Representative: Howard Lin	7,443,815	0.81	0	0	0	0	-	-	
	0	0	0	0	0	0	-	-	
Charng Hui Ltd.	6,669,471	0.73	0	0	0	0	Ter-Fung Tsao	Chairman of Charng Hui Company	
							Mu Te Investment Co., Ltd. Trust Property Account	The chairman of Mu Te Company is the chairman of Charng Hui Company	
							Chia Yun Investment Co., Ltd. Trust Property Account	The chairman of Chia Yun Company is the chairman of Charng Hui Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	The director of Chia Chieh Company is the chairman of Charng Hui Company	
							Mu Te Investment Co., Ltd	The same person as the chairman.	
Representative: Ter-Fung Tsao	40,848,203	4.46	0	0	22,688,211	2.48	Mu Te Investment Co., Ltd. Trust Property Account	Chairman of Mu Te Company	
							Chia Yun Investment Co., Ltd. Trust Property Account	Chairman of Chia Yun Company	
							Chia Chieh Investment Co., Ltd. Trust Property Account	Director of Chia Chieh Company	
							Mu Te Investment Co., Ltd	Chairman of Mu Te Company	
JPMorgan Chase Bank N.A., Taipei Branch has been entrusted with the Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	6,116,603	0.67	0	0	0	0	-	-	

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

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

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

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

April 30, 2024; 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.	157,147,892	100%	-	-	157,147,892	100%
Standard Corporation (Hong Kong) Limited.	-	-	157,021,892	100%	157,021,892	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%
Jiangsu Hua Sun Health Technology Co., Ltd.	-	-	N/A (Note 2)	100%	N/A (Note 2)	100%

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

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

## Chapter 4. Fund Raising Status

### I. Capital and Shares

#### (I) Source of Capital

##### 1. Source of Capital

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

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

## 2. Share Type

Share Type	Authorized Capital			Remarks
	Issued Shares (Shares of listed companies)	Unissued Shares	Total	
Registered Common Shares	915,089,591	4,910,409	920,000,000	None

3. Information for Declaration System: None.

## (II) Status of Shareholders

April 21, 2024

Structure Item	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	10	164	63,456	215	63,845
Number of Shares Held	0	27,503,015	490,055,665	342,499,324	55,031,587	915,089,591
Percentage of Ownership	0.00%	3.01%	53.55%	37.43%	6.01%	100.00%

## (III) Distribution of Shares

1. Common Shares (The par value for each share is \$10 NTD)

April 21, 2024

Range of Shares	Number of Shareholders	Number of Shares Held	Shareholding Ratio
1-999	13,503	2,960,302	0.32%
1,000-5,000	38,261	81,427,039	8.90%
5,001-10,000	6,737	51,596,161	5.64%
10,001-15,000	1,999	25,502,443	2.79%
15,001-20,000	1,096	20,098,490	2.20%
20,001-30,000	948	23,907,477	2.61%
30,001-40,000	400	14,143,997	1.55%
40,001-50,000	236	10,857,044	1.19%
50,001-100,000	408	28,426,968	3.11%
100,001-200,000	152	20,798,868	2.27%
200,001-400,000	50	13,843,231	1.51%
400,001-600,000	13	6,467,965	0.71%
600,001-800,000	7	4,875,185	0.53%
800,001-1,000,000	6	5,428,145	0.59%
1,000,001 股以上	29	604,756,276	66.08%
Total	63,845	915,089,591	100.00%

2. Preferred of shares : Not issuing preferred shares.

**(IV) Major Shareholders**

April 21, 2024

Shares Name of Major Shareholder	Number of Shares Held	Percentage of Ownership %
Mu Te Investment Co., Ltd. Trust Property Account	178,727,315	19.53
Chia Yun Investment Co., Ltd. Trust Property Account	147,633,489	16.13
Chia Chieh Investment Co., Ltd. Trust Property Account	117,539,583	12.84
Ter-Fung Tsao	40,848,203	4.46
Mu Te Investment Co., Ltd.	22,650,057	2.48
Nan Shan Life Insurance Company, Ltd.	18,670,000	2.04
Lin Junyao	16,699,000	1.82
Fubon Life Insurance Co., Ltd.	7,443,815	0.81
Charng Hui Ltd.	6,669,471	0.73
JPMorgan Chase Bank N.A., Taipei Branch has been entrusted with the Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	6,116,603	0.67

**(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		2022	2023	As of March 31, 2024(Note 5)
Item				
Market Price Per Share	Highest	53.30	43.40	39.15
	Lowest	36.55	37.00	37.10
	Average	44.74	39.82	37.82
Net Worth per Share	Before distribution	19.28	19.13	19.92
	After distribution	17.98	(Note 1)	(Note 1)
Earnings per Share	Weighted Average Shares	908,420,120	908,420,120	908,420,120
	Earnings per Share	1.34	1.35	0.52
Dividends Per Share	Cash dividends	1.29	(Note 1)	-
	Stock dividends	-	(Note 1)	-
		-	-	-
	Cumulative unpaid dividends	-	-	-
Return on Investment	Price-to-earnings ratio (Note 2)	33.39	29.50	-
	Price-to-dividend ratio (Note 3)	34.68	(Note 1)	-
	Cash dividend yield (Note 4)	2.88	(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 11, 2024, the dividend allocation is NT\$ 1.25 per share of cash dividend, and it would be proposed for discussion at the general shareholders' meeting on June 19, 2024.

## **(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 2023 was NT\$ 19,472,227, and the estimated amount of directors was NT\$ 8,113,428. The employee remuneration is calculated at 1.32% of pre-tax profits before deducting the distributed employee and director remuneration in 2023; the director remuneration is calculated at 0.55% of pre-tax profits before deducting the distributed employee and director remuneration

in 2023.

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.

1. 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\$ 19,472,227.

1.2 Employee Stock Remuneration NT\$ 0.

1.3 Director Remuneration NT\$ 8,113,428.

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 2023 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

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

The distribution of cash remunerations to employees in 2022 was NT\$ 19,470,059 and remunerations to directors were NT\$ 8,237,332. It had no difference with the employee and director remunerations in the 2022 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.

**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

	2023
Product Category	Percentage
Nutritious Foods	37%
Cooking products Food	53%
Others	10%
Total	100%

#### (II) Industry Overview:

##### 1. Current State and Development of the Industry

Based on the data published by the DGBAS, the economic growth rate of 2023 was only 1.31%, a noticeable decline from the previous year and the lowest in the past years. In addition to the depressed end market demand, the rising inflation rate has influenced consumer willingness to buy, leading to a conservative buying power. As a result, although the overall performance of food industry is better than pre-pandemic levels, the sales of most products declined.

Despite the post-pandemic normalization, consumers' changed behavior and improved idea about health have raised the demand for nutritious and healthy food, not to mention the formation of an aged society. It then has pushed more companies to join the market and speed up their innovation and development of differentiated healthy products featuring more functions, and consequently form various business models. The national output of healthy and nutritious food grows continuously while being followed by a more competitive market.

Under the pressure of market competition and cost, capitalization of innovative smart technology, emphasis on food safety and environmental sustainability, innovative development of green, convenient, and effective products will help the sales growth of all categories of products and enhance brand competitiveness. As the population is aging with a low birth rate, we will constantly introduce diverse products addressing the demands for health, tastiness, high quality, and quick effects, discover new customer segments and explore new markets, and provide a faster and handy online/offline two-way communication channel for the growth opportunities of the industry in the future.

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

- (1) Upstream: agriculture, animal husbandry, food packaging materials industry, biotechnology 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) In the post-pandemic era, people in Taiwan have gained a better sense of health care and disease prevention, so the number of consumers who hope to improve their immune system or maintain a healthy body through dietary supplements has increased, resulting in the growth momentum of healthy food. With regard to product development, we shall focus on innovative R&D to develop convenient

supplements with special features and quick effects and dietary supplement products for certain groups to catch customers' attention.

- (2) After life is back to normal, consumer demand for healthy products has leaned towards high quality, safety, and ease of use. As a result of the changed demography and buying behavior, youthfulness, small package, ease to eat, taste and nutrition are now mainstream to product design. Such products are also popular among small families and youth, who thus have become the major consumer groups.
- (3) Aiming at the global goal of net-zero carbon emissions, enterprises that care about climate change and practice environmental sustainability will certainly gain more support and trust from consumers. Therefore, we put more emphasis on high quality and safe green products that are made with green procurement, green production process and green package and are pure, natural, light, free of additives, and extra clean.

#### 4. Competitive situation

- (1) With the enhanced concept of disease prevention and health care and in the pursuit of a healthy lifestyle, the output of healthy and nutritious food sees a constant growth, thus attracting more companies to explore opportunities in this strange category with more resources put into production and sales in order to take some share of the nutritious and healthy food market, hence the severe market competition. Through innovative technology, we keep developing new products, upgrading existing products and adjusting product mix to satisfy the demands of various consumer groups and maintain our market visibility and advantage.
- (2) Coping with rapidly changing business models and shifted consumer habits in the maturing environment of digitalization, companies are forced to be open to changes caused by technology and put in more resources. We have been active in developing and improving our sales and production model by making good use of intelligent technology and setting the base on food science. We have established a two-way communication model with consumers, which provides more applications and enhancement of digital technology, such as online buying experience, through digital creative marketing. It is extremely important for industry development.
- (3) After the integration of retail channels, market competition has been in the heat of a battle, where the frequency of price wars among similar products is increasing. The private label products of channels have joined the battle at the same time to challenge the market development. We have built strategic partnership with upstream and downstream vendors to strengthen the relationship maintenance, communication, and value creation with stakeholders to secure our market standing.
- (4) Impacted by factors such as inflation, cost pressure, geopolitics, and climate changes, the entire supply chain has been endlessly facing various uncertainties and challenges, so enterprises shall react with agility, innovate solutions, formulate diverse procurement strategy, and boost the resilience and risk management of supply chain so as to minimize the impact and ensure normal operations.

### (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

	2023	As of April 30, 2024
Amount	184,427	62,807

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, innovative research and development of various products, and provide the whole family with nutritious foods and health supplements that meet various needs (1) Quaker Milk Powder series: various new functional products with more comprehensive nutrient contents; (2) Complete Nutrition Food series: continuous introduction of new products featuring new formulas with higher and more comprehensive efficacy; (3) Edible Cooking Oil series: introduction of High Oleic Acid Sunflower Oil and Great Day Japan Rice Bran Oil that are in small packages with high quality to provide consumers more choices; (4) new health supplements series: introduction of TDHB sphingomyelin Lutein Jelly and Flexmobility and Cachew of the new brand, Quaker tablets and capsule to safeguard consumers' health; (5) introduction of more new flavors of grain drink, energy drink and fermented milk with enhanced taste; (6) new cereal series products with more flavors and more complete nutrient contents; (7) FreshDelight milk drink series: the launch of new functional products that are instant and tasty; (8) Ready To Eat series: introduction of new flavors to the fresh soup and new dishes series that are handy and tasty; (9) Quaker baby solid food series: continuous introduction of new flavors of additive-free baby congee and baby risotto that are rich in nutrients; (10) the launch of new functional snacks to satisfy the younger generation's palate.

(2) Upgrading of products

Standard's innovation and research are based on food science, and it is committed to quality and safety. It keeps developing a variety of flavors of products and enhancing tastiness thereof. The highest level of nutritional value is thus kept in the products to add deliciousness. Standard is committed to pure, natural, light, free of additives, and clean products, and we practice environmental sustainability by gradually giving priority to green procurement, researching, and developing lightweight and environment-friendly packing materials. The Milk Powder had a multi-nutrient formula upgrade, Complete Nutrition Food Cachexia Formula had a functional upgrade, Quaker Granola had a formula upgrade, and FreshDelight Indulge Fruit Yogurt, oat yogurt had a flavor upgrade.

(3) Process improvement

Standard is dedicated to highly efficient manufacturing process and innovative research constantly. It utilizes digital technology to build up the systematic management, regularly replaces old equipment to eliminate resource waste so as to optimize process and performance and ensure quality and safety. Standard's R&D team focuses on the research of manufacturing process design, the development of innovative technology, and the experiment of environment-friendly and lightweight packing materials with its professional know-how in order to produce products that adhere to the sustainability goal and achieve zero food incidents arising from manufacturing process and packages.

(4) Quality improvement

All of Standard's products are under the oversight of independent third-party certification organizations, and it has received multiple related safety verification badges and certificates, as well as awards and medals from several competitions. The best quality of products is from the source. Standard takes its

responsibility for trustworthy quality seriously, so we continuously emphasize and enhance quality and safeguard every step to ensure efficacy, quality, and safety of products. As a result, the every bite you have has the best quality, taste 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 building, raise brand value, and impact and implement the concept of “Everyone has the right to nutritious and healthy product.”
- (2) Pursue corporate sustainable development, align with the trend of sustainability, and improve environment, society, and corporate governance.
- (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) Emphasize food safety, continue new product development and existing product upgrade to meet various demands.
- (2) Leveraging the advantages of a diverse product portfolio to strengthen brand synergies.
- (3) Continue digital transformation, improve organizational resilience and competitiveness.
- (4) Initiate diverse sales channels and innovate marketing through strategic partnership to boost operating result.
- (5) Strengthen resilience management of value chain to reduce impact arising from risk.

## 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 :

● **Functionality Food**  
**Healthcare product**

(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. In recent years, we have developed TDHB concentrated lutein drinks, collagen-infused beauty drink, and concentrated glucosamine drink to provide lightweight, convenient personalized products that meet the various health needs of different consumers.

Affected by the pandemic and the expansion of sub-health and mature age groups, consumers' health awareness is on the rise, which drives consumers' demand for high efficacy and convenient health foods. Standard Foods continues to cultivate the healthcare market. In December 2023, it launched a new brand – "Quaker tablets and capsule" The brand is centered on health research experts. The "Standard Foods International Health Science R&D Center" formed by a doctor-level research team. It upholds the spirit of 40 years of research on nutrition and health sciences, and launched two new products, "Flexmobility" and "Cachew." They use patented effective ingredients certified by international journals and use hyaluronic acid as an innovative joint care ingredient. Meanwhile, they also integrate the functions of calcium supplementation, calcium infusion, and calcium conduction for bone health. These products provide dual effects, breaking the limitation of a single maintenance method on the market. Cachew take a chewable dosage form, which is better than traditional calcium tablets, and is inconvenient for swallowing. It has obtained the international ITQI taste certification and can meet the calcium supplementation needs of mature age groups and young children.

### **Adult milk powder**

(1) Market share

Quaker continues to maintain its leading position in the adult low-fat milk powder market with functional products. Through the continuous research

and development of products that can meet the daily nutritional and health needs of our citizens, we provide a wide range of products such as Dual-Certified, Glucosamine, Brightening and Sleep-aid, and Digestion Aid products. Quaker will accelerate the expansion of the whole milk powder market with Concentrated Whole Milk Powder and Milk Powder for Family and continue to increase the market share of milk powder.

(2) Future market demand & supply status and growth

With people's busy lifestyles nowadays, milk powder is a convenient nutritional supplement that is easy to keep, delicious yet nutritious. 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 meet diverse consumer needs and 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 countermeasure

Currently the three major series of milk powder have different best-selling products. There is the first Quaker high calcium skimmed milk powder in Taiwan with dual national health food certification for people over 50 years old. In terms of mobility, there is also the Quaker Glucosamine Milk Powder to meet the market demand. In response to the needs of women, Brightening and Sleep-aid, which will be launched in 2023, has also won the support of most consumers and has achieved rapid sales growth. A product for families, Concentrated Whole Milk Powder, will be upgraded and launched in 2023, and continues to attract small families with children, to meet the whole family's needs for calcium and nutrition. At the same time, many of the products have obtained the international ITi Excellent Flavor Award certification in 2023, showing that they are both nutritious and delicious. In the future, Quaker will continue to adhere to the belief of pursuing good nutrition and continue to provide a variety of delicious and nutritious milk powder products based on professional nutrition design principles to meet the daily needs 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 countermeasure

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.

### **Baby Food**

- (1) Market share

Based on the nutritional needs of mothers and infants in Taiwan, Quaker continues to provide a variety of nutritional supplements and foods needed at all stages from pre-conception to preschool age through the professional knowledge of dietitians and valuable nutrients. We continue to maintain our leading position in infant and young children's non-staple food and maintain the important role of infant and young children's milk powder and have won the trust and support of many parents.

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

The higher birthrate in the Year of the Dragon is approaching, and new parents are more willing to invest in professional, nutritional, and efficient parenting products to lay the foundation for their baby's learning and growth. The demand for tasty and diverse products with nutritional, advanced professional formulas will continue to increase, driving the market demand for pregnancy to preschoolers.

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

Based on the emphasis on mother and baby nutrition, Quaker Mother & Baby continues to develop new products under the leadership of professional nutritionists to meet the nutritional needs of seven years from pregnancy to preschool age. In addition to infant milk powder, and polished wheat and rice and baby porridge for four-month-old babies, Quaker also provides baby food for babies over 1 year old, and full-function nutritional supplements that are effective in helping young children grow. We aim to help babies grow and develop at every stage of their development so that parents can raise children more efficiently. By upholding the concept of professional nutrition, strict quality control, diversity, and tasty flavor, we continue to provide a variety of nutritional products to babies to support the growth of mothers and babies. Quaker can take care of every bite of food for babies.

## **● Commodity Food**

### **Grains**

- (1) Market share

The Company's oat products include instant oats, 3-in-1 oats, bagged and canned oat powder, breakfast cereal, and oat beverages. The Company adheres to high-standard and high-quality production processes and has won many health food certifications. Good flavor, nutrition, and health are our top

priorities, and we have long held the top market share. As the leading brand in Taiwan's grain market, we are deeply loved and trusted by consumers.

(2) Future market demand & supply status and growth

Taiwan's oat market has been steadily developing. With the changes in lifestyle and the focus on health and food safety, consumers' demand for cereals that are convenient, fast, natural, nutritious, and delicious increases. The Company will continue to develop products and techniques to meet the market and consumer needs.

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

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. New flavors are available in the tasty oat, 3-in-1 oats, and breakfast cereal series. The exclusive cold preparation expands the timing and context of use. Meanwhile, more ready-to-drink oat drinks are also available to meet the young lifestyle, family-specific needs, expecting to satisfy the needs of consumers of all age groups and family types and help consumers improve their health.

Standard Foods strives to improve itself, has obtained numerous Clean Label, AA Clean Label certifications and iTQi Superior Taste Award, hence it is highly recognized and trusted. In the future, we will continue to cultivate our oat categories and develop oat products with better quality and creativity, meeting the health requirements of different groups.

## **Edible oils**

(1) Market share

Edible oils and fats are one of the main sources of daily dietary intake for Taiwanese people and are an extremely important element in daily diet. The "Great Day" edible oil series adheres to the research and development concept of high quality and low burden, and it is committed to providing Taiwanese families with healthy food. The series of products, such as sunflower oil, olive oil, canola oil and blended oil, has been favored and supported by consumers for their healthy and high-quality images for years. Recently, rice bran oil, which is emerging in the market, has also been developed as an edible oil for Taiwanese families as the first-choice leading brand, and it ranked first in terms of market share.

(2) Future market demand & supply status and growth

With the increasing willingness of cooking at home, coupled with the emphasis on quality, safety and health awareness, consumers now not only pay attention to healthy and pure quality, their awareness on diversified oil use has also increased. Based on this concept, people are now more inclined to get balanced nutrition through different types of oils, cooking methods, and fatty acids. In the future, our overall market will focus on pure oil and move toward the use of refined oil as high-quality and premium products will be more easily favored by consumers.

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

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.

### **Refrigerated Food (FreshDelight)**

#### **(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 Fresh Delight are quality and diverse, meeting the nutritional needs of the whole family. Among all of the products, functional milk from Fresh Delight has been the leader in the market for a long time, and yogurt from Fresh Delight has been ranked first in the market for two consecutive years.

#### **(2) Future market demand & supply status and growth**

In the post-pandemic era, refrigerated dairy products, as an essential daily nutritional supplement, are still a strong category with high penetration rate in the market. However, due to the increasing popularity of nutrition knowledge and the increasing demand for health maintenance among Taiwanese consumers, the overall price of refrigerated dairy products tends to increase, and the product premium comes from two different drivers: (1) Enhanced functions (2) Natural without additives. The ability to grasp consumer demand trends, launch correspondingly high-priced new products, and strengthen brand communication will help increase brand preference, expand brand coverage, and increase brand profitability.

In addition, three product categories require special attention in future: (1) Fresh milk: With the impact of zero tariff policy of New Zealand in 2025, the fresh milk product line and price band layout will become more critical. (2) Functional milk: The high-protein, high-vitamin functional fortified milk can effectively recruit young users. (3) The growth momentum of yogurt is strong, and the category penetration rate, purchase frequency and purchase unit price continue to rise.

#### **(3) Favorable factors and unfavorable factors of competitive niches and development prospect as well as countermeasure**

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.

We continue to enhance the quality of milk from Fresh Delight while at the same time deploying high-price and low-price product lines to fully prepare for market competition. Functional milk: We explore the functional needs of young people, improve the layout of functional milk product line, provide refrigerated and shelf-life milk products, and at the same time penetrate the household market and supermarket channels. Fermented dairy products: We amplify our advantage as the top yogurt brand, consolidate the sales of basic products, and promote the growth of high-price products.

### **Agent product(Candies)**

(1) Market share

The overall candy market continues to grow after the pandemic, reaching the level before the pandemic. The market share of the Company's agent brands continued to grow, ranking first in the market share of imported candy.

(2) Future market demand & supply status and growth

There are many brands in the candy market and the competition is fierce. In recent years, consumers have preferred gummies and toy-type candies, and they are still highly interested in cross-category collaborations. Delicious and interesting products are highly flavored, and it is likely that their price will increase. In addition, functional and healthy candy is on the rise, 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 countermeasure

To be able to continue to introduce new products and quick marketing plans have become relatively essential in terms of sales of confectionary products. By acting as the agent for international brands and introducing the concept of cross-category operations by integrating candy with leisure drinks, not only we bring the trends from all over the world into Taiwan, but also achieves greater market extension with the agent brand.

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 Raw oil of canola oil and other edible oils	Imported from Europe, Australia and Japan
Flour	Supplied by domestic suppliers
Cane sugar	Supplied by Taiwanese suppliers
Raw milk	Supplied by Taiwanese suppliers
Milk powder	Imported from New Zealand, Australia and Europe and supplied by domestic suppliers
Electronic components (subsidiary-Domex Corp.)	Supplied by domestic agents of international manufacturers and domestic suppliers

**(IV) Information of main customers in the past two years****1. Information of main customers in the past two years****Unit: NT\$1,000**

	2022				2023				As of March 31, 2024 (Note 2)			
Item	Name	Amount	Percent in annual net sales (%)	Relationship with the Issuer	Name	Amount	Percent in annual net sales (%)	Relationship with the Issuer	Name	Amount	Percent in net sales up to the previous quarter (%)	Relationship with the Issuer
1	Company A (Note 1)	4,300,723	14.9		Company A (Note 1)	4,186,149	15.1		Company A (Note 1)	1,107,012	16.3	
2	Others	24,622,077	85.1		Others	23,617,969	84.9		Others	5,688,837	83.7	
	Net sales	28,922,800	100.0		Net sales	27,804,118	100.0		Net sales	6,795,849	100.0	

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

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

**2. Information of main customers in the past two years****Unit: NT\$1,000**

	2022				2023				As of March 31, 2024 (Note 2)			
Item	Name	Amount	Percent in annual net sales (%)	Relationship with the Issuer	Name	Amount	Percent in annual net sales (%)	Relationship with the Issuer	Name	Amount	Percent in net sales up to the previous quarter (%)	Relationship with the Issuer
1									Company B (Note 1)	411,726	11.3	
2	Others	20,599,277	100.0		Others	19,507,115	100.0		Others	3,225,577	88.7	
	Net purchase	20,599,277	100.0		Net purchase	19,507,115	100.0		Net purchase	3,637,303	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	2022			2023		
	Main Products	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
	Nutritious Foods	134,179.60	110,584.67	10,901,972	134,179.60	111,415.15	11,118,908
	Cooking products Food	669,676.00	206,125.26	13,459,710	669,676.00	231,256.19	15,775,393
	Others	(Note 1)	8,637.85	415,348	(Note 1)	9,855.73	421,612
		-	1,323,601.00 (Note 2)	1,947,762	-	866,169.00 (Note 2)	1,440,806
	Total	803,855.60	325,347.77	26,724,792	803,855.60	352,527.07	28,756,719
			1,323,601.00 (Note 2)			866,169.00 (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	2022				2023			
	Main Products	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
	Nutritious Foods	106,534.40	10,474,435	605.20	87,906	104,006.10	10,353,087	206.50	47,027
	Cooking products Food	23,101.50	2,260,016	194,864.40	11,972,872	21,549.20	2,336,204	192,851.30	12,289,360
	Others	8,216.50	2,742,897	0.00	1,384,674	9,730.70	1,871,140	4,931.30	907,300
		0.00 (Note 1)		526,735.00 (Note 1)		0.00 (Note 1)		515,499.00 (Note 1)	
		823,527.00 (Note 2)		324,116.00 (Note 2)		525,308.00 (Note 2)		218,716.00 (Note 2)	
	Total	137,852.40	15,477,348	195,469.60	13,445,452	135,286.00	14,560,431	197,989.10	13,243,687
		0.00 (Note 1)		526,735.00 (Note 1)		0.00 (Note 1)		515,499.00 (Note 1)	
		823,527.00 (Note 2)		324,116.00 (Note 2)		525,308.00 (Note 2)		218,716.00 (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, 2024

Year		2022	2023	As of April 30, 2024
Number of Employees	Employees	1,902	1,855	2,047
	Employees	931	935	831
	Total	2,833	2,790	2,878
Average Age		39.09	39.39	39.31
Average Service Year		8.00	8.27	8.18
Academic distribution ratio	PhD	0.39%	0.29%	0.35%
	Master	8.90%	9.35%	9.14%
	Bachelor	53.62%	55.38%	56.29%
	High school	28.06%	26.49%	25.92%
	Below high school	9.04%	8.49%	8.30%

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 2023 and up to the date of publication of the annual report, unusual environmental penalty cases of Standard Foods:

(1) Dayuan Plant :

On March 9, 2023, the Environmental Protection Bureau sent personnel to inspect the M04 operations in the factory. The air pollution control equipment is operating in accordance with the stationary pollution source operation permit parameters, but the scrubber discharge pipeline (P401) has sampled odorous pollutants. The results of sampling inspection and analysis show that the odorous pollutant detection value exceeds the standard and does not comply with the discharge standards for stationary pollution sources. A fine of NTD 1,200,000 was imposed. Subsequently, the factory actively cooperated with the Environmental Protection Department and the Taoyuan City Industrial Environmental Protection Technical Service Team to provide guidance to find out the cause of excessive odors and implement equipment improvements as recommended. At the end of 2023, the project was completed as planned, and the odor emission test results met the emission standards. The cause of this matter is a single occasional abnormal situation of equipment failure, which is not a continuous environmental pollution incident.

(2) Zhongli Plant :

1. On July 17, 2023, the Environmental Protection Bureau conducted an inspection (between June and November 2022) of the industrial waste cleanup plan and the network declaration data. It was found that Zhongli Factory had applied for food processing sludge in July 2022. The output volume of sludge (R-0902) exceeded 10% of the maximum monthly output volume (100 tons) specified in the industrial waste cleanup plan, in violation of Subparagraph 1, Paragraph 1, Article 31 of the Waste Disposal Act. A fine of NTD 6,000 was imposed. The reason for this matter was negligence in paperwork and it was not a substantive pollution incident. The waste cleanup plan was amended within the time limit.

2. The Northern Center for Regional Administration of the Environmental Management Administration, Ministry of the Environment conducted an on-site inspection on August 31, 2023, and found that the factory has reported 0.7 metric tons of waste wood storage each month since 2022. However, no waste wood storage was found during the on-site inspection. The factory sent the returned dairy products to Tongli Environmental Engineering Co., Ltd. for clearance and transportation to the Long Piao Livestock Farm to be reused as feed. However, the factory did not report the data of R-0119 and R-0120 vegetable residues. A fine of NTD 6,000 was imposed. The reason for this matter was negligence in paperwork and it was not a substantive pollution incident. The improvement report was completed within the time limit.

(3) Hsinchu Plant :

On December 8, 2022, the Environmental Protection Bureau conducted an on-site

inspection of the plant and found that the installation of the sludge dryer did not conform to the water measures plan, which is a violation of the Water Pollution Control Act. A fine of NTD 10,000 was imposed. It was determined that the reason for this matter was negligence in paperwork and it was not a substantive pollution incident. The water measures plan was amended within the time limit.

## 2. Environmental protection equipment expenditure

### ■ Dayuan Plant :

- (1) The odor improvement project of the scrubber was completed in 2023 at a cost of NT\$484,000.
- (2) In 2023, the water recycling project for the production line of nourishing drinks was completed. The cost was NT\$1.97 million. In 2023, 12,165 metric tons of water resources were recycled and reused.
- (3) In 2023, the refinery oils and fats line scheduling optimization and scheduled TPM maintenance were implemented, which saved 43,928 kWh of power and reduced carbon emissions by 21.7 metric tons in 2023.

### ■ Zhongli Plant :

- (1) In August 2023, the construction of additional sludge dryer was completed at a cost of NT\$17.44 million, which reduced the sludge moisture by 35%.
- (2) The cost of odor improvement project in 2023 was NT\$170,000 to effectively reduce the source of odor.

### ■ Hsinchu Plant :

- (1) In June 2023, the construction of the wastewater final sedimentation tank was completed at a cost of NT\$5.63 million. The liquid level difference was used to transport the biological rubber plumes to the final sedimentation tank to reduce the pumping power.
- (2) In 2024, an air extraction system for reducing sludge odor was added to reduce the source of odor, and the construction cost was NT\$230,000.

## 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	2024	2025	2026
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\$22,330,000	NT\$22,330,000	NT\$22,330,000

(2) Zhongli Plant

Year	2024	2025	2026
Content of proposed procurement of pollution prevention equipment or expenditures	Environmental equipment operating expenses and garbage treatment expenses Space planning was executed by adding part of the mezzanine of the waste storage area.	Environmental equipment operating expenses and garbage treatment expenses	Environmental equipment operating expenses and garbage treatment expenses
Expected improvement	Increase storage space for waste and resource goods.	Maintain the normal operation of environmental equipment and garbage removal	Maintain the normal operation of environmental equipment and garbage removal
Amount	NT\$16,826,000	NT\$16,223,000	NT\$16,223,000

(3) Hsinchu plant

Year	2024	2025	2026
Content of proposed procurement of pollution prevention equipment or expenditures	Environmental equipment operating expenses and garbage treatment expenses Increase the number of resource recovery and sorting personnel to sort garbage for recycling (in progress) Install the sludge odor improvement system.	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, reduce odor sources.	Maintain the normal operation of environmental equipment and garbage removal	Maintain the normal operation of environmental equipment and garbage removal
Amount	NT\$14,370,000	NT\$14,067,000	NT\$14,067,000

4. Influence after improvement

Year	2024	2025	2026
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 2023 were NT\$ 15,529 thousand. Talent is an important asset of Standard Foods. We firmly believe that only with the growth of our employees can the Company continue to grow. Therefore, Standard Foods is committed to continuously improving the quality of talents and building an excellent team to gain a competitive advantage and achieve the goal of sustainable operation. We have designed different training blueprints and focuses based on the needs of each job role and passed on techniques and core knowledge through supervisor guidance and the mentorship system to meet the growth needs of the Company and employees, and to cultivate and internalize the professionalism of staff.

For the sales and marketing team, a series of skill training and a comprehensive collaborative visit process are used to develop the competency required by employees. The annual sales and marketing conference gives employees an in-depth understanding of the Company's products and marketing strategies and keeps stimulating collaboration and creativity.

To improve the quality and efficiency of production, the supply chain center continues to

promote TPM training and counseling and applies the learning results to work through annual theme, project implementation, and result announcements. At the same time, we are committed to helping new employees integrate into the company culture quickly. General training, orientation for new hires, factory tours and basic professional courses are provided to help them quickly get started and adapt to the new environment.

We expect our staff to grow together with the Company. Therefore, we discuss with our staff the skills and abilities required for their duties and inspire learning motivation. To create a diverse learning environment, we have introduced external online learning resources in addition to existing learning methods to address functional skill needs, so that the Company and staff can more flexibly organize the learning content. 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.

To promote labor protections, our factories continue to refine the identification of working environment hazard sources and protection improvements. The identification, improvement and tracking for changes in the working environment, anomaly elimination operations, and operation SOPs are carried out.

For ESG (regarding sustainable environmental development), the Standard Foods Group introduced the ISO 14064-1 greenhouse gas inventory management system in 2023 and established a sustainability promotion team to plan the greenhouse gas emission inventory of the three factories of the Group and the four major venues of the headquarters. The Standard Foods Group completed the SGS audit and obtained the Group's greenhouse gas verification statement for 2022. In 2024, we plan to inspect six new business offices in Taiwan and consolidate them into the headquarters. We will also set improvement targets based on the schedule and execute them according to the plan in order to continue fulfilling our corporate responsibility for environmental protection.

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. Cyber Security Management**

- (I)** Cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management: The Company's Information Security Team is responsible for the coordination, management, and monitoring of information security affairs within the scope covering relevant information services provided by the IT Department and relevant departments of the Company. It conducts regular information security inspections such as vulnerability assessment and effectiveness audit of the protection system and providing information sessions, education, and training courses for promoting information security. Through operations of the IT Department and implementation of information security policy, it provides a safe information security environment ensuring information security for all of the Company's services. The Company constantly reviews its information security policy to reflect the latest development of government regulations, technology and business and ensure the effectiveness of its information security practice.

The Company complies with regulations governing information security incidents to institutionalize and systematize the reporting, categorization, classification, handling, statistics, and follow-ups of its information security incidents. When an information security incident occurs, it shall be reported and handled in a timely manner and recovered within the shortest period of time to ensure normal operations of all business activities. Along with the resources from external information security experts, the personnel of the Information Security Maintenance and Emergency Response Team manage to be alert to information security reports and incidents so as to strengthen and speed up the mechanism for detection and response.

Amend and adopt documents in compliance with the ISO27001:2022 ISMS standard and conduct inventory and risk assessment on the operation of core information security system and personal information. Introduce privileged access management, remote backup and drills, social engineering attack drills, system and website vulnerability assessment, penetration test and vulnerability patching and strengthening to the application system and the infrastructure.

The Company regularly reports the implementation status of information security to the Board of Directors and constructs the comprehensive infrastructure of information security step by step. It invests in technology such as privileged access management (One Identity) and data loss prevention (DLP) to form a corresponding corporate information security protection net with new technologies.

- (II)** List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided : None.

## VII. Major Agreements

April 30, 2024

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	2022.10.23-2023.10.22 (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, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Current assets		18,513,185	21,125,786	20,451,335	19,195,181	17,191,949	17,673,793
Property, plant and equipment		5,125,312	4,201,645	4,333,681	4,282,791	4,135,856	4,163,003
Intangible assets		68,087	106,208	102,981	110,818	170,847	173,802
Other assets		1,781,681	2,390,223	3,401,143	4,340,623	4,226,959	4,140,753
Total asset value		25,488,265	27,823,862	28,289,140	27,929,413	25,725,611	26,151,351
Current liabilities	Before distribution	7,682,083	8,955,895	8,984,180	9,575,913	7,629,311	7,364,615
	After distribution	10,107,070	11,243,619	10,722,850	10,756,379	(Note 2)	(Note 2)
Non-current liabilities		855,491	852,340	827,743	499,760	435,153	382,068
Total liabilities	Before distribution	8,537,574	9,808,235	9,811,923	10,075,673	8,064,464	7,746,683
	After distribution	10,962,561	12,095,959	11,550,593	11,256,139	(Note 2)	(Note 2)
Equity attributable to owners of parent company		16,678,127	17,684,488	18,037,190	17,511,340	17,378,957	18,098,165
Share capital		9,150,897	9,150,897	9,150,897	9,150,897	9,150,897	9,150,897
Capital surplus		109,718	127,392	144,066	156,981	165,585	165,585
Retained earnings	Before distribution	8,016,188	8,782,873	8,953,485	8,475,172	8,476,280	8,953,177
	After distribution	5,591,201	6,495,149	7,214,815	7,294,706	(Note 2)	(Note 2)
Other equity		(577,494)	(355,492)	(190,076)	(250,528)	(392,623)	(150,312)
Treasury stock		(21,182)	(21,182)	(21,182)	(21,182)	(21,182)	(21,182)
Non-controlling Interests		272,564	331,139	440,027	342,400	282,190	306,503
Total equity	Before distribution	16,950,691	18,015,627	18,477,217	17,853,740	17,661,147	18,404,668
	After distribution	14,525,704	15,727,903	16,738,547	16,673,274	(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, 2024 (Note 1)
	2019	2020	2021	2022	2023	
Operating revenue	31,266,232	34,466,244	34,307,044	28,922,800	27,804,118	6,795,849
Gross profit	9,631,013	9,609,454	8,231,860	6,358,576	6,289,700	1,654,067
Operating profit (loss)	4,423,873	4,044,179	2,981,585	1,442,855	1,360,401	471,801
Non-operating revenue and expenses	124,661	244,532	171,429	168,224	242,913	157,513
Profit before income tax	4,548,534	4,288,711	3,153,014	1,611,079	1,603,314	629,314
Net income from continuing operations	3,454,836	3,255,830	2,501,106	1,244,108	1,268,152	499,696
Loss from discontinued operations	-	-	-	-	-	-
Net Income (Loss)	3,454,836	3,255,830	2,501,106	1,244,108	1,268,152	499,696
Other comprehensive income for the period (after tax)	(256,189)	240,351	265,038	(108,326)	(255,379)	243,825
Total comprehensive income for the period	3,198,647	3,496,181	2,766,144	1,135,782	1,012,773	743,521
Net Income Attributable to Shareholders of the Parent	3,416,097	3,212,801	2,456,628	1,214,098	1,225,773	476,897
Net Income Attributable to Non-controlling Interests	38,739	43,029	44,478	30,010	42,379	22,799
Comprehensive Income Attributable to Owners of the Parent	3,142,252	3,413,674	2,623,752	1,199,905	1,039,479	719,208
Comprehensive Income Attributable to Non-controlling Interests	56,395	82,507	142,392	(64,123)	(26,706)	24,313
Earnings per Share (Note 2)	3.76	3.54	2.70	1.34	1.35	0.52

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				
		2019	2020	2021	2022	2023
Current assets		7,306,207	7,566,635	7,866,766	8,117,541	8,025,367
Property, plant and equipment		1,372,629	1,352,887	1,341,650	1,381,826	1,466,269
Intangible assets		2,943	13,660	21,101	26,516	26,886
Other assets		10,914,409	11,651,568	11,819,806	10,703,135	10,410,916
Total asset value		19,596,188	20,584,750	21,049,323	20,229,018	19,929,438
Current liabilities	Before distribution	2,384,532	2,326,250	2,408,678	2,373,226	2,243,201
	After distribution	4,809,519	4,613,974	4,147,348	3,553,692	(Note 1)
Non-current liabilities		533,529	574,012	603,455	344,452	307,280
Total liabilities	Before distribution	2,918,061	2,900,262	3,012,133	2,717,678	2,550,481
	After distribution	5,343,048	5,187,986	4,750,803	3,898,144	(Note 1)
Share capital		9,150,897	9,150,897	9,150,897	9,150,897	9,150,897
Capital surplus		109,718	127,392	144,066	156,981	165,585
Retained earnings	Before distribution	8,016,188	8,782,873	8,953,485	8,475,172	8,476,280
	After distribution	5,591,201	6,495,149	7,214,815	7,294,706	(Note 1)
Other equity		(577,494)	(355,492)	(190,076)	(250,528)	(392,623)
Treasury stock		(21,182)	(21,182)	(21,182)	(21,182)	(21,182)
Total equity	Before distribution	16,678,127	17,684,488	18,037,190	17,511,340	17,378,957
	After distribution	14,253,140	15,396,764	16,298,520	16,330,874	(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				
	2019	2020	2021	2022	2023
Operating revenue	13,139,944	13,184,535	12,496,867	12,168,430	12,189,963
Gross profit	4,670,008	4,729,064	4,551,605	4,074,388	3,693,838
Operating profit (loss)	2,955,225	2,847,983	2,658,454	2,008,558	1,303,615
Non-operating revenue and expenses	1,228,861	1,073,384	326,112	(538,554)	143,968
Profit before income tax	4,184,086	3,921,367	2,984,566	1,470,004	1,447,583
Net income from continuing operations	3,416,097	3,212,801	2,456,628	1,214,098	1,225,773
Loss from discontinued operations	-	-	-	-	-
Net Income (Loss)	3,416,097	3,212,801	2,456,628	1,214,098	1,225,773
Other comprehensive income for the period (after tax)	(273,845)	200,873	167,124	(14,193)	(186,294)
Total comprehensive income for the period	3,142,252	3,413,674	2,623,752	1,199,905	1,039,479
Earnings per share (Note 1)	3.76	3.54	2.70	1.34	1.35

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
2023	Deloitte & Touche	Han-Ni Fang, Zhao-Yu Chen	Unmodified 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

## 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, 2024 (Note)
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt-to-asset ratio (%)	33.50	35.25	34.68	36.08	31.35	29.62
	Ratio of long-term capital to property, plant, and equipment (%)	347.42	449.06	445.46	428.54	437.55	451.28
Debt service ability	Current ratio (%)	240.99	235.89	227.64	200.45	225.34	239.98
	Quick ratio (%)	175.10	160.32	146.09	127.07	137.42	154.90
	Interest coverage ratio (%)	98.03	84.54	65.33	27.00	21.92	55.68
Operating Ability	Accounts receivable turnover rate (times)	4.96	5.41	5.71	5.41	5.86	6.59
	Average days for cash receipts	73.58	67.46	63.92	67.46	62.28	55.38
	Inventory turnover rate (times)	5.51	5.67	4.82	3.97	3.80	3.96
	Accounts payable turnover rate (times)	9.28	10.87	10.45	9.51	10.67	10.95
	Average days for sale of goods	66.24	64.37	75.72	91.93	96.05	92.17
	Property, plant, and equipment turnover rate (times)	5.90	7.39	8.04	6.71	6.61	6.55
	Total assets turnover rate (times)	1.26	1.29	1.22	1.03	1.04	1.05
Profitability	Return on total assets (%)	14.11	12.37	9.06	4.60	4.96	7.85
	Return on equity (%)	20.94	18.62	13.71	6.85	7.14	11.08
	Pre-tax profit to paid-in capital (%) (Note 5)	49.71	46.87	34.46	17.61	17.52	27.51
	Net profit margin (%)	11.05	9.45	7.29	4.3	4.56	7.35
	Earnings per share (NT\$)	3.76	3.54	2.70	1.34	1.35	0.52
Cash Flows	Cash flow ratio (%)	65.43	27.13	42.40	19.54	27.41	15.92
	Cash flow adequacy ratio (%)	118.09	97.00	107.39	107.10	108.17	99.25
	Cash reinvestment ratio (%)	13.12	-	6.96	0.56	4.03	5.15
Leverage	Operating leverage	1.46	1.57	1.72	2.36	2.61	2.20
	Financial leverage	1.01	1.01	1.02	1.04	1.06	1.03

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

(1) The increase in cash flow ratio for 2023 is due to the decrease in short-term borrowings and a slight decrease in profit, resulting in a decrease in income tax payment.

(2) The increase in cash reinvestment ratio in 2023 was due to an increase in net cash inflow 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				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt-to-asset ratio (%)	14.89	14.09	14.31	13.43	12.80
	Ratio of long-term capital to property, plant, and equipment (%)	1,253.92	1,349.60	1,389.38	1,292.19	1,206.21
Debt service ability	Current ratio (%)	306.40	325.27	326.60	342.05	357.76
	Quick ratio (%)	214.80	238.03	240.25	215.51	233.54
	Interest coverage ratio (%)	3,125.78	3,618.50	3,541.41	1,070.09	1,117.96
Operating Ability	Accounts receivable turnover rate (times)	5.91	5.98	6.16	6.02	5.91
	Average days for cash receipts	61.75	61.03	59.25	60.63	61.75
	Inventory turnover rate (times)	4.51	4.50	4.51	3.69	3.23
	Accounts payable turnover rate (times)	9.35	9.65	9.80	10.05	10.41
	Average days for sale of goods	80.93	81.11	80.93	98.91	113.00
	Property, plant, and equipment turnover rate (times)	9.41	9.67	9.28	8.94	8.56
	Total assets turnover rate (times)	0.69	0.66	0.60	0.59	0.61
Profitability	Return on total assets (%)	18.01	16.00	11.81	5.89	6.11
	Return on equity (%)	21.03	18.70	13.75	6.83	7.03
	Ratio of Pre-tax Net Income to Paid-in Capital Ratio (%) (Note 5)	45.72	42.85	32.62	16.06	15.82
	Net profit margin (%)	26.00	24.37	19.66	9.98	10.06
	Earnings per share (NT\$)	3.76	3.54	2.70	1.34	1.35
Cash Flows	Cash flow ratio (%)	105.51	54.96	113.48	29.48	65.43
	Cash flow adequacy ratio (%)	114.28	92.15	90.02	71.11	72.26
	Cash reinvestment ratio (%)	1.18	(5.58)	2.14	(5.14)	1.43
Leverage	Operating leverage	1.29	1.34	1.35	1.45	1.78
	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 increase in cash flow ratio for 2023 is mainly due to the increase in cash generated from operations and the decrease in income tax payments.						
(2) The increase in cash reinvestment ratio in 2023 was due to an increase in net cash flow from operating activities and dividend decrease.						
(3) The increase in DOL in 2023 was mainly due to the increase in operating revenues and the decrease in variable operating expenses.						

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 2023 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 Han-Ni Fnag and Chao-Yu Chen 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 2024

Standard Foods Corporation

Convener of the Audit Committee: Ben Chang

March 13, 2024



#### **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, 2023 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 11, 2024

## **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, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 is stated as follows:

The Accuracy of the Calculation of Contractual Trade Promotion Fees for Major Retailers

The Group's sales channels mainly consist of department stores, supermarkets, and major hypermarkets. The sales contracts signed between the Group and retailers include contractual trade promotion fees that distributors are required to pay for various promotional and marketing activities in support of the Group's products. Considering these fees as a reduction in the transaction price, they are accounted for as deductions from operating revenue. The calculation of contractual trade promotion fees is based on the actual sales amount according to the terms of the contract agreed upon with the retailers. Considering the significant amount and complexity of contractual trade promotion fees, we considered the accuracy of the calculation of contractual trade promotion fees for major retailers to be a key audit matter.

The key audit procedures that we performed in respect of the accuracy of the calculation of contractual trade promotion fees for major retailers included the following:

1. We obtained an understanding of and tested the design and operating effectiveness of the key controls over the estimates of the contractual trade promotion fees.
2. We obtained subsidiary ledgers from the major retailers in the current year, and conducted audit sampling by comparing delivery orders to confirm sales quantities and amounts.
3. We obtained the sales contracts of major retailers and confirmed that the agreed-upon contractual trade promotion fee rates were consistent with those rates in the SAP.
4. We recalculated the amounts of contractual trade promotion fees for major retailers based on the sales subsidiary ledger and the agreed-upon contractual trade promotion fee rates and confirmed whether these fees should be considered as deductions from operating revenue.

**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, 2023 and 2022, 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 Standards 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, 2023 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 Han-Ni Fang and Zhao-Yu Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 20, 2024

#### 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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 2,938,886	12	\$ 4,348,255	16
Financial assets at fair value through profit or loss - current (Note 7)	1,160,504	5	1,286,801	5
Financial assets at fair value through other comprehensive income - current (Note 8)	198,617	1	184,359	1
Financial assets at amortized cost - current (Note 9)	1,203,147	5	1,061,060	4
Notes receivable (Notes 10 and 25)	14,829	-	9,223	-
Trade receivables (Notes 10 and 25)	4,492,265	17	4,965,650	18
Trade receivable from related parties (Notes 25 and 32)	43	-	4,737	-
Finance lease receivables - current (Note 11)	1,047	-	516	-
Other receivables (Note 10)	367,445	1	307,080	1
Current tax assets (Note 27)	299	-	588	-
Inventories (Note 12)	5,663,353	22	5,658,738	20
Prepayments (Note 13)	1,044,120	4	1,258,577	4
Other current assets (Notes 19 and 33)	107,394	-	109,597	-
Total current assets	17,191,949	67	19,195,181	69
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Note 7)	16,731	-	8,721	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	180,328	1	359,217	1
Financial assets at amortized cost - non-current (Note 9)	1,971,770	7	1,807,854	7
Property, plant and equipment (Notes 15 and 33)	4,135,856	16	4,282,791	15
Right-of-use assets (Note 16)	524,683	2	590,816	2
Investment properties (Notes 17 and 33)	712,637	3	762,361	3
Goodwill	558	-	558	-
Other intangible assets (Note 18)	170,289	1	110,260	-
Deferred tax assets (Note 27)	427,702	2	430,159	2
Finance lease receivables - non-current (Note 11)	3,883	-	4,930	-
Net defined benefit assets - non-current (Note 23)	632	-	619	-
Other non-current assets (Note 19)	388,593	1	375,946	1
Total non-current assets	8,533,662	33	8,734,232	31
<b>TOTAL</b>	<b>\$ 25,725,611</b>	<b>100</b>	<b>\$ 27,929,413</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 20 and 33)	\$ 1,421,038	6	\$ 2,928,175	10
Short-term bills payable (Note 20)	49,993	-	-	-
Contract liabilities - current (Note 25)	295,312	1	478,697	2
Notes payable (Note 21)	519,183	2	543,484	2
Trade payables (Note 21)	1,535,268	6	1,405,642	5
Trade payables to related parties (Note 32)	9,889	-	19,633	-
Other payables (Note 22)	3,464,198	13	3,737,651	14
Current tax liabilities (Note 27)	107,241	-	238,594	1
Lease liabilities - current (Note 16)	69,502	-	93,575	-
Other current liabilities (Notes 5 and 22)	157,687	1	130,462	-
Total current liabilities	7,629,311	29	9,575,913	34
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 27)	62,223	-	139,616	-
Lease liabilities - non-current (Note 16)	120,685	1	157,283	1
Net defined benefit liabilities - non-current (Note 23)	230,996	1	180,637	1
Other non-current liabilities (Note 22)	21,249	-	22,224	-
Total non-current liabilities	435,153	2	499,760	2
Total liabilities	8,064,464	31	10,075,673	36
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>				
Ordinary shares	9,150,897	36	9,150,897	33
Capital surplus	165,585	1	156,981	1
Retained earnings				
Legal reserve	3,978,059	16	3,852,023	14
Special reserve	577,494	2	577,494	2
Unappropriated earnings	3,920,727	15	4,045,655	14
Total retained earnings	8,476,280	33	8,475,172	30
Other equity	(392,623)	(2)	(250,528)	(1)
Treasury shares	(21,182)	-	(21,182)	-
Total equity attributable to owners of the Company	17,378,957	68	17,511,340	63
<b>NON-CONTROLLING INTERESTS (Note 24)</b>	<b>282,190</b>	<b>1</b>	<b>342,400</b>	<b>1</b>
Total equity	17,661,147	69	17,853,740	64
<b>TOTAL</b>	<b>\$ 25,725,611</b>	<b>100</b>	<b>\$ 27,929,413</b>	<b>100</b>

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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OPERATING REVENUE				
Sales (Notes 25 and 32)	\$ 27,804,118	100	\$ 28,922,800	100
OPERATING COSTS				
Cost of goods sold (Notes 12, 26 and 32)	<u>21,514,418</u>	<u>77</u>	<u>22,564,224</u>	<u>78</u>
GROSS PROFIT	<u>6,289,700</u>	<u>23</u>	<u>6,358,576</u>	<u>22</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	3,632,400	13	3,740,658	13
General and administrative expenses	1,072,041	4	964,825	3
Research and development expenses	184,427	1	171,538	1
Expected credit loss	<u>40,431</u>	<u>-</u>	<u>38,700</u>	<u>-</u>
Total operating expenses	<u>4,929,299</u>	<u>18</u>	<u>4,915,721</u>	<u>17</u>
OPERATING INCOME	<u>1,360,401</u>	<u>5</u>	<u>1,442,855</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Interest income	177,764	1	132,393	-
Other income	56,075	-	50,891	-
Other gains	85,711	-	46,893	-
Finance costs	<u>(76,637)</u>	<u>-</u>	<u>(61,953)</u>	<u>-</u>
Total non-operating income and expenses	<u>242,913</u>	<u>1</u>	<u>168,224</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,603,314	6	1,611,079	5
INCOME TAX EXPENSE (Note 27)	<u>335,162</u>	<u>1</u>	<u>366,971</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,268,152</u>	<u>5</u>	<u>1,244,108</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(71,272)	-	59,562	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(112,696)	(1)	(277,623)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>13,889</u>	<u>-</u>	<u>(14,419)</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(170,079)</u>	<u>(1)</u>	<u>(232,480)</u>	<u>(1)</u>

(Continued)

**STANDARD FOODS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (107,019)	-	\$ 155,074	1
Income tax relating to the items that may be reclassified subsequently to profit or loss (Note 27)	<u>21,719</u>	<u>-</u>	<u>(30,920)</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(85,300)</u>	<u>-</u>	<u>124,154</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(255,379)</u>	<u>(1)</u>	<u>(108,326)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>\$ 1,012,773</u></u>	<u><u>4</u></u>	<u><u>\$ 1,135,782</u></u>	<u><u>4</u></u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,225,773	5	\$ 1,214,098	4
Non-controlling interests	<u>42,379</u>	<u>-</u>	<u>30,010</u>	<u>-</u>
	<u><u>\$ 1,268,152</u></u>	<u><u>5</u></u>	<u><u>\$ 1,244,108</u></u>	<u><u>4</u></u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,039,479	4	\$ 1,199,905	4
Non-controlling interests	<u>(26,706)</u>	<u>-</u>	<u>(64,123)</u>	<u>-</u>
	<u><u>\$ 1,012,773</u></u>	<u><u>4</u></u>	<u><u>\$ 1,135,782</u></u>	<u><u>4</u></u>
<b>EARNINGS PER SHARE (Note 28)</b>				
Basic	<u>\$ 1.35</u>		<u>\$ 1.34</u>	
Diluted	<u>\$ 1.35</u>		<u>\$ 1.34</u>	

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

(Concluded)



STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
	Retained Earnings						Other Equity		Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE AT JANUARY 1, 2022	\$ 9,150,897	\$ 144,066	\$ 3,606,189	\$ 577,494	\$ 4,769,802	\$ 8,953,485	\$ (612,857)	\$ 422,781	\$ (190,076)	\$ (21,182)	\$ 18,037,190	\$ 440,027	\$ 18,477,217
Appropriation of 2021 earnings													
Legal reserve	-	-	245,834	-	(245,834)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,738,670)	(1,738,670)	-	-	-	-	(1,738,670)	-	(1,738,670)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	12,672	-	-	-	-	-	-	-	-	12,672	-	12,672
Changes in percentage of ownership interests in subsidiaries	-	243	-	-	-	-	-	-	-	-	243	-	243
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,504)	(33,504)
Net profit for the year ended December 31, 2022	-	-	-	-	1,214,098	1,214,098	-	-	-	-	1,214,098	30,010	1,244,108
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)	(94,133)	(108,326)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,260,357	1,260,357	123,680	(184,132)	(60,452)	-	1,199,905	(64,123)	1,135,782
BALANCE AT DECEMBER 31, 2022	9,150,897	156,981	3,852,023	577,494	4,045,655	8,475,172	(489,177)	238,649	(250,528)	(21,182)	17,511,340	342,400	17,853,740
Appropriation of 2022 earnings													
Legal reserve	-	-	126,036	-	(126,036)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,180,466)	(1,180,466)	-	-	-	-	(1,180,466)	-	(1,180,466)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	8,604	-	-	-	-	-	-	-	-	8,604	-	8,604
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,504)	(33,504)
Net profit for the year ended December 31, 2023	-	-	-	-	1,225,773	1,225,773	-	-	-	-	1,225,773	42,379	1,268,152
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(57,371)	(57,371)	(86,876)	(42,047)	(128,923)	-	(186,294)	(69,085)	(255,379)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,168,402	1,168,402	(86,876)	(42,047)	(128,923)	-	1,039,479	(26,706)	1,012,773
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	13,172	13,172	-	(13,172)	(13,172)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 9,150,897	\$ 165,585	\$ 3,978,059	\$ 577,494	\$ 3,920,727	\$ 8,476,280	\$ (576,053)	\$ 183,430	\$ (392,623)	\$ (21,182)	\$ 17,378,957	\$ 282,190	\$ 17,661,147

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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,603,314	\$ 1,611,079
Adjustments for:		
Depreciation expenses	588,260	595,485
Amortization expenses	76,571	68,429
Expected credit losses on trade receivables	40,431	38,700
Net (gain) loss recognized on financial assets measured at FVTPL	(42,783)	74,856
Finance costs	76,637	61,953
Interest income	(177,764)	(132,393)
Dividend income	(21,702)	(24,447)
Net gain on disposal of property, plant and equipment	(749)	(1,684)
Write-down of inventories	-	71,280
Reversal of write-down of inventories	(13,375)	-
Others	(926)	5,592
Changes in operating assets and liabilities		
Financial assets mandatorily classified as fair value through profit or loss	161,402	(186,887)
Notes receivable	(5,869)	9,448
Trade receivables	408,895	744,175
Trade receivables from related parties	4,694	2,553
Other receivables	(5,570)	(41,051)
Inventories	(28,514)	21,652
Prepayments	201,840	284,590
Other current assets	1,509	(11,339)
Accrued pension assets	(13)	5,524
Contract liabilities	(179,466)	(37,832)
Notes payable	(15,967)	(328,804)
Trade payables	133,589	(497,144)
Trade payables - related parties	(9,744)	161
Other payables	(246,527)	272,543
Other current liabilities	28,717	(13,038)
Net defined benefit liabilities	(22,097)	(3,125)
Cash generated from operations	2,554,793	2,590,276
Interest received	120,901	84,521
Interest paid	(78,076)	(61,387)
Income tax paid	(506,594)	(742,564)
Net cash generated from operating activities	2,091,024	1,870,846
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of financial assets at fair value through other comprehensive income	51,912	-
Purchase of financial assets at amortized cost	(2,118,674)	(4,398,684)
Refund of financial assets at amortized cost	1,771,100	4,192,025
Payments for property, plant and equipment	(331,462)	(386,518)

(Continued)

**STANDARD FOODS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	2023	2022
Proceeds from disposal of property, plant and equipment	\$ 5,859	\$ 7,775
Payments for intangible assets	(77,527)	(20,531)
Acquisitions of right-of-use assets	-	(16,377)
Decrease in finance lease receivables	516	18,585
Increase in other financial assets	(16,902)	(131,696)
Increase in other non-current assets	(53,416)	(25,620)
Other dividends received	<u>21,702</u>	<u>24,447</u>
Net cash used in investing activities	<u>(746,892)</u>	<u>(736,594)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	1,549,193
Decrease in short-term borrowings	(1,489,713)	-
Increase in short-term bills payable	49,993	-
Decrease in short-term bills payable	-	(259,855)
Repayment of the principal portion of lease liabilities	(106,573)	(90,904)
Decrease in other financial liabilities	(666)	(9,272)
Decrease in other non-current liabilities	-	(127)
Payment of dividends to the Company's owners	(1,171,862)	(1,725,998)
Payment of cash dividends on non-controlling equity	<u>(33,504)</u>	<u>(33,504)</u>
Net cash used in financing activities	<u>(2,752,325)</u>	<u>(570,467)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(1,176)</u>	<u>36,401</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,409,369)	600,186
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>4,348,255</u>	<u>3,748,069</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 2,938,886</u>	<u>\$ 4,348,255</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, 2023 AND 2022

(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 11, 2024.

#### 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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

##### Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group’s exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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 Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **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 IFRS Accounting Standards 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 based on 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 12 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 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 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 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 of 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 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 denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from 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 cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations (including subsidiaries that are prepared using functional 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, wrapping 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 initially measured at cost and subsequently measured at cost less recognized accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured 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 their 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 measured 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 are 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 pro rata to the other assets of the unit 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 Group 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 and 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, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

l. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) 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 FVTPL 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 assets are mandatorily classified or designated 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 remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

##### 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, are 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 impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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.

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 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.

### m. Revenue recognition

The Group 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 and cooking products. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped 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 are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed. 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 and 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 lessee's incremental borrowing rate will be used.

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 benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the 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 liabilities are 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 and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of climate change and related government policies and regulations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 1,542	\$ 1,587
Checking accounts and demand deposits	2,174,213	2,772,146
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>763,131</u>	<u>1,574,522</u>
	<u>\$ 2,938,886</u>	<u>\$ 4,348,255</u>

The ranges of annual interest rate of cash in bank at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank balance	0.001%-5.580%	0.001%-5.150%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<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	\$ 37,600	\$ 24,900
Mutual funds	1,043,024	1,261,901
Note cash	<u>79,880</u>	<u>-</u>
	<u>\$ 1,160,504</u>	<u>\$ 1,286,801</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Listed shares	\$ 14,703	\$ 6,662
Domestic unlisted shares	<u>2,028</u>	<u>2,059</u>
	<u>\$ 16,731</u>	<u>\$ 8,721</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	<u>\$ 198,617</u>	<u>\$ 184,359</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 180,328</u>	<u>\$ 359,217</u>
<u>Investments in equity instruments at FVTOCI</u>		
	December 31	
	2023	2022
<u>Current</u>		
Listed shares and emerging market shares		
Ordinary shares - Far Eastern International Bank	\$ 18,555	\$ 16,135
Ordinary shares - Chunghwa Telecom Co., Ltd	5,832	5,492
Ordinary shares - Formosa Plastics Corporation	7,242	7,937
Ordinary shares - China Steel Corporation	21,688	23,937
Ordinary shares - Polytronics Technology Corp.	91,930	90,493
Ordinary shares - Taiwan Semiconductor Manufacturing Co., Ltd.	<u>53,370</u>	<u>40,365</u>
	<u>\$ 198,617</u>	<u>\$ 184,359</u>

(Continued)



	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Listed shares and emerging market shares		
Ordinary shares - GeneFerm Biotechnology Co., Ltd.	\$ 159,811	\$ 143,508
Unlisted shares		
Ordinary shares - Dah Chung Bills Finance Corp.	19,474	15,549
Ordinary shares - InnoComm Mobile Technology Corp.	-	199,152
Ordinary shares - AsiaVest Liquidation Co.	<u>1,043</u>	<u>1,008</u>
	<u>\$ 180,328</u>	<u>\$ 359,217</u> (Concluded)

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

In September 2023, the Group adjusted the investment position to diversify the risk and sold the ordinary shares to InnoComm Mobile Technology Corp. at NT\$51,912 thousand. The related other equity - unrealized gain (loss) on financial assets at FVTOCI, NT\$13,172 thousand, was restated into the retained earnings.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 1,203,147</u>	<u>\$ 1,061,060</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 1,971,770</u>	<u>\$ 1,807,854</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.45%-5.60% and 0.76%-5.25% per annum as of December 31, 2023 and 2022, respectively.

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes receivable</u>		
Operating	<u>\$ 14,829</u>	<u>\$ 9,223</u> (Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 4,590,853	\$ 5,025,105
Less: Allowance for impairment loss	<u>(98,588)</u>	<u>(59,455)</u>
	<u>\$ 4,492,265</u>	<u>\$ 4,965,650</u>
<u>Other receivables</u>		
Accrued interest	\$ 121,643	\$ 66,902
Others	<u>245,802</u>	<u>240,178</u>
	<u>\$ 367,445</u>	<u>\$ 307,080</u>
		(Concluded)

The Group's credit period for commodity sales averages 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 receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts.

The Group adopts the simplified approach of IFRS 9 to measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The Group performs assessment using the three forward-looking factors, i.e., industrial index of the customer, GDP growth rate and unemployment rate, as the ECL rate.

When there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, the credit risk management department of the Group would continue to engage in enforcement activity in compliance with laws and regulations. The trade receivable will be written off when the amount due is collected.

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

December 31, 2023

	<b>Not Past Due</b>	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0.29%	4.37%	11.91%	36.93%	99.17%	
Gross carrying amount	\$ 4,411,993	\$ 73,862	\$ 27,953	\$ 18,892	\$ 72,982	\$ 4,605,682
Loss allowance (Lifetime ECL)	<u>(12,676)</u>	<u>(3,231)</u>	<u>(3,329)</u>	<u>(6,977)</u>	<u>(72,375)</u>	<u>(98,588)</u>
Amortized cost	<u>\$ 4,399,317</u>	<u>\$ 70,631</u>	<u>\$ 24,624</u>	<u>\$ 11,915</u>	<u>\$ 607</u>	<u>\$ 4,507,094</u>

December 31, 2022

	<b>Not Past Due</b>	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
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)	<u>(5,350)</u>	<u>(6,206)</u>	<u>(7,304)</u>	<u>(19,989)</u>	<u>(20,606)</u>	<u>(59,455)</u>
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>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 59,455	\$ 23,433
Add: Impairment loss provided for the current period	40,431	38,700
Less: Actual write-off for the current period	-	(3,166)
Foreign exchange translation gains and losses	<u>(1,298)</u>	<u>488</u>
Balance at December 31	<u>\$ 98,588</u>	<u>\$ 59,455</u>

## 11. FINANCE LEASE RECEIVABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Undiscounted lease payments</u>		
Year 1	\$ 1,095	\$ 571
Year 2	1,143	1,095
Year 3	1,143	1,143
Year 4	1,659	1,143
Year 5	<u>-</u>	<u>1,659</u>
	5,040	5,611
Less: Unearned finance income	<u>(110)</u>	<u>(165)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 4,930</u>	<u>\$ 5,446</u>

No finance lease receivable was past due on the balance sheet date. 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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Merchandise	\$ 423,121	\$ 470,926
Finished goods	2,294,966	2,196,524
Work in progress	913,832	909,042
Raw materials	1,939,428	1,996,324
Packing materials	<u>92,006</u>	<u>85,922</u>
	<u>\$ 5,663,353</u>	<u>\$ 5,658,738</u>

The cost of goods sold for the year ended December 31, 2023 included gains from the recovery of the inventories of \$13,375 thousand and loss on abandoned inventories of \$19,200 thousand. The 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. Gains from the recovery of the net realizable value of inventories primarily due to the disposal of the slow-moving inventory.

### 13. PREPAYMENTS

	December 31	
	2023	2022
Prepayments for purchases	\$ 539,205	\$ 824,247
Prepayments for rent	5,104	3,535
Prepayments for insurance	1,045	1,089
Excess business tax paid	212,621	156,193
Prepayments for advertisements	16,103	9,628
Others	<u>270,042</u>	<u>263,885</u>
	<u>\$ 1,044,120</u>	<u>\$ 1,258,577</u>

### 14. SUBSIDIARIES

Subsidiaries included in consolidated financial statements.

Investor	Investee	Main Business	Proportion of Ownership		Remark	
			December 31			
			2023	2022		
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 invested US\$6,923 thousand and US\$100 thousand into Cayman Standard in October 2023 and April 2022, respectively.	
The Company	Standard Foods, LLC.	Sale of health food	100.0	100.0		-
The Company	Standard Great Foods Singapore PTE. LTD.	Food business	100.0	100.0		In December 2023, the Company invested SGD386 thousand into Standard Great Foods Singapore PTE. LTD. The Company invested SGD14 thousand incorporation of Standard Great Foods Singapore PTE. LTD., in November 2022.
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	-	-	Accession Limited underwent a re-organization in December 2022 and transferred equity ownership to Shanghai New Vitality	
Accession Limited	Dermalab S.A. (“Dermalab”)	Development and sale of cosmetics	100.0	100.0		-
Dermalab	Swissdema SL (“Swissdema”)	Sale of cosmetics	100.0	100.0		-
Cayman Standard	Standard Corporation (Hong Kong) Limited (“Hong Kong Standard”)	Investing	100.0	100.0	In October 2023, and April 2022, Cayman Standard invested US\$6,923 thousand and US\$48 thousand into Hong Kong Standard, respectively.	
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	99.0		Hong Kong Standard invested RMB49,500 thousand and RMB99,000 thousand into Shanghai New Vitality in October 2023 and 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	-	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership		Remark
			December 31		
			2023	2022	
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	-	-	Standard Investment (China) Ltd. underwent a re-organization in December 2022 and transferred equity ownership to Shanghai New Vitality.
The Company and China Standard Investment	Le Bonta Wellness Co., Ltd. (“Shanghai Le Bonta”)	Sale of nutritional foods and engage in import and export business	-	-	The Company and Standard Investment (China) underwent a re-organization in December 2022 and transferred equity ownership to Shanghai New Vitality.
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	100.0	Shanghai New Vitality underwent a re-organization in December 2022 and received equity ownership from Standard Investment (China).
Shanghai New Vitality	Le Bonta Wellness Co., Ltd. (“Shanghai Le Bonta”)	Sale of nutritional foods and engage in import and export business	100.0	100.0	Shanghai Le Bonta split the assets amounting to RMB20,300 thousand and incorporated Jiangsu Hua Sun in August 2023. Shanghai New Vitality underwent a re-organization in December 2022 and received equity ownership from the Company and Standard Investment (China).
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	100.0	Shanghai New Vitality underwent a re-organization in December 2022 and received equity ownership from Accession Limited.
Shanghai New Vitality	Jiangsu Hua Sun Health Technology Co., Ltd. (Jiangsu Hua Sun)	Develop brands and products in the field of health foods and special nutritious foods	100.0	-	Shanghai New Vitality invested RMB50,000 thousand into Jiangsu Hua Sun Co., Ltd. in November, 2023. Shanghai Le Bonta split the assets amounting to RMB20,300 thousand and incorporated Jiangsu Hua Sun in August 2023.

(Concluded)

## 15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvement	Buildings	Equipment	Other Equipment	Property in Construction and Equipment to Be Tested	Total
<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>\$ -</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
Reclassified	-	-	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>\$ -</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>\$ -</u>	<u>\$ 1,853,661</u>	<u>\$ 996,634</u>	<u>\$ 149,349</u>	<u>\$ 288,527</u>	<u>\$ 4,282,791</u>

(Continued)

	Freehold Land	Land Improvement	Buildings	Equipment	Other Equipment	Property in Construction and Equipment to Be Tested	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 994,620	\$ -	\$ 3,538,358	\$ 4,229,390	\$ 617,918	\$ 288,527	\$ 9,668,813
Additions	-	-	1,975	441	2,396	326,650	331,462
Disposals	-	-	(4,316)	(75,085)	(24,546)	-	(103,947)
Reclassified	4,530	33,771	67,804	223,752	42,551	(372,899)	(491)
Effects of foreign currency exchange differences	-	-	(32,352)	(22,547)	(3,496)	55	(58,340)
Balance at December 31, 2023	<u>\$ 999,150</u>	<u>\$ 33,771</u>	<u>\$ 3,571,469</u>	<u>\$ 4,355,951</u>	<u>\$ 634,823</u>	<u>\$ 242,333</u>	<u>\$ 9,837,497</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ -	\$ 1,684,697	\$ 3,232,756	\$ 468,569	\$ -	\$ 5,386,022
Disposals	-	-	(4,224)	(71,044)	(23,569)	-	(98,837)
Reclassified	-	-	-	(3,866)	3,866	-	-
Depreciation expenses	-	1,248	162,483	234,317	46,303	-	444,351
Effects of foreign currency exchange differences	-	-	(12,864)	(14,431)	(2,600)	-	(29,895)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,248</u>	<u>\$ 1,830,092</u>	<u>\$ 3,377,732</u>	<u>\$ 492,569</u>	<u>\$ -</u>	<u>\$ 5,701,641</u>
Carrying amount at December 31, 2023	<u>\$ 999,150</u>	<u>\$ 32,523</u>	<u>\$ 1,741,377</u>	<u>\$ 978,219</u>	<u>\$ 142,254</u>	<u>\$ 242,333</u>	<u>\$ 4,135,856</u>

(Concluded)

No impairment assessment was performed for the years ended December 31, 2023 and 2022 since there was no indication of impairment.

The depreciation expenses on a straight-line basis over the following estimated useful lives of the assets:

Land improvements	15 years
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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Land	\$ 382,267	\$ 396,328
Buildings	131,458	187,883
Office equipment	3,031	1,665
Transportation equipment	<u>7,927</u>	<u>4,940</u>
	<u>\$ 524,683</u>	<u>\$ 590,816</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 80,826</u>	<u>\$ 56,783</u>
Depreciation charge for right-of-use assets		
Land	\$ 13,001	\$ 12,689
Buildings	87,292	83,533
Office equipment	552	376
Transportation equipment	<u>3,959</u>	<u>4,226</u>
	<u>\$ 104,804</u>	<u>\$ 100,824</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Current	<u>\$ 69,502</u>	<u>\$ 93,575</u>
Non-current	<u>\$ 120,685</u>	<u>\$ 157,283</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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 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.

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	\$ 99,173	\$ 93,766
Expenses relating to low-value asset leases	\$ 1,571	\$ 933
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 80	\$ 80
Total cash outflow for leases	\$ (212,731)	\$ (192,400)

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

	<b>Completed Investment Properties</b>	<b>Right-of-use Assets</b>	<b>Total</b>
<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	<u>11,878</u>	<u>81</u>	<u>11,959</u>
Balance at December 31, 2022	<u>\$ 1,005,938</u>	<u>\$ 5,693</u>	<u>\$ 1,011,631</u>
<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>
<u>Cost</u>			
Balance at January 1, 2023	\$ 1,005,938	\$ 5,693	\$ 1,011,631
Effects of foreign currency exchange differences	<u>(14,886)</u>	<u>(96)</u>	<u>(14,982)</u>
Balance at December 31, 2023	<u>\$ 991,052</u>	<u>\$ 5,597</u>	<u>\$ 996,649</u>

(Continued)



	<b>Completed Investment Properties</b>	<b>Right-of-use Assets</b>	<b>Total</b>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 247,588	\$ 1,682	\$ 249,270
Depreciation expenses	38,657	448	39,105
Effects of foreign currency exchange differences	<u>(4,326)</u>	<u>(37)</u>	<u>(4,363)</u>
Balance at December 31, 2023	<u>\$ 281,919</u>	<u>\$ 2,093</u>	<u>\$ 284,012</u>
Carrying amount at December 31, 2023	<u>\$ 709,133</u>	<u>\$ 3,504</u>	<u>\$ 712,637</u> (Concluded)

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

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

The Group's investment properties are located in Suzhou City, Jiangsu Province, China. Because the location is an industrial zone, the market for comparable properties is inactive and alternative reliable measurements of fair value are not available. Therefore, the fair value is not reliably measurable.

In addition to the above, the fair values of the investment properties were \$1,116,414 thousand and \$1,142,323 thousand as of December 31, 2023 and 2022, 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

	<b>Trademark</b>	<b>Computer Software</b>	<b>Total</b>
<u>Cost</u>			
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> (Continued)

	<b>Trademark</b>	<b>Computer Software</b>	<b>Total</b>
<u>Accumulated amortization and impairment</u>			
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>
<u>Cost</u>			
Balance at January 1, 2023	\$ 264,959	\$ 261,854	\$ 526,813
Additions	338	77,189	77,527
Disposals	(325)	-	(325)
Effects of foreign currency exchange differences	<u>(478)</u>	<u>(1,256)</u>	<u>(1,734)</u>
Balance at December 31, 2023	<u>\$ 264,494</u>	<u>\$ 337,787</u>	<u>\$ 602,281</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 181,483	\$ 235,070	\$ 416,553
Disposals	(325)	-	(325)
Amortization expenses	5,637	18,277	23,914
Effects of foreign currency exchange differences	<u>(8,115)</u>	<u>(35)</u>	<u>(8,150)</u>
Balance at December 31, 2023	<u>\$ 178,680</u>	<u>\$ 253,312</u>	<u>\$ 431,992</u>
Carrying amount at December 31, 2023	<u>\$ 85,814</u>	<u>\$ 84,475</u>	<u>\$ 170,289</u> (Concluded)
No impairment assessment was performed for the years ended December 31, 2023 and 2022 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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Pledge time deposits (Note 33)	\$ 10,174	\$ 9,904
Advances to officers	20,532	29,217
Temporary payments	780	10
Right to recover a product	75,885	70,445
Others	<u>23</u>	<u>21</u>
	<u>\$ 107,394</u>	<u>\$ 109,597</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 2,425	\$ 12,834
Refundable deposits	284,360	271,840
Others	<u>101,808</u>	<u>91,272</u>
	<u>\$ 388,593</u>	<u>\$ 375,946</u>

## 20. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Secured borrowings (Note 33)</u>		
Bank loans	\$ 30,000	\$ 202,178
<u>Unsecured borrowings</u>		
Bank loans	<u>1,391,038</u>	<u>2,725,997</u>
	<u>\$ 1,421,038</u>	<u>\$ 2,928,175</u>

The range of interest rates on bank loans was 1.88%-3.00% and 1.73%-2.80% per annum as of December 31, 2023 and 2022, respectively.

### b. Short-term bills payable

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Commercial paper	\$ 50,000	\$ -
Less: Unamortized discount on bills payable	<u>(7)</u>	<u>-</u>
	<u>\$ 49,993</u>	<u>\$ -</u>

Outstanding short-term bills payable were as follows:

December 31, 2023

<b>Financial Institutions</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Amount</b>	<b>Interest Rate</b>	<b>Collateral</b>	<b>Carrying Amount of Collateral</b>
<u>Commercial paper</u>						
Taiwan Cooperative Financial Holding Co., Ltd.	<u>\$ 50,000</u>	<u>\$ (7)</u>	<u>\$ 49,993</u>	2.14%	-	<u>\$ -</u>

## 21. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes payable</u>		
Operating	<u>\$ 519,183</u>	<u>\$ 543,484</u>
<u>Trade payables</u>		
Operating	<u>\$ 1,535,268</u>	<u>\$ 1,405,642</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>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payable for salaries and bonuses	\$ 379,849	\$ 418,811
Payable for compensation of employees	19,472	19,470
Payable for remuneration of directors	8,113	8,237
Payable for commission and rebates	1,723,074	1,593,054
Advertisement payable	318,624	285,252
Payable for royalties	24,998	25,917
Payable for freight	84,669	64,997
Payable for equipment	74,872	74,402
Others	<u>830,527</u>	<u>1,247,511</u>
	<u>\$ 3,464,198</u>	<u>\$ 3,737,651</u>

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Other liabilities		
Advance receipts from customers	\$ 2,040	\$ 1,771
Return liability	120,155	113,120
Others	<u>35,492</u>	<u>15,571</u>
	<u>\$ 157,687</u>	<u>\$ 130,462</u>

#### Non-current

Other liabilities		
Guarantee deposits	<u>\$ 21,249</u>	<u>\$ 22,224</u>
		(Concluded)

The Group accepts returns of sold goods according to the business practices. Taking into account the historical experience in the past, the Company and its mainland subsidiaries estimates the return rate with the most probable amount, and recognizes the return liability (recorded as other current liabilities) and related pending return product rights (recorded as 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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of funded defined benefit obligation	\$ 670,013	\$ 592,117
Fair value of plan assets	<u>(439,649)</u>	<u>(412,099)</u>
Net defined benefit liabilities	<u>\$ 230,364</u>	<u>\$ 180,018</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	<u>\$ 672,049</u>	<u>\$ (436,142)</u>	<u>\$ 235,907</u>
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 loss - 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>
Balance at January 1, 2023	<u>\$ 592,117</u>	<u>\$ (412,099)</u>	<u>\$ 180,018</u>
Service cost			
Current service cost	6,827	-	6,827
Past service cost	35,957	-	35,957
Net interest expense (income)	<u>9,541</u>	<u>(6,793)</u>	<u>2,748</u>
Recognized in profit or loss	<u>52,325</u>	<u>(6,793)</u>	<u>45,532</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,199)	(3,199)
Actuarial gain - changes in demographic assumptions	(1,890)	-	(1,890)
Actuarial loss - changes in financial assumptions	13,000	-	13,000
Actuarial loss - experience adjustments	<u>63,361</u>	<u>-</u>	<u>63,361</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Recognized in other comprehensive income	\$ 74,471	\$ (3,199)	\$ 71,272
Contributions from the employer	-	(29,807)	(29,807)
Contributions from plan participants	4,324	(4,324)	-
Benefits paid	(23,324)	23,324	-
Direct payment to employees	(37,921)	-	(37,921)
Exchange differences	8,021	(6,751)	1,270
Balance at December 31, 2023	<u>\$ 670,013</u>	<u>\$ (439,649)</u>	<u>\$ 230,364</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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rates	1.000%-2.000%	1.125%-2.100%
Expected rates of salary increase	0.500%-3.250%	0.500%-3.250%

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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rates		
0.250% increase	<u>\$ (14,842)</u>	<u>\$ (13,898)</u>
0.250% decrease	<u>\$ 15,419</u>	<u>\$ 14,388</u>
Expected rates of salary increase		
0.250% increase	<u>\$ 12,859</u>	<u>\$ 12,191</u>
0.250% decrease	<u>\$ (12,589)</u>	<u>\$ (11,831)</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	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 25,424</u>	<u>\$ 17,164</u>
The average duration of the defined benefit obligation	1.0-12.0 years	1.0-12.5 years

## 24. EQUITY

### a. Share capital

#### Ordinary shares

	December 31	
	2023	2022
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>

### b. Capital surplus

	December 31	
	2023	2022
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	164,875	156,271
<u>May be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>709</u>	<u>709</u>
	<u>\$ 165,585</u>	<u>\$ 156,981</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 Articles of Incorporation, where the Company made any profit in a fiscal year, the profit shall be appropriated, 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 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) "employees' compensation and remuneration of directors".

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

The appropriations of earnings 2022 and 2021 approved in the shareholders' meetings on June 16, 2023 and June 16, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 126,036	\$ 245,834
Cash dividends	\$ 1,180,466	\$ 1,738,670
Cash dividends per share (NT\$)	\$ 1.29	\$ 1.90

The appropriations of earnings for 2023 were proposed by the Company's board of directors on March 11, 2024. The appropriations and dividends per share were as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	\$ 118,157
Cash dividends	\$ 1,143,862
Cash dividends per share (NT\$)	\$ 1.25

The appropriations of earnings for 2023 are subject to the resolution of the shareholders in their meeting to be held on June 19, 2024.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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 at the end of the reporting period. If there is a subsequent reversal of the net deduction of other shareholders' equity, the special reserve reversed may be reverted to distribute the surplus.

e. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	<u>\$ (489,177)</u>	<u>\$ (612,857)</u>
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	<u>(86,876)</u>	<u>123,680</u>
Other comprehensive income recognized for the year	<u>(86,876)</u>	<u>123,680</u>
Balance at December 31	<u>\$ (576,053)</u>	<u>\$ (489,177)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	<u>\$ 238,649</u>	<u>\$ 422,781</u>
Recognized for the year		
Unrealized (loss) gain - equity instruments	<u>(42,047)</u>	<u>(184,132)</u>
Other comprehensive income recognized for the year	<u>(42,047)</u>	<u>(184,132)</u>
Disposal of equity instruments transferred to the retained earnings	<u>(13,172)</u>	<u>-</u>
Balance at December 31	<u>\$ 183,430</u>	<u>\$ 238,649</u>

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	<u>\$ 342,400</u>	<u>\$ 440,027</u>
Share in profit for the year	<u>42,379</u>	<u>30,010</u>
Other comprehensive income (loss) during the year		
Exchange difference on translation of the financial statements of foreign operations	<u>1,576</u>	<u>474</u>
Unrealized (loss) gain on financial assets at FVTOCI	<u>(70,661)</u>	<u>(93,483)</u>
Remeasurement on defined benefit plans	<u>-</u>	<u>(1,124)</u>
Cash dividends distributed by subsidiaries to non-controlling interests	<u>(33,504)</u>	<u>(33,504)</u>
Balance at December 31	<u>\$ 282,190</u>	<u>\$ 342,400</u>

g. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>
Number of shares at December 31, 2023 and January 1, 2023	<u>6,669</u>
Number of shares at December 31, 2022 and January 1, 2022	<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:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>December 31, 2023</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 259,442</u>
<u>December 31, 2022</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 265,778</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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 27,804,118</u>	<u>\$ 28,922,800</u>

a. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Notes receivable (Note 10)	<u>\$ 14,829</u>	<u>\$ 9,223</u>	<u>\$ 18,370</u>
Trade receivables (Note 10)	<u>\$ 4,590,853</u>	<u>\$ 5,025,105</u>	<u>\$ 5,722,846</u>
Trade receivables from related parties (Note 32)	<u>\$ 43</u>	<u>\$ 4,737</u>	<u>\$ 7,290</u>
Contract liabilities - current			
Sale of goods	<u>\$ 295,312</u>	<u>\$ 478,697</u>	<u>\$ 509,315</u>

b. Disaggregation of revenue

	<b>Reportable Segments</b>			<b>Total</b>
	<b>Nutritious Foods</b>	<b>Cooking Products</b>	<b>Others</b>	
For the year ended <u>December 31, 2023</u>				
Types of goods or services				
Sale of goods	<u>\$ 10,400,114</u>	<u>\$ 14,625,564</u>	<u>\$ 2,778,440</u>	<u>\$ 27,804,118</u>
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>

## 26. NET PROFIT

Net profit includes:

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	\$ 51,701	\$ 44,245
Financial assets at amortized cost	123,851	86,562
Repurchase agreements collateralized by bonds	270	-
Others	<u>1,942</u>	<u>1,586</u>
	<u>\$ 177,764</u>	<u>\$ 132,393</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Rental income		
Operating lease rental income		
Investment properties	\$ 33,057	\$ 25,206
Others	<u>1,316</u>	<u>1,238</u>
	<u>34,373</u>	<u>26,444</u>
Dividends		
Investments in equity instruments at FVTOCI	<u>21,702</u>	<u>24,447</u>
	<u>\$ 56,075</u>	<u>\$ 50,891</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value changes of financial assets and financial liabilities		
Financial assets held for trading	\$ 42,783	\$ (74,856)
Net foreign exchange (losses) gains	(12,629)	71,082
Net gain on disposal of property, plant and equipment	749	1,684
Government grants	4,708	28,538
Others	<u>50,100</u>	<u>20,445</u>
	<u>\$ 85,711</u>	<u>\$ 46,893</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 70,525	\$ 52,797
Interest on short-term bills payable	736	2,117
Interest on lease liabilities	5,334	6,717
Other interest expense	<u>42</u>	<u>322</u>
	<u>\$ 76,637</u>	<u>\$ 61,953</u>

e. Impairment loss (gain on reversal)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Trade receivables	<u>\$ 40,431</u>	<u>\$ 38,700</u>
Inventories (included in operating costs)	<u>\$ (13,375)</u>	<u>\$ 71,280</u>

f. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Operating costs	\$ 374,085	\$ 394,840
Operating expenses	175,070	162,252
Non-operating revenue and expenses	<u>39,105</u>	<u>38,393</u>
	<u>\$ 588,260</u>	<u>\$ 595,485</u>
An analysis of amortization by function		
Operating costs	\$ 29,701	\$ 28,598
Operating expenses	<u>46,870</u>	<u>39,831</u>
	<u>\$ 76,571</u>	<u>\$ 68,429</u>

g. Operating expenses directly related to investment properties

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Direct operating expenses of investment properties that generated rental income	\$ 2,120	\$ 445
Direct operating expenses of investment properties that did not generated rental income	<u>575</u>	<u>573</u>
	<u>\$ 2,695</u>	<u>\$ 1,018</u>

h. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plans	\$ 137,665	\$ 152,658
Defined benefit plans (Note 23)	<u>45,532</u>	<u>8,691</u>
	183,197	161,349
Other employee benefits	<u>2,437,489</u>	<u>2,477,030</u>
Total employee benefits expense	<u>\$ 2,620,686</u>	<u>\$ 2,638,379</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 939,397	\$ 910,712
Operating expenses	<u>1,681,289</u>	<u>1,727,667</u>
	<u>\$ 2,620,686</u>	<u>\$ 2,638,379</u>

i. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates of no less than 0.5% and no higher than 0.75%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 11, 2024 and March 15, 2023, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	1.32%	1.30%
Remuneration of directors	0.55%	0.55%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 19,472	\$ 19,470
Remuneration of directors	8,113	8,237

If the amount changes after the consolidated financial statements are approved and announced to the public, the difference will be treated as a change in accounting estimate and recognized as a gain or loss in the following year.

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, 2022 and 2021.

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 97,123	\$ 206,582
Foreign exchange losses	<u>(109,752)</u>	<u>(135,500)</u>
Net (losses) gains	<u>\$ (12,629)</u>	<u>\$ 71,082</u>

## 27. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 399,849	\$ 569,308
Income tax on unappropriated earnings	51	24,431
Adjustments for prior years	<u>(24,314)</u>	<u>(5,498)</u>
	<u>375,586</u>	<u>588,241</u>
Deferred tax		
In respect of the current year	<u>(40,424)</u>	<u>(221,270)</u>
Income tax expense recognized in profit or loss	<u>\$ 335,162</u>	<u>\$ 366,971</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax	<u>\$ 1,603,314</u>	<u>\$ 1,611,079</u>
Income tax expense calculated at the statutory rate	\$ 426,667	\$ 417,042
Nondeductible expenses in determining taxable income	7,178	26,871
Tax-exempt income	(77,958)	(82,187)
Unrecognized deductible temporary differences and loss carryforwards	(19,923)	(13,688)
Income tax on unappropriated earnings	51	24,431
Adjustments for prior years' tax	<u>(853)</u>	<u>(5,498)</u>
Income tax expense recognized in profit or loss	<u>\$ 335,162</u>	<u>\$ 366,971</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (21,719)	\$ 30,920
Fair value changes of financial assets at FVTOCI	12	(8)
Remeasurement of defined benefit plans	<u>(13,901)</u>	<u>14,427</u>
Total (income) expense tax recognized in other comprehensive income	<u>\$ (35,608)</u>	<u>\$ 45,339</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax assets		
Tax refund receivable	<u>\$ 299</u>	<u>\$ 588</u>
Current tax liabilities		
Income tax payable	<u>\$ 107,241</u>	<u>\$ 238,594</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, 2023

	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	\$ 78,889	\$ (7,494)	\$ -	\$ -	\$ 71,395
Exchange differences on translation of the financial statements of foreign operations	122,292	-	21,720	-	144,012
Defined benefit plans	70,274	(4,503)	14,255	219	80,245
Advertisement payable	53,970	-	-	(908)	53,062
Deferred sales returns and allowances	17,810	190	-	-	18,000
Allowance for inventory loss	31,097	(2,675)	-	-	28,422
Financial assets measured at cost	43,880	(23,460)	(12)	-	20,408
Others	11,947	136	-	75	12,158
	<u>\$ 430,159</u>	<u>\$ (37,806)</u>	<u>\$ 35,963</u>	<u>\$ (614)</u>	<u>\$ 427,702</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 99,954	\$ (79,301)	\$ -	\$ -	\$ 20,653
Reserve for land value increment tax	33,685	-	-	-	33,685
Defined benefit plans	1,497	1	355	-	1,853
Others	4,480	1,070	-	482	6,032
	<u>\$ 139,616</u>	<u>\$ (78,230)</u>	<u>\$ 355</u>	<u>\$ 482</u>	<u>\$ 62,223</u>

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	6,577	5,301	-	69	11,947
	<u>\$ 437,485</u>	<u>\$ 36,745</u>	<u>\$ (45,143)</u>	<u>\$ 1,072</u>	<u>\$ 430,159</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<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>
					(Concluded)

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Loss carryforwards		
Expiry in 2023	\$ -	\$ 65,536
Expiry in 2024	24,151	75,162
Expiry in 2025	37,480	75,874
Expiry in 2026	117,438	59,663
Expiry in 2027	143,340	171,107
Expiry in 2028	<u>142,493</u>	<u>-</u>
	<u>\$ 464,902</u>	<u>\$ 447,342</u>
Deductible temporary differences	<u>\$ 512,832</u>	<u>\$ 74,684</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, 2021 have been assessed by the tax authorities.

## 28. EARNINGS PER SHARE

	<u>Unit: NT\$ Per Share</u>	
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$ 1.35</u>	<u>\$ 1.34</u>
Diluted earnings per share	<u>\$ 1.35</u>	<u>\$ 1.34</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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic earnings per share	<u>\$ 1,225,773</u>	<u>\$ 1,214,098</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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>616</u>	<u>690</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>909,036</u>	<u>909,110</u>

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

## 29. CASH FLOWS INFORMATION

Changes in liabilities from financing activities:

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>		<b>Closing Balance</b>
			<b>Addition Lease/Lease Modification</b>	<b>Exchanging Rate Adjustment</b>	
		\$			
Short-term borrowings	\$2,928,175	(1,489,713)	\$ -	\$ (17,424)	\$1,421,038
Short-term bills payable	-	49,993	-	-	49,993
Lease liabilities	250,858	(106,573)	62,532	(16,630)	190,187
Guarantee deposits received	<u>22,224</u>	<u>(666)</u>	<u>-</u>	<u>(309)</u>	<u>21,249</u>
		\$			
	<u>\$3,201,257</u>	<u>(1,546,959)</u>	<u>\$ 62,532</u>	<u>\$ (34,363)</u>	<u>\$1,682,467</u>

For the year ended December 31, 2022

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

### 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, repay 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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 52,303	\$ -	\$ -	\$ 52,303
Unlisted shares	-	-	2,028	2,028
Mutual fund beneficiary certification	1,043,024	-	-	1,043,024
Note cash	<u>-</u>	<u>79,880</u>	<u>-</u>	<u>79,880</u>
	<u>\$ 1,095,327</u>	<u>\$ 79,880</u>	<u>\$ 2,028</u>	<u>\$ 1,177,235</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 358,428	\$ -	\$ -	\$ 358,428
Unlisted shares	<u>-</u>	<u>-</u>	<u>20,517</u>	<u>20,517</u>
	<u>\$ 358,428</u>	<u>\$ -</u>	<u>\$ 20,517</u>	<u>\$ 378,945</u>

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>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed 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>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2023	\$ 2,059	\$ 215,709	\$ 217,768
Recognized in profit or loss (included in other gains and losses)	(31)	-	(31)
Recognized in other comprehensive income (loss) (included in unrealized gain (loss) on financial assets at FVTOCI)	-	(143,262)	(143,262)
Disposals	-	(51,912)	(51,912)
Impact of exchange rates	<u>-</u>	<u>(18)</u>	<u>(18)</u>
Balance at December 31, 2023	<u>\$ 2,028</u>	<u>\$ 20,517</u>	<u>\$ 22,545</u>
Recognized in other gains and losses - unrealized	<u>\$ (31)</u>	<u>\$ -</u>	<u>\$ (31)</u>

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
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>

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	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 1,177,235	\$ 1,295,522
Financial assets at amortized cost (1)	11,282,919	12,785,603
Investments in equity instruments at FVTOCI	378,945	543,576
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	3,633,405	4,996,745

- 1) The balances include financial assets measured at amortized cost, such as cash and cash equivalents, note receivables, trade receivables and other receivables and other financial assets.
- 2) The balances include short-term borrowings, short-term bills payables, note payables, trade payables and other financial liabilities, which are financial liabilities measured at amortized cost.

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 foreign 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 monitors exchange rate fluctuations and takes appropriate actions to manage the exchange rate risk.

For the monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date (including those written off in the consolidated financial statements), refer to Note 35.

Sensitivity analysis

The Group is mainly exposed to the fluctuation of 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.

	<b>RMB Impact</b>		<b>USD Impact</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ 29,423 (i)	\$ 29,547 (i)	\$ 15,322 (ii)	\$ 10,741 (ii)

	<b>EUR Impact</b>		<b>AUD Impact</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ 4,655 (iii)	\$ 2,004 (iii)	\$ 2,836 (iv)	\$ 2,572 (iv)
	<b>CHF Impact</b>		<b>SGD Impact</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ (252) (v)	\$ (138) (v)	\$ (177) (vi)	\$ 266 (vi)

- i. This was mainly derived from the outstanding RMB-denominated bank deposits which were not hedged at the end of the reporting period.
- ii. This was mainly derived from the outstanding USD-denominated bank deposits, receivables and payables which were not hedged at the end of the reporting period.
- iii. This was mainly derived from the outstanding EUR-denominated bank deposits, receivables and payables which were not hedged at the end of the reporting period.
- iv. This was mainly derived from the outstanding AUD-denominated bank deposits which were not hedged at the end of the reporting period.
- v. This was mainly derived from the outstanding CHF-denominated bank deposits which were not hedged at the end of the reporting period.
- vi. This was mainly derived from the outstanding SGD-denominated bank deposits, receivables and payables 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.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 3,781,952	\$ 4,137,886
Financial liabilities	1,661,218	3,059,033
Cash flow interest rate risk		
Financial assets	171,200	320,900
Financial liabilities	-	120,000



### Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rate risk 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, 2023 and 2022 would have increased by \$1,712 thousand and \$2,009 thousand, respectively. If the interest rate decreases by 1%, it would be the same amount but negative number reflecting the effect on the pre-tax profit.

#### 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 designated personnel 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, 2023 would have increased/decreased by \$11,772 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, 2023 would have increased/decreased by \$3,789 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, 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.

#### 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 of the balance sheet date, the Group's maximum exposure to the risk of financial loss due to counterparties' default on contractual obligations (specifically, the maximum amount of irrevocable exposure without taking into consideration the effect of collaterals and other credit enhancements) is represented by the book value of financial assets shown on 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, the Group's 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, 2023 and 2022, the Group had available unutilized bank loan facilities in the amounts of \$7,864,874 thousand and \$5,107,372 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, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 691,909	\$ 1,391,149	\$ 58,140	\$ 21,088
Lease liabilities	6,483	19,510	45,327	125,447
Variable interest rate liabilities	-	-	-	-
Fixed interest rate liabilities	78,525	92,034	-	1,300,560
Contract liabilities	<u>98,437</u>	<u>196,874</u>	<u>-</u>	<u>-</u>
	<u>\$ 875,354</u>	<u>\$ 1,699,567</u>	<u>\$ 103,467</u>	<u>\$ 1,447,095</u>

#### December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<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	-	-
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>

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

### 32. TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, income and expenses 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</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Company is one of the directors	\$ <u>180</u>	\$ <u>36,465</u>

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

c. Purchases of goods

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Company is one of the directors	\$ <u>47,870</u>	\$ <u>102,636</u>

Purchases from related parties were conducted on normal commercial terms.

d. Receivables from related parties

<u>Line Items</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2023</u>	<u>2022</u>
Trade receivables	The Company is one of the directors	\$ <u>43</u>	\$ <u>4,737</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

<u>Line Items</u>	<u>Related Party Category</u>	<u>December 31</u>	
		<u>2023</u>	<u>2022</u>
Trade payables	The Company is one of the directors	\$ <u>9,889</u>	\$ <u>19,633</u>

The outstanding payables from related parties were unsecured.

f. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 20,973	\$ 21,101
Post-employment benefits	<u>601</u>	<u>315</u>
	<u>\$ 21,574</u>	<u>\$ 21,416</u>

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

### 33. PLEDGED ASSETS

The following assets were provided as collateral for bank borrowings, issuance of bank acceptances, performance guaranty, and bond for customs clearance:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Pledge time deposits (included in other current assets)	\$ 10,174	\$ 9,904
Property, plant and equipment, net	109,673	113,879
Investment properties, net	<u>32,893</u>	<u>34,075</u>
	<u>\$ 152,740</u>	<u>\$ 157,858</u>

### 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2023 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\$84 thousand.
- c. Unrecognized commitments for acquisition of property, plant and equipment of approximately \$382,017 thousand.
- d. Unrecognized commitments for acquiring approximately 36,996 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, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 14,041	30.71 (USD:NTD)	\$ 431,135
USD	5,932	7.08 (USD:RMB)	182,142
EUR	4,566	33.98 (EUR:NTD)	155,151
RMB	226,233	4.34 (RMB:NTD)	980,767
AUD	4,505	20.98 (AUD:NTD)	94,520
SGD	306	23.29 (SGD:NTD)	<u>7,134</u>
			<u>\$ 1,850,849</u>
<u>Financial liabilities</u>			
Monetary items			
USD	3,340	30.71 (USD:NTD)	\$ 102,540
CHF	230	8.42 (CHF:RMB)	8,388
SGD	560	23.29 (SGD:NTD)	<u>13,041</u>
			<u>\$ 123,969</u>

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
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>

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

	For the Year Ended December 31			
	2023		2022	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ (9,205)	1 (NTD:NTD)	\$ 68,231
RMB	4.42 (RMB:NTD)	(3,742)	4.43 (RMB:NTD)	2,324
CHF	34.70 (CHF:NTD)	<u>318</u>	31.20 (CHF:NTD)	<u>527</u>
		<u>\$ (12,629)</u>		<u>\$ 71,082</u>

### 36. SUPPLEMENTARY DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financings provided to others: (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.
- 10) Others: Intercompany relationships and significant intercompany transactions (Table 6)

b. Information on investees (excluding investees of mainland China) (Table 7)

c. Information on investment in mainland China

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, the method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee (Table 8)

- 2) Significant direct or indirect (through a third region) 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 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

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Standard Foods Segment	Standard Dairy Products Segment	China Standard Segment	Other Segments	Adjustments and Eliminations	Consolidated
<u>For the year ended December 31, 2023</u>						
Sales from external customers	\$ 10,572,586	\$ 2,563,293	\$ 12,666,362	\$ 2,001,877	\$ -	\$ 27,804,118
Sales among intersegments	<u>1,617,377</u>	<u>1,253,574</u>	<u>9,822</u>	<u>79</u>	<u>(2,880,852)</u>	<u>-</u>
Total sales	<u>\$ 12,189,963</u>	<u>\$ 3,816,867</u>	<u>\$ 12,676,184</u>	<u>\$ 2,001,956</u>	<u>\$ (2,880,852)</u>	<u>\$ 27,804,118</u>
Interest income	<u>\$ 52,634</u>	<u>\$ 4,166</u>	<u>\$ 118,906</u>	<u>\$ 24,703</u>	<u>\$ (22,645)</u>	<u>\$ 177,764</u>
Financial cost	<u>\$ 1,296</u>	<u>\$ 5</u>	<u>\$ 83,484</u>	<u>\$ 14,497</u>	<u>\$ (22,645)</u>	<u>\$ 76,637</u>
Depreciation expense	<u>\$ 205,203</u>	<u>\$ 47,915</u>	<u>\$ 242,840</u>	<u>\$ 94,739</u>	<u>\$ (2,437)</u>	<u>\$ 588,260</u>
Amortization expense	<u>\$ 26,257</u>	<u>\$ 3,238</u>	<u>\$ 32,236</u>	<u>\$ 14,840</u>	<u>\$ -</u>	<u>\$ 76,571</u>
Operating segment income (loss)	<u>\$ 1,444,281</u>	<u>\$ 386,444</u>	<u>\$ (214,272)</u>	<u>\$ 16,067</u>	<u>\$ (29,206)</u>	<u>\$ 1,603,314</u>
Income before income tax						<u>\$ 1,603,314</u>
<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>
Income before income tax						<u>\$ 1,611,079</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	
	2023	2022
Taiwan	\$ 14,767,669	\$ 15,840,943
Mainland China	12,879,350	12,936,504
Others	<u>157,099</u>	<u>145,353</u>
	<u>\$ 27,804,118</u>	<u>\$ 28,922,800</u>
	Non-current Assets	
	December 31	
	2023	2022
Taiwan	\$ 2,604,408	\$ 2,547,432
Mainland China	2,277,470	2,483,827
Others	<u>53,183</u>	<u>56,714</u>
	<u>\$ 4,935,061</u>	<u>\$ 5,087,973</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, 2023  
(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	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	\$ 868,380	\$ 433,520	\$ 433,520	2.500%	b.	\$ -	Need for operation	\$ -	-	\$ -	\$ 3,478,082 (Note 3)	\$ 6,956,164 (Note 4)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	868,380	433,520	433,520	2.500%	b.	-	Need for operation	-	-	-	3,478,082 (Note 3)	6,956,164 (Note 4)	Note 11
		Standard Beverage Company Limited	Financing receivables - related parties	Y	50,000	-	-	-	b.	-	Need for operation	-	-	-	3,478,082 (Note 3)	6,956,164 (Note 4)	Note 11
		Chang Hui Ltd.	Financing receivables - related parties	Y	50,000	50,000	50,000	2.867%	b.	-	Need for operation	-	-	-	3,478,082 (Note 3)	6,956,164 (Note 4)	Note 11
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Y	180,692	173,408	121,875	2.000%	b.	-	Need for operation	-	-	-	1,287,655 (Note 5)	1,287,655 (Note 5)	Note 11
		Le Bonta Wellness Co., Ltd.	Financing receivables - related parties	Y	406,557	390,168	297,529	2.000%	b.	-	Need for operation	-	-	-	1,287,655 (Note 5)	1,287,655 (Note 5)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	542,076	520,224	494,226	2.000%	b.	-	Need for operation	-	-	-	1,287,655 (Note 5)	1,287,655 (Note 5)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	444,280	86,704	55,751	2.000%	b.	-	Need for operation	-	-	-	1,287,655 (Note 5)	1,287,655 (Note 5)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	655,009	628,604	494,508	2.000%	b.	-	Need for operation	-	-	-	1,293,910 (Note 6)	1,293,910 (Note 6)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	225,865	216,760	216,760	2.000%	b.	-	Need for operation	-	-	-	1,293,910 (Note 6)	1,293,910 (Note 6)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	225,865	216,760	-	2.000%	b.	-	Need for operation	-	-	-	1,293,910 (Note 6)	1,293,910 (Note 6)	Note 11
3	Shanghai Le Ben De Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	5,776	-	-	-	b.	-	Need for operation	-	-	-	12,684 (Note 7)	12,684 (Note 7)	Note 11
4	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	54,208	52,022	35,237	2.000%	b.	-	Need for operation	-	-	-	175,674 (Note 8)	175,674 (Note 8)	Note 11
5	Shanghai Le Min Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	54,208	52,022	24,286	2.000%	b.	-	Need for operation	-	-	-	109,963 (Note 9)	109,963 (Note 9)	Note 11
6	Shanghai New Vitality Health Technology (Group) Co., Ltd.	Jiangsu Hua Sun Health Technology Co., Ltd.	Financing receivables - related parties	Y	54,208	52,022	-	2.000%	b.	-	Need for operation	-	-	-	111,721 (Note 10)	111,721 (Note 10)	Note 11

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

Note 2: Reasons for financing are as follows:

- a. Please fill in a for having business transactions.
- b. Please fill in b for short-term financing.

Note 3: The single limit is calculated based on 20% of the net worth of the latest financial statements of Standard Foods Corporation, which was calculated to be \$3,478,082 thousand (the net value per financial statements of \$17,390,410 thousand x 20% as of September 30, 2023).

Note 4: The maximum limit is calculated based on 40% of the net worth of the latest financial statements of Standard Foods Corporation, which was calculated to be \$6,956,164 thousand (the net value per financial statements of \$17,390,410 thousand x 40% as of September 30, 2023).

Note 5: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Standard Investment (China) Co., Ltd., which was calculated to be \$1,287,655 thousand (the net value per financial statements of \$3,219,138 thousand x 40% as of September 30, 2023).

Note 6: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Standard Foods Co., Ltd., which was calculated to be \$1,293,910 thousand (the net value per financial statements of \$3,234,774 thousand x 40% as of September 30, 2023).

Note 7: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Le Ben De Health Technology Co., Ltd., which was calculated to be \$12,684 thousand (the net value per financial statements of \$31,711 thousand x 40% as of September 30, 2023).

Note 8: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Le Ho Industrial Co., Ltd., which was calculated to be \$175,674 thousand (the net value per financial statements of \$439,185 thousand x 40% as of September 30, 2023).

(Continued)

Note 9: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Le Min Industrial Co., Ltd., which was calculated to be \$109,963 thousand (the net value per financial statements of \$274,907 thousand x 40% as of September 30, 2023).

Note 10: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai New Vitality Health Technology (Group) Co., Ltd., which was calculated to be \$111,721 thousand (the net value per financial statements of \$279,302 thousand x 40% as of September 30, 2023).

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

(Concluded)

**TABLE 2**

**STANDARD FOODS CORPORATION AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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.	\$ 13,912,328 (Note 3)	\$ 97,275	\$ 92,115	\$ -	\$ -	0.53%	\$ 17,390,410 (Note 4)	Y	-	-	
		Charng Hui Ltd.	b.	13,912,328 (Note 3)	97,275	92,115	1,800	-	0.53%	17,390,410 (Note 4)	Y	-	-	

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

Note 2: There are seven types of relationships between the guaranteed party and the Company:

- a. Trading partner.
- b. The company in which the Company holds, directly or indirectly, more than fifty percent (50%) of the voting shares.
- c. The company that holds, directly or indirectly, more than fifty percent (50%) of the Company’s voting shares.
- d. The company in which the Company holds, directly or indirectly, more than fifty percent (90%) of the voting shares.
- e. Guaranteed by construction contracts formed due to the need of construction projects, in which the companies in the same industry or joint builders provide endorsement/guarantee to one another.
- f. 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 single enterprise’s limit is calculated based on 80% of the net worth of the latest financial statements of Standard Foods Corporation; the amount was calculated at \$13,912,328 thousand (the net value per financial statements of \$17,390,410 thousand x 80% as of September 30, 2023).

Note 4: The maximum limit is calculated based on 100% of the net worth of the latest financial statements of Standard Foods Corporation; the amount was calculated at \$17,390,410 thousand (the net value per financial statements of \$17,390,410 thousand x 100% as of September 30, 2023).

Note 5: Fill in Y if a listed parent company provides endorsements/guarantees for its subsidiary or if a subsidiary provides endorsements/guarantees for its listed parent company or if endorsements/guarantees involve mainland China.

TABLE 3

## STANDARD FOODS CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(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, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Foods Corporation	<u>Shares</u>	The Company is one of the directors						
	Far Eastern International Commercial Bank Co., Ltd.		Financial assets at fair value through other comprehensive income - current	1,466,828	\$ 18,555	-	\$ 18,555	
	Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - current	48,600	5,832	-	5,832	
	GeneFerm Biotechnology Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	2,145,110	159,811	5.2	159,811	
	Dah Chung Bills Finance Corp.		Financial assets at fair value through other comprehensive income - non-current	1,274,480	19,474	0.3	19,474	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through profit or loss - current	7,110	4,216	-	4,216	
	Apple Inc.		Financial assets at fair value through profit or loss - current	1,675	9,902	-	9,902	
	Amazon.com, Inc.		Financial assets at fair value through profit or loss - current	740	3,452	-	3,452	
	Alphabet Inc.		Financial assets at fair value through profit or loss - current	820	3,510	-	3,510	
	Microsoft Corporation		Financial assets at fair value through profit or loss - current	372	4,295	-	4,295	
	NVIDIA Corporation		Financial assets at fair value through profit or loss - current	467	7,101	-	7,101	
	Tesla, Inc.		Financial assets at fair value through profit or loss - current	387	2,953	-	2,953	
	<u>Mutual funds</u>							
	Yuanta FTSE4Good TIP Taiwan ESG ETF		Financial assets at fair value through profit or loss - current	300,000	10,548	-	10,548	
	Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	3,585,869	55,904	-	55,904	
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	4,720,915	61,146	-	61,146	
	Franklin Templeton Sinoam Money Market Fund		Financial assets at fair value through profit or loss - current	15,850,421	168,427	-	168,427	
	Cathay Global Aggressive Fund		Financial assets at fair value through profit or loss - current	2,284,844	60,731	-	60,731	
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	8,376,077	116,783	-	116,783	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Dairy Products Taiwan Limited	CTBC Hwa-Win Money Market Fund		Financial assets at fair value through profit or loss - current	4,422,079	\$ 50,037	-	\$ 50,037	
	FSITC Taiwan Money Market (Frist Financial Holding Co Ltd)		Financial assets at fair value through profit or loss - current	13,347,862	210,075	-	210,075	
	Capital Money Market Fund		Financial assets at fair value through profit or loss - current	6,061,204	100,537	-	100,537	
	<u>Note Cash</u>							
	HSBC Holdings USD Bond (HSBC_4.3_030826)		Financial assets at fair value through profit or loss - current	10,000	29,882	-	29,882	
	TSMC Unsecured Corporate Bond 2023 2nd Offering		Financial assets at fair value through profit or loss - current	500,000	49,998	-	49,998	
	<u>Shares</u>							
	Paradigm Venture Capital Corporation		Financial assets at fair value through profit or loss - non-current	153,320	2,028	7.0	2,028	
	U-Teck Environment Corporation, Ltd.		Financial assets at fair value through profit or loss - non-current	11,200	-	0.2	-	
	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	-	
	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. - Common Stock		Financial assets at fair value through profit or loss - non-current	12,938	-	1.2	-	
	<u>Mutual funds</u>							
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	3,778,844	52,687	-	52,687	
	Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	1,195,290	18,634	-	18,634	
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	786,819	10,191	-	10,191	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Charng Hui Ltd.	Cathay Global Aggressive Fund	Parent of Charng Hui Ltd.	Financial assets at fair value through profit or loss - current	761,615	\$ 20,244	-	\$ 20,244	Note
	FSITC Taiwan Money Market (Frist Financial Holding Co Ltd)		Financial assets at fair value through profit or loss - current	2,990,175	47,061	-	47,061	
	<u>Shares</u> Standard Foods Corporation		Financial assets at fair value through other comprehensive income - current	6,669,471	259,442	0.7	259,442	
	Formosa Plastics Corporation		Financial assets at fair value through other comprehensive income - current	91,440	7,242	-	7,242	
	China Steel Corporation	Charng Hui Ltd. is one of the directors	Financial assets at fair value through other comprehensive income - current	803,258	21,688	-	21,688	
	Polytronics Technology Corp.		Financial assets at fair value through other comprehensive income - current	1,596,000	91,930	1.9	91,930	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through other comprehensive income - current	90,000	53,370	-	53,370	
	<u>Mutual funds</u> Fuh Hwa Global Strategic Allocation FoF		Financial assets at fair value through profit or loss - current	1,000,000	12,810	-	12,810	
	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds-Accu.		Financial assets at fair value through profit or loss - current	1,453,360	17,550	-	17,550	
	<u>Shares</u> Amphastar Pharmaceuticals Inc. (AMPH)		Financial assets at fair value through profit or loss - non-current	7,742	14,703	-	14,703	
Standard Beverage Company Limited	<u>Mutual funds</u> Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	2,127,261	29,659	-	29,659	
Accession Limited	<u>Shares</u> AsiaVest Liquidation Co.		Financial assets at fair value through other comprehensive income - non-current	200	1,043	0.7	1,043	
China Standard Investment	<u>Shares</u> Ccoop Group Co., Ltd.		Financial assets at fair value through profit or loss - current	342,939	2,171	-	2,171	

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, 2023  
(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	\$ (1,617,377)	13.27	55 days after month end closing (net of receivables and payables)	\$ -	-	\$ 158,091	7.73	Note
			Purchases	1,253,574	17.40	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	1,617,377	53.43	55 days after month end closing (net of receivables and payables)	-	-	(158,091)	35.83	Note
			Sales	(1,253,574)	32.84	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	(1,784,335)	68.73	60 days after month-end closing	-	-	305,152	99.03	Note
			Purchases	794,888	31.34	60 days after month-end closing	-	-	(184,759)	68.43	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	1,784,335	16.06	60 days after month-end closing	-	-	(305,152)	11.13	Note
			Sales	(794,888)	6.47	60 days after month-end closing	-	-	184,759	9.84	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(4,988,885)	98.53	60 days after month-end closing	-	-	1,406,525	99.74	Note
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	4,988,885	44.86	60 days after month-end closing	-	-	(1,406,525)	51.31	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Brother company of Standard Foods (China) Co., Ltd.	Purchases	146,904	3.23	60 days after month-end closing	-	-	(145,504)	48.31	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Sales	(146,904)	3.13	60 days after month-end closing	-	-	145,504	20.27	Note
	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	(4,260,119)	90.65	60 days after month-end closing	-	-	572,167	79.73	Note
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	4,260,119	38.31	60 days after month-end closing	-	-	(572,167)	20.87	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, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationships	Ending Balance for Account Receivable - Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Note
					Amount	Actions Taken			
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Trade receivables	10.81	\$ -		\$ 158,091 (Note 1)	\$ -	(Note 2)
			Other receivables		<u>3,280</u>		<u>3,280</u> (Note 1)	<u>-</u>	(Note 2)
					<u>\$ 161,371</u>		<u>\$ 161,371</u> (Note 1)	<u>\$ -</u>	
	Standard Foods (China) Co., Ltd.	The Company's subsidiary	Financing receivables		<u>\$ 433,520</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	(Note 2)
			Financing receivables		<u>\$ 433,520</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	(Note 2)
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	3.95	\$ -		\$ 305,152 (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
			Other receivables		<u>7,018</u>		<u>7,018</u> (Note 1)	<u>-</u>	(Note 2)
	Standard Foods (Xiamen) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.			<u>\$ 806,678</u>		<u>\$ 312,170</u> (Note 1)	<u>\$ -</u>	
			Financing receivables		\$ 216,760	\$ -	\$ - (Note 1)		
			Other receivables		<u>2,246</u>	<u>-</u>	<u>-</u> (Note 1)		
	Standard Foods (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.		3.61	<u>\$ 219,006</u>		<u>\$ -</u> (Note 1)		
			Trade receivables		<u>\$ 1,406,525</u>	<u>\$ -</u>	<u>\$ 802,142</u> (Note 1)	<u>\$ -</u>	(Note 2)
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Financing receivables		\$ 494,226	\$ -	\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		<u>35,897</u>	<u>-</u>	<u>-</u> (Note 1)	<u>-</u>	(Note 2)
					<u>\$ 530,123</u>	<u>\$ -</u>	<u>\$ -</u> (Note 1)	<u>\$ -</u>	
	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Trade receivables	3.55	<u>\$ 184,759</u>		<u>\$ 184,759</u> (Note 1)	<u>\$ -</u>	(Note 2)
	Le Bonta Wellness Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Trade receivables	183.00	\$ 4	\$ -	\$ 4 (Note 1)	\$ -	(Note 2)
			Financing receivables		297,529	-	- (Note 1)	-	(Note 2)
			Other receivables		<u>3,047</u>	<u>-</u>	<u>16</u> (Note 1)	<u>-</u>	
	Shanghai Dermalab Corporation	Standard Investment (China) Co., Ltd.'s subsidiary			<u>\$ 300,580</u>	<u>\$ -</u>	<u>\$ 20</u> (Note 1)	<u>\$ -</u>	
			Financing receivables		\$ 121,875	\$ -	\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		<u>2,195</u>	<u>-</u>	<u>-</u> (Note 1)	<u>-</u>	(Note 2)
	Standard Foods (Xiamen) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.		5.11	<u>\$ 124,070</u>	<u>\$ -</u>	<u>\$ -</u> (Note 1)	<u>\$ -</u>	
			Trade receivables		<u>\$ 572,167</u>	<u>\$ -</u>	<u>\$ -</u> (Note 1)	<u>\$ -</u>	(Note 2)
	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	1.95	<u>\$ 145,504</u>	<u>\$ -</u>	<u>\$ -</u> (Note 1)		

Note 1: Amounts received before March 20, 2024.

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, 2023

(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	\$ 158,091	According to the general conditions	0.6
		Standard Dairy Products Taiwan Limited	a	Other receivables - related parties	3,280	According to the general conditions	-
		Standard Dairy Products Taiwan Limited	a	Sales	1,617,377	According to the general conditions	5.8
		Standard Dairy Products Taiwan Limited	a	Purchases	1,253,574	According to the general conditions	4.5
		Standard Dairy Products Taiwan Limited	a	Royalty revenue	9,145	According to the general conditions	-
		Standard Beverage Company Limited	a	Interest income	360	Interest rate 1.750%	-
		Standard Beverage Company Limited	a	Service revenue	770	According to the general conditions	-
		Charng Hui	a	Other receivables - related parties	127	According to the general conditions	-
		Charng Hui	a	Financing receivables - related parties	50,000	Interest rate 2.867%	0.2
		Charng Hui	a	Interest income	277	Interest rate 2.867%	-
		Charng Hui	a	Service revenue	550	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Financing receivables - related parties	433,520	Interest rate 2.500%	1.7
		Standard Foods (China) Co., Ltd.	a	Interest income	7,934	Interest rate 2.500%	-
		Standard Foods (Xiamen) Co., Ltd.	a	Financing receivables - related parties	433,520	Interest rate 2.500%	1.7
		Standard Foods (Xiamen) Co., Ltd.	a	Interest income	7,934	Interest rate 2.500%	-
1	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	c	Trade receivables - related parties	305,152	According to the general conditions	1.2
		Standard Investment (China) Co., Ltd.	c	Financing receivables - related parties	494,508	Interest rate 2.000%	1.9
		Standard Investment (China) Co., Ltd.	c	Other receivables - related parties	7,018	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c	Trade payables - related parties	184,759	According to the general conditions	0.7
		Standard Investment (China) Co., Ltd.	c	Sales	1,784,335	According to the general conditions	6.4
		Standard Investment (China) Co., Ltd.	c	Purchases	794,888	According to the general conditions	2.9
		Standard Investment (China) Co., Ltd.	c	Interest income	4,757	Interest rate 2.000%	-
		Standard Investment (China) Co., Ltd.	c	Other revenue	4,704	According to the general conditions	-
		Standard Investment (China) Co., Ltd.	c	Other expenses	8	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c	Trade receivables - related parties	35	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c	Trade payables - related parties	12	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c	Sales	464	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	c	Purchases	120	According to the general conditions	-
		Shanghai Le Bonta	c	Trade receivables - related parties	2,924	According to the general conditions	-
		Shanghai Le Bonta	c	Sales	9,456	According to the general conditions	-
		Shanghai Le Bonta	c	Other expenses	6	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Other receivables - related parties	2,246	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Financing receivables - related parties	216,760	Interest rate 2.000%	0.8
		Standard Foods (Xiamen) Co., Ltd.	c	Sales	21	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Interest income	2,292	Interest rate 2.000%	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Total Sales or Assets (Note 3)
2	Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	a	Other receivables - related parties	\$ 33,189	According to the general conditions	0.1
		Standard Foods (China) Co., Ltd.	a	Financing receivables - related parties	55,751	Interest rate 2.000%	0.2
		Standard Foods (China) Co., Ltd.	a	Trade payables - related parties	1,406,525	According to the general conditions	5.4
		Standard Foods (China) Co., Ltd.	a	Sales	343	According to the general conditions	-
		Standard Foods (China) Co., Ltd.	a	Purchases	4,988,885	According to the general conditions	17.9
		Standard Foods (China) Co., Ltd.	a	Interest income	3,081	Interest rate 2.000%	-
		Standard Foods (China) Co., Ltd.	a	Other revenue	30,838	According to the general conditions	0.1
		Standard Foods (China) Co., Ltd.	a	Rental expenses	97	According to the general conditions	-
		Shanghai Dermalab Corporation	c	Other receivables - related parties	2,195	According to the general conditions	-
		Shanghai Dermalab Corporation	c	Financing receivables - related parties	121,875	Interest rate 2.000%	0.5
		Shanghai Dermalab Corporation	c	Interest income	2,240	Interest rate 2.000%	-
		Standard Foods (Xiamen) Co., Ltd.	a	Other receivables - related parties	35,897	According to the general conditions	0.1
		Standard Foods (Xiamen) Co., Ltd.	a	Financing receivables - related parties	494,226	Interest rate 2.000%	1.9
		Standard Foods (Xiamen) Co., Ltd.	a	Trade payables - related parties	572,167	According to the general conditions	2.2
		Standard Foods (Xiamen) Co., Ltd.	a	Sales	219	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	a	Purchases	4,260,119	According to the general conditions	15.3
		Standard Foods (Xiamen) Co., Ltd.	a	Interest income	20,053	Interest rate 2.000%	0.1
		Standard Foods (Xiamen) Co., Ltd.	a	Other revenue	16,605	According to the general conditions	0.1
		Shanghai Le Bonta	c	Trade receivables - related parties	4	According to the general conditions	-
		Shanghai Le Bonta	c	Other receivables - related parties	3,047	According to the general conditions	-
		Shanghai Le Bonta	c	Financing receivables - related parties	297,529	Interest rate 2.000%	1.2
		Shanghai Le Bonta	c	Trade payables - related parties	19	According to the general conditions	-
		Shanghai Le Bonta	c	Sales	366	According to the general conditions	-
		Shanghai Le Bonta	c	Purchases	17	According to the general conditions	-
		Shanghai Le Bonta	c	Interest income	3,096	Interest rate 2.000%	-
		Shanghai Le Ben Tuo Co., Ltd.	c	Other expenses	55	According to the general conditions	-
		Shanghai Le Ho	c	Other payables - related parties	438	According to the general conditions	-
		Shanghai Le Ho	c	Financing payables - related parties	35,237	Interest rate 2.000%	0.1
		Shanghai Le Ho	c	Interest expenses	447	Interest rate 2.000%	-
		Shanghai Le Min	c	Other payables - related parties	328	According to the general conditions	-
		Shanghai Le Min	c	Financing payables - related parties	24,286	Interest rate 2.000%	0.1
		Shanghai Le Min	c	Interest expenses	335	Interest rate 2.000%	-
		Shanghai Le Ben De Co., Ltd.	c	Interest expenses	23	Interest rate 1.000%	-
3	Shanghai Dermalab Corporation	Dermalab	c	Trade payables - related parties	8,388	According to the general conditions	-
		Dermalab	c	Purchases	70,011	According to the general conditions	0.3
		Shanghai Le Ben De Co., Ltd.	c	Trade payables - related parties	12,695	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c	Purchases	24,661	According to the general conditions	0.1

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% to Total Sales or Assets (Note 3)
4	Standard Foods (China) Co., Ltd.	Le Bonta Wellness Co., Ltd.	c	Rental revenue	\$ 2,437	According to the general conditions	-
		Le Bonta Wellness Co., Ltd.	c	Other expenses	3,139	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Trade receivables - related parties	28	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Trade payables - related parties	145,504	According to the general conditions	0.6
		Standard Foods (Xiamen) Co., Ltd.	c	Sales	84	According to the general conditions	-
		Standard Foods (Xiamen) Co., Ltd.	c	Purchases	146,904	According to the general conditions	0.5
		Jiangsu Hua Sun Co., Ltd.	c	Trade receivables - related parties	2,962	According to the general conditions	-
		Jiangsu Hua Sun Co., Ltd.	c	Other receivables - related parties	904	According to the general conditions	-
		Jiangsu Hua Sun Co., Ltd.	c	Rental revenue	1,625	According to the general conditions	-
		Jiangsu Hua Sun Co., Ltd.	c	Other expenses	1,246	According to the general conditions	-
5	Shanghai Le Bonta	Shanghai Le Ben De Co., Ltd.	c	Trade payables - related parties	343	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c	Sales	11,323	According to the general conditions	-
		Shanghai Le Ben De Co., Ltd.	c	Purchases	14,261	According to the general conditions	0.1
		Jiangsu Hua Sun Co., Ltd.	c	Trade payables - related parties	1,002	According to the general conditions	-
		Jiangsu Hua Sun Co., Ltd.	c	Purchases	1,614	According to the general conditions	-
6	Shanghai Le Ben De Co., Ltd.	Dermalab	c	Purchases	22,453	According to the general conditions	0.1
		Jiangsu Hua Sun Co., Ltd.	c	Trade payables - related parties	339	According to the general conditions	-
		Jiangsu Hua Sun Co., Ltd.	c	Purchases	307	According to the general conditions	-
7	Shanghai New Vitality Health Technology (Group) Co., Ltd.	Jiangsu Hua Sun Co., Ltd.	a	Other receivables - related parties	43	According to the general conditions	-
		Jiangsu Hua Sun Co., Ltd.	a	Interest income	44	Interest rate 2.000%	-

Note 1: The parent company and its subsidiaries do business with each other. Information shall be stated separately in the “No.” column and numbered as follows:

- a. Parent company is 0.
- b. Subsidiaries are numbered in order by Arabic numerals from 1.

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

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

Note 3: The transaction amounts are calculated as percentage of consolidated total revenue or total assets; 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 presented above were eliminated upon consolidation.

(Concluded)

**TABLE 7**

**STANDARD FOODS CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	\$ 3,936,267	\$ 3,936,267	123,600,000	100	\$ 3,649,499	\$ 36,581	\$ 37,472 (Note 1)	Subsidiary (Note 5)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	4,931,225	4,713,791	157,147,892	100	4,432,585	(396,504)	(396,504)	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	1,014,365	309,975	294,834 (Note 2)	Subsidiary (Note 5)
	Charng Hui Ltd.	Taipei, Taiwan	Investment business	230,000	230,000	24,100,000	100	312,637	26,073	17,469 (Note 3)	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	265,626	95,998	49,928	Subsidiary (Note 5)
	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	80,875	103	103	Subsidiary (Note 5)
	Standard Foods, LLC.	U.S.A.	Sale of health foods	9,056	9,056	Note 4	100	9,212	-	-	Subsidiary (Note 5)
	Standard Great Foods Singapore PTE. LTD.	Singapore	Food business	9,427	317	Note 4	100	9,316	-	-	Subsidiary (Note 5)
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	379,489	379,489	4,050	100	267,569	7,565	-	Indirect subsidiary (Note 5)
Dermalab S.A.	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100	-	-	-	Third-tier subsidiary (Note 5)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investment business	4,927,405	4,709,971	157,021,892	100	4,431,297	(396,226)	-	Indirect subsidiary (Note 5)

Note 1: This amount after the net profit in investees recognized based on the shareholding ratio, \$36,581 thousand, plus the adjustment on unrealized gain or loss on side-stream transactions of \$891 thousand.

Note 2: This amount after the net profit in investees recognized based on the shareholding ratio, \$309,975 thousand, minus the adjustment on unrealized gain or loss on up-stream transactions of \$15,141 thousand.

Note 3: This amount after the net profit in investees recognized based on the shareholding ratio, \$26,073 thousand, minus the Standard Foods Corporation Cash dividends paid of \$8,604 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, 2023**

**(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	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)	\$ 24,700	100.0	\$ 25,700 (Note 9)	\$ 3,235,371	\$ -	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)	(253,772)	99.0	(251,234) (Note 9)	3,262,059	-	Note 12
Shanghai New Vitality Health Technology (Group) Co., Ltd.	Sale of nutritional foods, cosmetic goods and import/export trade	664,630	b. (Note 5)	- (Note 5)	217,434	-	217,434 (Note 5)	(115,250)	99.0	(114,098) (Note 10)	461,131	-	Note 12
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,935,453	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	134,321	99.0	128,883 (Note 9)	2,526,534	-	Note 12
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetic goods and import/export trade	93,989	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	(4,967)	99.0	(4,917) (Note 10)	(21,747)	-	Note 12
Le Bonta Wellness Co., Ltd.	Sale of nutritional foods and international trading	284,127	c. (Note 7)	181,048 (Note 7)	-	-	181,048 (Note 7)	(94,225)	99.0	(93,283) (Note 10)	(232,740)	-	Note 12
Shanghai Le Ben De Health Technology Co., Ltd.	Sale of health, to beautify produce and about service trading	31,220	c. (Notes 4 and 7)	31,220 (Note 4)	-	-	31,220 (Note 4)	1,691	99.0	1,674 (Note 10)	32,015	-	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)	102,543	99.0	99,261 (Note 10)	1,671,588	-	Note 12
Shanghai Le Ho Industrial Co., Ltd.	Property management	607,717	b. (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	(19,018)	100.0	(19,018) (Note 10)	434,509	-	Note 12
Shanghai Le Min Industrial Co., Ltd.	Property management	378,009	b. (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	(11,723)	100.0	(11,723) (Note 10)	271,995	-	Note 12
Jiangsu Hua Sun Health Technology Co., Ltd	Develop brands and products in the field of health foods and special nutritious foods	315,921	c. (Note 8)	- (Note 8)	-	-	- (Note 8)	(15,178)	99.0	(15,026) (Note 10)	284,986	-	Note 12

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$9,136,959	\$9,874,201	Unlimited amount of investment (Note 11)

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

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through companies registered in a third region. (Please specify the investor company in a third region.)
- c. Other methods.

(Continued)

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

- a. There was no investment income (loss) recognized due to the investment still being in the development stage.
- b. The investment income (loss) was determined based on the following basis:
  - 1) The financial statements were audited and certified by an international accounting firm in cooperation with an ROC accounting firm.
  - 2) The financial statements were 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 current period. 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. 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 reinvested through a company registered in mainland China, namely Shanghai New Vitality Health Technology (Group) Co., Ltd.

Note 8: A new company was incorporated upon the split of Le Bonta Wellness Co., Ltd., as invested by Shanghai New Vitality Health Technology (Group) Co., Ltd., a company in mainland China.

Note 9: The basis for recognition of investment profit and loss is Note 2.b. Item 3) is based on the financial statements of the investee reviewed by CPAs of the parent company in Taiwan during the same period.

Note 10: The basis for recognition of investment profit and loss is Note 2.b. Item 3) is based on the financial statements of the investee that have not been reviewed by any CPA during the same period.

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.

(Concluded)

**TABLE 9****STANDARD FOODS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Mu Te Investment Co., Ltd. Trust Property Account	178,727,315	19.53
Chia Yun Investment Co., Ltd. Trust Property Account	147,633,489	16.13
Chia Chieh Investment Co., Ltd. Trust Property Account	117,539,583	12.84

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, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 is stated as follows:

The accuracy of the calculation of contractual trade promotion fees for major retailers

The Company's sales channels mainly consist of department stores, supermarkets, and major hypermarkets. The sales contracts signed between the Company and retailers include contractual trade promotion fees that distributors are required to pay for various promotional and marketing activities in support of the Company's products. Considering these fees as a reduction in the transaction price, they are accounted for as deductions from operating revenue. The calculation of contractual trade promotion fees is based on the actual sales amount according to the terms of the contract agreed upon with the retailers. Considering the significant amount and complexity of contractual trade promotion fees, we considered the accuracy of the calculation of contractual trade promotion fees for major retailers to be a key audit matter.

The key audit procedures that we performed in respect of the accuracy of the calculation of contractual trade promotion fees for major retailers included the following:

1. We obtained an understanding of and tested the design and operating effectiveness of the key controls over the estimates of the contractual trade promotion fees.
2. We obtained subsidiary ledgers from the major retailers in the current year, and conducted audit sampling by comparing delivery orders to confirm sales quantities and amounts.
3. We obtained the sales contracts of major retailers and confirmed that the agreed-upon contractual trade promotion fee rates were consistent with those rates in the SAP.
4. We recalculated the amounts of contractual trade promotion fees for major retailers based on the sales subsidiary ledger and the agreed-upon contractual trade promotion fee rates and confirmed whether these fees should be considered as deductions from operating revenue.

**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 Standards 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, 2023 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 Han-Ni Fang and Zhao-Yu Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 20, 2024

#### 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, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 527,852	3	\$ 345,640	2
Financial assets at fair value through profit or loss - current (Note 7)	949,497	5	984,847	5
Financial assets at fair value through other comprehensive income - current (Note 8)	24,387	-	21,627	-
Financial assets at amortized cost - current (Note 9)	695,766	3	758,484	4
Notes receivable (Notes 10 and 22)	957	-	1,286	-
Trade receivables from unrelated parties (Notes 10 and 22)	1,882,632	9	1,937,230	10
Trade receivables from related parties (Notes 22 and 28)	158,134	1	145,838	1
Other receivables (Note 10)	23,199	-	14,315	-
Other receivables from related parties (Note 28)	920,448	5	905,282	4
Inventories (Note 11)	2,571,965	13	2,691,589	13
Prepayments (Note 12)	214,694	1	253,140	1
Other current assets (Notes 17 and 19)	55,836	-	58,263	-
Total current assets	8,025,367	40	8,117,541	40
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Note 7)	2,028	-	2,059	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	179,285	1	159,057	1
Investments accounted for using the equity method (Note 13)	9,774,115	49	10,089,429	50
Property, plant and equipment (Note 14)	1,466,269	7	1,381,826	7
Right-of-use assets (Note 15)	114,386	1	117,155	1
Other intangible assets (Note 16)	26,886	-	26,516	-
Deferred tax assets (Note 24)	315,135	2	312,327	1
Other non-current assets (Note 17)	25,967	-	23,108	-
Total non-current assets	11,904,071	60	12,111,477	60
TOTAL	\$ 19,929,438	100	\$ 20,229,018	100
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Note 22)	\$ 14,871	-	\$ 747	-
Notes payable (Note 18)	24,328	-	20,176	-
Trade payables (Note 18)	760,599	4	797,921	4
Trade payables to related parties (Note 28)	9,889	-	19,633	-
Other payables (Note 19)	1,249,842	6	1,261,674	6
Current tax liabilities (Note 24)	71,294	-	174,665	1
Lease liabilities - current (Note 15)	39,855	-	33,017	-
Other current liabilities (Notes 5 and 19)	72,523	1	65,393	-
Total current liabilities	2,243,201	11	2,373,226	11
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 24)	56,216	-	135,047	1
Lease liabilities - non-current (Note 15)	74,474	1	85,632	-
Net defined benefit liabilities (Note 20)	176,440	1	123,623	1
Other non-current liabilities (Note 19)	150	-	150	-
Total non-current liabilities	307,280	2	344,452	2
Total liabilities	2,550,481	13	2,717,678	13
<b>EQUITY (Note 21)</b>				
Ordinary shares	9,150,897	46	9,150,897	45
Capital surplus	165,585	1	156,981	1
Retained earnings				
Legal reserve	3,978,059	20	3,852,023	19
Special reserve	577,494	3	577,494	3
Unappropriated earnings	3,920,727	19	4,045,655	20
Total retained earnings	8,476,280	42	8,475,172	42
Other equity	(392,623)	(2)	(250,528)	(1)
Treasury shares	(21,182)	-	(21,182)	-
Total equity	17,378,957	87	17,511,340	87
TOTAL	\$ 19,929,438	100	\$ 20,229,018	100

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

# STANDARD FOODS CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 22 and 28)	\$ 12,189,963	100	\$ 12,168,430	100
OPERATING COSTS				
Cost of goods sold (Notes 11, 23 and 28)	<u>8,496,125</u>	<u>70</u>	<u>8,094,042</u>	<u>67</u>
GROSS PROFIT	<u>3,693,838</u>	<u>30</u>	<u>4,074,388</u>	<u>33</u>
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	1,814,203	14	1,598,085	13
General and administrative expenses	494,834	4	383,776	3
Research and development expenses	81,060	1	82,111	1
Expected credit loss	<u>126</u>	<u>-</u>	<u>1,858</u>	<u>-</u>
Total operating expenses	<u>2,390,223</u>	<u>19</u>	<u>2,065,830</u>	<u>17</u>
OPERATING INCOME	<u>1,303,615</u>	<u>11</u>	<u>2,008,558</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 23 and 28)	52,634	-	27,497	-
Other income (Notes 23 and 28)	13,630	-	13,742	-
Other gains (Note 23)	75,698	1	(29,591)	-
Finance costs (Note 23)	(1,296)	-	(1,375)	-
Share of the profit (loss) of subsidiaries	<u>3,302</u>	<u>-</u>	<u>(548,827)</u>	<u>(4)</u>
Total non-operating income and expenses	<u>143,968</u>	<u>1</u>	<u>(538,554)</u>	<u>(4)</u>
PROFIT BEFORE INCOME TAX	1,447,583	12	1,470,004	12
INCOME TAX EXPENSE (Note 24)	<u>221,810</u>	<u>2</u>	<u>255,906</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,225,773</u>	<u>10</u>	<u>1,214,098</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(62,428)	-	48,364	-
Unrealized profit on investments in equity instruments at fair value through other comprehensive income	22,989	-	47,234	-

(Continued)

**STANDARD FOODS CORPORATION**

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Share of the other comprehensive income of subsidiaries accounted for using the equity method	\$ (72,099)	(1)	\$ (223,633)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>12,120</u>	<u>-</u>	<u>(9,838)</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(99,418)</u>	<u>(1)</u>	<u>(137,873)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(108,595)	(1)	154,600	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	<u>21,719</u>	<u>-</u>	<u>(30,920)</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(86,876)</u>	<u>(1)</u>	<u>123,680</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income (loss) tax	<u>(186,294)</u>	<u>(2)</u>	<u>(14,193)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>\$ 1,039,479</u></u>	<u><u>8</u></u>	<u><u>\$ 1,199,905</u></u>	<u><u>10</u></u>
<b>EARNINGS PER SHARE (Note 25)</b>				
Basic	<u><u>\$ 1.35</u></u>		<u><u>\$ 1.34</u></u>	
Diluted	<u><u>\$ 1.35</u></u>		<u><u>\$ 1.34</u></u>	

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

(Concluded)

STANDARD FOODS CORPORATION

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2022	\$ 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											
Legal reserve	-	-	245,834	-	(245,834)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,738,670)	(1,738,670)	-	-	-	-	(1,738,670)
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	(489,177)	238,649	(250,528)	(21,182)	17,511,340
Appropriation of 2022 earnings											
Legal reserve	-	-	126,036	-	(126,036)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,180,466)	(1,180,466)	-	-	-	-	(1,180,466)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	8,604	-	-	-	-	-	-	-	-	8,604
Net profit for the year ended December 31, 2023	-	-	-	-	1,225,773	1,225,773	-	-	-	-	1,225,773
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(57,371)	(57,371)	(86,876)	(42,047)	(128,923)	-	(186,294)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	1,168,402	1,168,402	(86,876)	(42,047)	(128,923)	-	1,039,479
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	13,172	13,172	-	(13,172)	(13,172)	-	-
BALANCE AT DECEMBER 31, 2023	\$ 9,150,897	\$ 165,585	\$ 3,978,059	\$ 577,494	\$ 3,920,727	\$ 8,476,280	\$ (576,053)	\$ 183,430	\$ (392,623)	\$ (21,182)	\$17,378,957

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

# STANDARD FOODS CORPORATION

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,447,583	\$ 1,470,004
Adjustments for:		
Depreciation expenses	205,203	212,027
Amortization expenses	26,257	20,985
Expected credit loss recognized on trade receivables	126	1,858
Net (gain) loss on financial assets at FVTPL	(25,233)	69,486
Finance costs	1,296	1,375
Interest income	(52,634)	(27,497)
Dividend income	(4,485)	(4,434)
Share of the (profit) loss of subsidiaries	(3,302)	548,827
Net (gain) loss on disposal of property, plant and equipment	(2,007)	1,676
Write-down of inventories	14,855	4,283
Others	(1)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	60,613	(80,930)
Notes receivable	329	(1,111)
Trade receivables	54,473	(110,402)
Trade receivables from related parties	(12,296)	(18,065)
Other receivables	(4,430)	(1,024)
Other receivables from related parties	(15,166)	938
Inventories	104,769	(1,004,943)
Prepayments	38,446	100,860
Other current assets	2,427	(23,332)
Contract liabilities	14,124	(16,538)
Notes payable	4,152	(25)
Trade payables	(37,322)	65,045
Trade payables to related parties	(9,744)	161
Other payables	(11,832)	850
Other current liabilities	7,130	21,975
Net defined benefit liabilities	(9,611)	(2,880)
Cash generated from operations	1,793,720	1,229,169
Interest received	48,180	26,879
Interest paid	(1,296)	(1,375)
Income tax paid	(372,980)	(555,052)
Net cash generated from operating activities	1,467,624	699,621
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(1,553,924)	(2,061,228)
Proceeds from sale of financial assets at amortized cost	1,616,642	2,611,897
Payments for property, plant and equipment	(249,611)	(220,053)
Proceeds from disposal of property, plant and equipment	2,007	532
Payments for intangible assets	(16,881)	(20,156)

(Continued)



**STANDARD FOODS CORPORATION**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**(In Thousands of New Taiwan Dollars)**

	2023	2022
Increase in other financial assets	\$ (1,606)	\$ -
Decrease in other financial assets	-	6,202
Increase in other non-current assets	(10,998)	(7,235)
Dividends received from subsidiaries	373,068	498,699
Other dividends received	<u>4,485</u>	<u>4,434</u>
Net cash generated from investing activities	<u>163,182</u>	<u>813,092</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of the principal portion of lease liabilities	(41,584)	(32,985)
Dividends paid to owners of the Company	(1,180,466)	(1,738,670)
Acquisition of interest in subsidiaries	<u>(226,544)</u>	<u>(3,242)</u>
Net cash used in financing activities	<u>(1,448,594)</u>	<u>(1,774,897)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	182,212	(262,184)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>345,640</u>	<u>607,824</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 527,852</u>	<u>\$ 345,640</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, 2023 AND 2022**

**(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 11, 2024.

#### **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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

##### Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company’s exposure to Pillar Two income taxes. The requirement that the Company apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

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 parent company only 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 based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

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

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

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

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

d. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is 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 item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

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.

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.

A subsidiary is an entity that is controlled by the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as 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 loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using 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 loss.

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.

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 initially measured at cost and subsequently measured at cost less depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured 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.

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, and 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. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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 FVTPL) 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 FVTPL 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 categories

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 assets are 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 assets are 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 impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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.

### l. Revenue recognition

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

#### Revenue from the sale of goods

Revenue from the sale of goods comes from sales of nutritious foods and 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 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 lessee's incremental borrowing rate will be used.

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 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 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. MATERIAL 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.

When developing material accounting estimates, the Company considers the possible impact of climate change and related government policies and regulations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 785	\$ 785
Checking accounts and demand deposits	109,167	227,079
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>417,900</u>	<u>117,776</u>
	<u>\$ 527,852</u>	<u>\$ 345,640</u>

The ranges of annual interest rate of cash in bank at the end of the reporting period were as follows:

	December 31	
	2023	2022
Bank balance	0.050%-5.580%	0.001%-4.800%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<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	\$ 35,429	\$ 22,496
Mutual funds	834,188	962,351
Note cash	<u>79,880</u>	<u>-</u>
	<u>\$ 949,497</u>	<u>\$ 984,847</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	<u>\$ 2,028</u>	<u>\$ 2,059</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	<u>\$ 24,387</u>	<u>\$ 21,627</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 179,285</u>	<u>\$ 159,057</u>

## Investments in Equity Instruments at FVTOCI

	December 31	
	2023	2022
<u>Current</u>		
Listed shares and emerging market shares		
Ordinary shares - Far Eastern International Bank	\$ 18,555	\$ 16,135
Ordinary shares - Chunghwa Telecom Co., Ltd.	<u>5,832</u>	<u>5,492</u>
	<u>\$ 24,387</u>	<u>\$ 21,627</u>
<u>Non-current</u>		
Listed shares and emerging market shares		
Ordinary shares - GeneFerm Biotechnology Co., Ltd.	\$ 159,811	\$ 143,508
Unlisted shares		
Ordinary shares - Dah Chung Bills Finance Corp.	<u>19,474</u>	<u>15,549</u>
	<u>\$ 179,285</u>	<u>\$ 159,057</u>

These investments by the Company are held for medium- to long-term strategic purposes and the Company expects to profit from long-term investments. 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	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 695,766</u>	<u>\$ 758,484</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.45%-5.59% and 0.76%-5.25% per annum as of December 31, 2023 and 2022, respectively.

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
Operating	\$ 957	\$ 1,286
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,885,032	\$ 1,939,504
Less: Allowance for impairment loss	(2,400)	(2,274)
	<u>\$ 1,882,632</u>	<u>\$ 1,937,230</u>
<u>Other receivables</u>		
Accrued interest	\$ 8,010	\$ 3,557
Others	<u>15,189</u>	<u>10,758</u>
	<u>\$ 23,199</u>	<u>\$ 14,315</u>

The average credit period of commodity sales 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 receivable on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts.

The Company adopts the simplified approach of IFRS 9 to measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The Company performs assessment using the three forward-looking factors, i.e., industrial index of the customer, GDP growth rate and unemployment rate, as the ECL rate.

When there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, the credit risk management department of the Company would continue to engage in enforcement activity in compliance with laws and regulations. The trade receivable will be written off when the amount due is collected.

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

### December 31, 2023

	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%	4.97%	17.80%	44.58%	100.00%	
Gross carrying amount	\$ 1,875,456	\$ 4,204	\$ 4,046	\$ 1,790	\$ 493	\$ 1,885,989
Loss allowance (Lifetime ECL)	(180)	(209)	(720)	(798)	(493)	(2,400)
Amortized cost	<u>\$ 1,875,276</u>	<u>\$ 3,995</u>	<u>\$ 3,326</u>	<u>\$ 992</u>	<u>\$ -</u>	<u>\$ 1,883,589</u>

## 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>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 2,274	\$ 908
Add: Net remeasurement of loss allowance	126	1,858
Less: Amounts written off	<u>-</u>	<u>(492)</u>
Balance at December 31	<u>\$ 2,400</u>	<u>\$ 2,274</u>

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Merchandise	\$ 250,246	\$ 332,409
Finished goods	1,290,985	1,305,660
Work in progress	246,821	213,341
Raw materials	721,737	782,833
Packing materials	<u>62,176</u>	<u>57,346</u>
	<u>\$ 2,571,965</u>	<u>\$ 2,691,589</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2023 included loss on write-downs of inventories \$14,855 thousand and loss on abandoned inventories of \$14,055 thousand. 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.

## 12. PREPAYMENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Prepayments for purchases	\$ 118,674	\$ 182,520
Prepayments for rent	24,102	19,909
Prepayments for equipment parts	21,978	19,493
Prepayments for fuel oil	4,456	5,138
Prepayments for insurance	524	481
Prepayments for advertisements	1,197	1,573
Others	<u>43,763</u>	<u>24,026</u>
	<u>\$ 214,694</u>	<u>\$ 253,140</u>



### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
<u>Unlisted companies</u>		
Accession Limited	\$ 3,649,499	\$ 3,645,244
Standard Investment (Cayman) Limited (“Cayman Standard”)	4,432,585	4,685,090
Standard Dairy Products Taiwan Limited (“Standard Dairy Products”)	1,014,365	1,042,081
Charng Hui Ltd. (“Charng Hui”)	312,637	297,285
Domex Technology Corporation (“Domex Technology”)	265,626	328,587
Standard Beverage Company Limited (“Standard Beverage”)	80,875	81,609
Standard Foods, LLC.	9,212	9,213
Standard Great Foods Singapore PTE. LTD.	<u>9,316</u>	<u>320</u>
	<u>\$ 9,774,115</u>	<u>\$ 10,089,429</u>
Name of Subsidiary	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
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%
Standard Foods, LLC.	100.0%	100.0%
Standard Great Foods Singapore PTE. LTD.	100.0%	100.0%

Refer to Note 31 for the details of the subsidiaries indirectly held by the Company.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land improvement	Buildings	Equipment	Other Equipment	Property in Construction and Equipment to Be Tested	Total
<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>\$ -</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>\$ -</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>\$ -</u>	<u>\$ 364,612</u>	<u>\$ 337,225</u>	<u>\$ 55,248</u>	<u>\$ 213,830</u>	<u>\$ 1,381,826</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 410,911	\$ -	\$ 1,110,432	\$ 2,244,377	\$ 210,443	\$ 213,830	\$ 4,189,993
Additions	-	-	-	-	-	249,611	249,611
Disposals	-	-	(4,111)	(46,490)	(6,280)	-	(56,881)
Reclassified	-	33,771	61,963	157,817	17,665	(271,216)	-
Balance at December 31, 2023	<u>\$ 410,911</u>	<u>\$ 33,771</u>	<u>\$ 1,168,284</u>	<u>\$ 2,355,704</u>	<u>\$ 221,828</u>	<u>\$ 192,225</u>	<u>\$ 4,382,723</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ -	\$ 745,820	\$ 1,907,152	\$ 155,195	\$ -	\$ 2,808,167
Disposals	-	-	(4,111)	(46,490)	(6,280)	-	(56,881)
Depreciation expenses	-	1,248	55,454	90,547	17,919	-	165,168
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,248</u>	<u>\$ 797,163</u>	<u>\$ 1,951,209</u>	<u>\$ 166,834</u>	<u>\$ -</u>	<u>\$ 2,916,454</u>
Carrying amount at December 31, 2023	<u>\$ 410,911</u>	<u>\$ 32,523</u>	<u>\$ 371,121</u>	<u>\$ 404,495</u>	<u>\$ 54,994</u>	<u>\$ 192,225</u>	<u>\$ 1,466,269</u>

No impairment assessment was performed for the years ended December 31, 2023 and 2022 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:

Land improvements	15 years
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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Land	\$ 3,758	\$ 1,459
Buildings	100,767	112,218
Office equipment	3,032	1,664
Transportation equipment	<u>6,829</u>	<u>1,814</u>
	<u>\$ 114,386</u>	<u>\$ 117,155</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 37,605</u>	<u>\$ 11,098</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,933	\$ 1,854
Buildings	36,066	31,360
Office equipment	552	377
Transportation equipment	<u>1,484</u>	<u>767</u>
	<u>\$ 40,035</u>	<u>\$ 34,358</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amounts</u>		
Current	<u>\$ 39,855</u>	<u>\$ 33,017</u>
Non-current	<u>\$ 74,474</u>	<u>\$ 85,632</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	1.07%	1.07%
Buildings	1.07%	1.07%
Office equipment	1.07%	1.07%
Transportation equipment	1.07%-1.25%	1.07%-1.25%

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 50,200</u>	<u>\$ 31,063</u>
Total cash outflow for leases	<u>\$ (93,053)</u>	<u>\$ (65,423)</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

	<b>Computer Software</b>
<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>

(Continued)

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2023	\$ 261,059
Additions	<u>16,881</u>
Balance at December 31, 2023	<u>\$ 277,940</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ 234,543
Amortization expenses	<u>16,511</u>
Balance at December 31, 2023	<u>\$ 251,054</u>
Carrying amount at December 31, 2023	<u>\$ 26,886</u> (Concluded)

No impairment assessment was performed for the years ended December 31, 2023 and 2022 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
-------------------	-----------

## 17. OTHER ASSETS

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Advances to officers	\$ 20,522	\$ 29,084
Right to recover a product	<u>35,314</u>	<u>29,179</u>
	<u>\$ 55,836</u>	<u>\$ 58,263</u>
<u>Non-current</u>		
Refundable deposits	\$ 19,036	\$ 17,430
Others	<u>6,931</u>	<u>5,678</u>
	<u>\$ 25,967</u>	<u>\$ 23,108</u>

## 18. NOTES PAYABLE AND TRADE PAYABLES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Notes payable</u>		
Operating	<u>\$ 24,328</u>	<u>\$ 20,176</u>
<u>Trade payables</u>		
Operating	<u>\$ 760,599</u>	<u>\$ 797,921</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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Other payables		
Payable for salaries and bonuses	\$ 174,058	\$ 160,588
Payable for compensation of employees	19,472	19,470
Payable for remuneration of directors	8,113	8,237
Payable for commission and rebates	485,533	542,304
Advertisement payable	308,028	260,804
Payable for royalties	24,998	25,916
Payable for freight	7,539	7,220
Payable for purchases of equipment	66,055	62,953
Payable for labor and health insurance	20,397	19,278
Payable for environmental recycling fee	8,594	9,520
Others	<u>127,055</u>	<u>145,384</u>
	<u>\$ 1,249,842</u>	<u>\$ 1,261,674</u>
Other liabilities		
Return liability and others	<u>\$ 75,523</u>	<u>\$ 65,393</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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 470,069	\$ 419,983
Fair value of plan assets	<u>(293,629)</u>	<u>(296,360)</u>
Net defined benefit liability	<u>\$ 176,440</u>	<u>\$ 123,623</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2022	<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>
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

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Actuarial loss - changes in financial assumptions	\$ (30,304)	\$ -	\$ (30,304)
Actuarial loss - experience adjustments	6,117	-	6,117
Recognized in other comprehensive income	<u>(22,843)</u>	<u>(25,521)</u>	<u>(48,364)</u>
Contributions from the employer	-	<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>
Balance at January 1, 2023	<u>\$ 419,983</u>	<u>\$ (296,360)</u>	<u>\$ 123,623</u>
Service cost			
Current service cost	1,023	-	1,023
Past service cost	33,622	-	33,622
Net interest expense (income)	<u>6,300</u>	<u>(4,487)</u>	<u>1,813</u>
Recognized in profit or loss	<u>40,945</u>	<u>(4,487)</u>	<u>36,458</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,957)	(1,957)
Actuarial loss - changes in financial assumptions	9,827	-	9,827
Actuarial loss - experience adjustments	<u>54,558</u>	<u>-</u>	<u>54,558</u>
Recognized in other comprehensive income	<u>64,385</u>	<u>(1,957)</u>	<u>62,428</u>
Contributions from the employer	-	<u>(10,492)</u>	<u>(10,492)</u>
Benefits paid	<u>(19,667)</u>	<u>19,667</u>	<u>-</u>
Direct payment to employees	<u>(35,577)</u>	<u>-</u>	<u>(35,577)</u>
Balance at December 31, 2023	<u>\$ 470,069</u>	<u>\$ (293,629)</u>	<u>\$ 176,440</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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate	1.250%	1.500%
Expected rate of salary increase	3.250%	3.250%

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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate		
0.250% increase	\$ (9,826)	\$ (9,350)
0.250% decrease	\$ 10,139	\$ 9,660
Expected rate of salary increase		
0.250% increase	\$ 9,777	\$ 9,337
0.250% decrease	\$ (9,527)	\$ (9,086)

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.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
The expected contributions to the plan for the next year	\$ 10,833	\$ 5,556
The average duration of the defined benefit obligation	8.8 years	9.1 years

## 21. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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

b. Capital surplus

	December 31	
	2023	2022
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	164,875	156,271
<u>May be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	709	709
	<u>\$ 165,585</u>	<u>\$ 156,981</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) employees' compensation and remuneration of directors.

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

The appropriations of earnings 2022 and 2021 approved in the shareholders' meetings on June 16, 2023 and June 16, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 126,036	\$ 245,834
Cash dividends	\$ 1,180,466	\$ 1,738,670
Cash dividends per share (NT\$)	\$ 1.29	\$ 1.9

The appropriations of earnings for 2023 were proposed by the Company's board of directors on March 11, 2024. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>
Legal reserve	\$ 118,157
Special reserve	\$ 1,143,862
Cash dividends	\$ 1.25

The appropriations of earnings for 2023 are subject to the resolution of the shareholders in their meeting to be held on June 19, 2024.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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 at the end of the reporting period. If there is a subsequent reversal of the net deduction of other shareholders' equity, the special reserve reversed may be reverted to distribute the surplus.

e. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (489,177)	\$ (612,857)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(86,876)	123,680
Other comprehensive income recognized for the year	(86,876)	123,680
Balance at December 31	\$ (576,053)	\$ (489,177)

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 238,649	\$ 422,781
Recognized for the year		
Unrealized (loss) gain - equity instruments	<u>(42,047)</u>	<u>(184,132)</u>
Other comprehensive income recognized for the year	<u>(42,047)</u>	<u>(184,132)</u>
Disposal of equity instruments transferred to the retained earnings	<u>(13,172)</u>	<u>-</u>
Balance at December 31	<u>\$ 183,430</u>	<u>\$ 238,649</u>

f. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>
Number of shares at January 1, 2023 and December 31, 2023	<u>6,669</u>
Number of shares at January 1, 2022 and December 31, 2022	<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:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>December 31, 2023</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 259,442</u>
<u>December 31, 2022</u>			
Chang Hui	6,669	<u>\$ 21,182</u>	<u>\$ 265,778</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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 12,189,963</u>	<u>\$ 12,168,430</u>

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 10)	\$ 957	\$ 1,286	\$ 175
Trade receivables (Note 10)	\$ 1,885,032	\$ 1,939,504	\$ 1,829,594
Trade receivables from related parties (Note 28)	\$ 158,134	\$ 145,838	\$ 127,773
Contract liabilities - current Sale of goods	\$ 14,871	\$ 747	\$ 17,285

b. Disaggregation of revenue

	Reportable Segments			Total
	Nutritious Foods	Cooking Products	Others	
For the year ended <u>December 31, 2023</u>				
Type of goods or services				
Sale of goods	\$ 9,453,254	\$ 2,355,847	\$ 380,862	\$ 12,189,963
For the year ended <u>December 31, 2022</u>				
Type of goods or services				
Sale of goods	\$ 9,521,296	\$ 2,277,017	\$ 370,117	\$ 12,168,430

## 23. NET PROFIT

### Net Profit

a. Interest income

	For the Year Ended December 31	
	2023	2022
Interest income		
Bank deposits	\$ 11,926	\$ 6,682
Financial assets at amortized cost	22,140	10,832
Repurchase agreements collateralized by bonds	270	-
Loans to related parties	16,505	9,927
Others	1,793	56
	<u>\$ 52,634</u>	<u>\$ 27,497</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Royalties	\$ 9,145	\$ 9,308
Dividends	<u>4,485</u>	<u>4,434</u>
	<u>\$ 13,630</u>	<u>\$ 13,742</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value changes of financial assets and financial liabilities		
Net (gain) loss on financial assets mandatorily classified as at FVTPL	\$ 25,233	\$ (69,486)
Net foreign exchange (loss) gain	(7,862)	31,355
Net gain (loss) on disposal of property, plant and equipment	2,007	(1,676)
Others	<u>56,320</u>	<u>10,216</u>
	<u>\$ 75,698</u>	<u>\$ (29,591)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 27	\$ -
Interest on lease liabilities	<u>1,269</u>	<u>1,375</u>
	<u>\$ 1,296</u>	<u>\$ 1,375</u>

e. Impairment losses recognized

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Trade receivables	\$ 126	\$ 1,858
Inventories (included in operating costs)	<u>14,855</u>	<u>4,283</u>
	<u>\$ 14,981</u>	<u>\$ 6,141</u>

f. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Operating costs	\$ 144,560	\$ 155,471
Operating expenses	<u>60,643</u>	<u>56,556</u>
	<u>\$ 205,203</u>	<u>\$ 212,027</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of amortization by function		
Operating costs	\$ 10,489	\$ 10,305
Operating expenses	<u>15,768</u>	<u>10,680</u>
	<u>\$ 26,257</u>	<u>\$ 20,985</u>
		(Concluded)

g. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plans	\$ 42,073	\$ 39,067
Defined benefit plans (see Note 20)	<u>36,458</u>	<u>2,501</u>
	78,531	41,568
Other employee benefits	<u>1,232,790</u>	<u>1,107,866</u>
Total employee benefits expense	<u>\$ 1,311,321</u>	<u>\$ 1,149,434</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 539,873	\$ 516,604
Operating expenses	<u>771,448</u>	<u>632,830</u>
	<u>\$ 1,311,321</u>	<u>\$ 1,149,434</u>

h. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates of no less than 0.5% and no higher than 0.75%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 11, 2024 and March 15, 2023, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	1.32%	1.30%
Remuneration of directors	0.55%	0.55%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 19,472	\$ 19,470
Remuneration of directors	8,113	8,237

If the amount changes after the financial statements are approved and announced to the public, the difference will be treated as a change in accounting estimate and recognized as a gain or loss in the following year.

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, 2022 and 2021.

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.

i. Gain or loss on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 65,032	\$ 95,017
Foreign exchange losses	<u>(72,894)</u>	<u>(63,662)</u>
Net (loss) gain	<u>\$ (7,862)</u>	<u>\$ 31,355</u>

## 24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 294,338	\$ 430,693
Income tax on unappropriated earnings	-	23,692
Adjustments for prior years	<u>(24,728)</u>	<u>(7,307)</u>
	<u>269,610</u>	<u>447,078</u>
Deferred tax		
In respect of the current year	<u>(47,800)</u>	<u>(191,172)</u>
Income tax expense recognized in profit or loss	<u>\$ 221,810</u>	<u>\$ 255,906</u>



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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax from continuing operations	<u>\$ 1,447,583</u>	<u>\$ 1,470,004</u>
Income tax expense calculated at the statutory rate (20%)	\$ 289,516	\$ 294,001
Nondeductible expenses in determining taxable income	8,777	25,851
Tax-exempt income	(75,215)	(80,331)
Income tax on unappropriated earnings	-	23,692
Adjustments for prior years' tax	<u>(1,268)</u>	<u>(7,307)</u>
Income tax expense recognized in profit or loss	<u>\$ 221,810</u>	<u>\$ 255,906</u>
b. Income tax recognized in other comprehensive income		
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (21,719)	\$ 30,920
Remeasurement of defined benefit plans	(12,132)	9,846
Fair value changes of financial assets at FVTOCI	<u>12</u>	<u>(8)</u>
Total (income) expense tax recognized in other comprehensive income	<u>\$ (33,839)</u>	<u>\$ 40,758</u>
c. Current tax liabilities		
	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax liabilities		
Income tax payable	<u>\$ 71,294</u>	<u>\$ 174,665</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, 2023

	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	\$ 78,889	\$ (7,494)	\$ -	\$ 71,395
Exchange differences on translation of the financial statements of foreign operations	122,293	-	21,719	144,012
Defined benefit plans	59,200	(1,922)	12,486	69,764
Deferred sales returns and allowances	1,502	701	-	2,203
Allowance for inventory loss	4,382	2,971	-	7,353
FVTOCI financial assets	43,880	(23,460)	(12)	20,408
Others	2,181	(2,181)	-	-
	<u>\$ 312,327</u>	<u>\$ (31,385)</u>	<u>\$ 34,193</u>	<u>\$ 315,135</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 99,954	\$ (79,301)	\$ -	\$ 20,653
Reserve for land value increment tax	33,685	-	-	33,685
Defined benefit plans	1,408	-	354	1,762
Others	-	116	-	116
	<u>\$ 135,047</u>	<u>\$ (79,185)</u>	<u>\$ 354</u>	<u>\$ 56,216</u>

For the year ended December 31, 2022

	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	\$ 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	209	1,972	-	2,181
	<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	2,033	(2,033)	-	-
	<u>\$ 319,821</u>	<u>\$ (184,946)</u>	<u>\$ 172</u>	<u>\$ 135,047</u>

e. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

## 25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share	<u>\$ 1.35</u>	<u>\$ 1.34</u>
Diluted earnings per share	<u>\$ 1.35</u>	<u>\$ 1.34</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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic earnings per share	<u>\$ 1,225,773</u>	<u>\$ 1,214,098</u>

### Shares

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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>616</u>	<u>690</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>909,036</u>	<u>909,110</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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 35,429	\$ -	\$ -	\$ 35,429
Unlisted shares	-	-	2,028	2,028
Mutual funds	834,188	-	-	834,188
Note cash	<u>-</u>	<u>79,880</u>	<u>-</u>	<u>79,880</u>
	<u>\$ 869,617</u>	<u>\$ 79,880</u>	<u>\$ 2,028</u>	<u>\$ 951,525</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 184,198	\$ -	\$ -	\$ 184,198
Unlisted shares	<u>-</u>	<u>-</u>	<u>19,474</u>	<u>19,474</u>
	<u>\$ 184,198</u>	<u>\$ -</u>	<u>\$ 19,474</u>	<u>\$ 203,672</u>

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>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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

For the year ended December 31, 2023

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Total</b>
Balance at January 1, 2023	\$ 2,059	\$ 15,549	\$ 17,608
Recognized in profit or loss (included in other gains and losses)	(31)	-	(31)
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>-</u>	<u>3,925</u>	<u>3,925</u>
Balance at December 31, 2023	<u>\$ 2,028</u>	<u>\$ 19,474</u>	<u>\$ 21,502</u>
Recognized in other gains and losses - unrealized	<u>\$ (31)</u>		<u>\$ (31)</u>

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Total</b>
Balance at January 1, 2022	\$ 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, 2022	<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>

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

<b>Financial Instrument</b>	<b>Valuation Technique and Inputs</b>
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	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 951,525	\$ 986,906
Financial assets at amortized cost (1)	4,228,024	4,125,505
Financial assets at FVTOCI		
Equity instruments	203,672	180,684
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	861,021	900,833

- 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 monetary assets and monetary liabilities denominated in currencies other than the functional currency. The Company watches out for the fluctuation of market exchange rates, and takes appropriate actions to manage the exchange rate risk.

For the monetary assets and liabilities of the Group denominated in non-functional currencies on the balance sheet date, refer to Note 30.

### Sensitivity analysis

The Company was mainly exposed to the RMB, USD, EUR, AUD 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.

	<b>RMB Impact</b>		<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ 29,423 (i)	\$ 29,547 (i)	\$ 8,642 (ii)	\$ 7,557 (ii)
	<b>EUR Impact</b>		<b>AUD Impact</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit or loss	\$ 4,655 (iii)	\$ 1,962 (iii)	\$ 2,836 (iv)	\$ 2,572 (iv)
			<b>SGD Impact</b>	
			<b>For the Year Ended December 31</b>	
			<b>2023</b>	<b>2022</b>
Profit or loss			\$ (177) (vi)	\$ 266 (vi)

- i. This was mainly attributable to the exposure of outstanding RMB-denominated 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-denominated 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-denominated 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 outstanding AUD-denominated bank deposits which were not hedged at the end of the reporting period.
- v. This was mainly attributable to the exposure of outstanding SGD-denominated bank deposits and payables which were not hedged at the end of the reporting period.

b) Interest rate risk

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 943,266	\$ 556,160
Financial liabilities	114,329	118,649
Cash flow interest rate risk		
Financial assets	170,400	320,100

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, 2023 and 2022 would have increased/decreased by \$1,704 thousand and \$3,201 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, 2023 and 2022 would have increased/decreased by \$9,515 thousand and \$9,869 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, 2023 and 2022 would have increased/decreased by \$2,037 thousand and \$1,807 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 of the balance sheet date, the Company's maximum exposure to credit risk which will cause a financial loss to the Company (specifically, the maximum amount of irrevocable exposure without taking into consideration the effect of collaterals and other credit enhancements) 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 67% and 69% in total trade receivables as of December 31, 2023 and 2022, 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, 2023 and 2022, the Company had available unutilized bank loan facilities in the amounts of \$2,344,873 thousand and \$2,028,405 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, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
Non-interest bearing	\$ 268,000	\$ 543,330	\$ 49,541	\$ 150
Lease liabilities	1,752	7,063	32,056	75,159
Contract liabilities	<u>4,957</u>	<u>9,914</u>	<u>-</u>	<u>-</u>
	<u>\$ 274,709</u>	<u>\$ 560,307</u>	<u>\$ 81,597</u>	<u>\$ 75,309</u>

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
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>

The amount included above for variable interest rate instruments of non-derivative financial liabilities were subject to change if 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
Charng Hui Company Limited	Subsidiary
Standard Beverage	Subsidiary
Standard Foods (China) Co., Ltd. ("Chain Standard Foods")	Subsidiary
Standard Foods (Xiamen) Co., Ltd. ("Xiamen Standard Foods")	Subsidiary
GeneFerm Biotechnology Co., Ltd. ("GeneFerm")	The Company is one of the directors

### b. Sales of goods

<b>Line Items</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Sales	Subsidiaries		
	Standard Dairy Products	\$ 1,617,377	\$ 1,510,650
	The Company is one of the directors		
	GeneFerm	<u>180</u>	<u>36,465</u>
		<u>\$ 1,617,557</u>	<u>\$ 1,547,115</u>

Sales to related parties were conducted on normal commercial terms.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries		
Standard Dairy Products	\$ 1,253,574	\$ 1,159,395
The Company is one of the directors		
GeneFerm	<u>47,870</u>	<u>102,636</u>
	<u>\$ 1,301,444</u>	<u>\$ 1,262,031</u>

Purchases from related parties were conducted on normal commercial terms.

d. Receivables from related parties

Line Items	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Subsidiaries		
	Standard Dairy Products	\$ 158,091	\$ 141,101
	The Company is one of the directors		
	GeneFerm	<u>43</u>	<u>4,737</u>
		<u>\$ 158,134</u>	<u>\$ 145,838</u>
Other receivables	Subsidiaries		
	Standard Dairy Products	\$ 3,281	\$ 3,269
	Charng Hui	50,127	-
	Standard Beverage	-	15,117
	China Standard Foods	433,520	443,448
	Xiamen Standard Foods	<u>433,520</u>	<u>443,448</u>
		<u>\$ 920,448</u>	<u>\$ 905,282</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized on receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31	
		2023	2022
Trade payables	The Company is one of the directors		
	GeneFerm	<u>\$ 9,889</u>	<u>\$ 19,633</u>

The outstanding payables from related parties are unsecured.

- f. Loans to related parties (included in other receivables from related parties)

Related Party Category/Name	December 31	
	2023	2022
Subsidiary		
Charng Hui	\$ 50,000	\$ -
Standard Beverage	-	15,000
China Standard Foods	433,520	440,940
Xiamen Standard Foods	<u>433,520</u>	<u>440,940</u>
	<u>\$ 917,040</u>	<u>\$ 896,880</u>

Interest expenses

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary		
Charng Hui	\$ 277	\$ -
Standard Beverage	360	189
Dermalab	-	186
China Standard Foods	7,934	3,650
Xiamen Standard Foods	<u>7,934</u>	<u>5,902</u>
	<u>\$ 16,505</u>	<u>\$ 9,927</u>

- g. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category/Name	December 31	
	2023	2022
Subsidiaries		
Charng Hui		
Amount endorsed	<u>\$ 92,115</u>	<u>\$ -</u>
Amount utilized	<u>\$ 1,800</u>	<u>\$ -</u>
Standard Beverage		
Amount endorsed	<u>\$ 92,115</u>	<u>\$ 92,130</u>

- h. Other transactions with related parties

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Royalty revenue	Subsidiaries		
	Standard Dairy Products	<u>\$ 9,145</u>	<u>\$ 9,308</u>
Service revenue	Subsidiaries		
	Standard Beverage	\$ 770	\$ 1,320
	Charng Hui	<u>550</u>	<u>-</u>
		<u>\$ 1,320</u>	<u>\$ 1,320</u>

i. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 20,973	\$ 21,101
Post-employment benefits	<u>601</u>	<u>315</u>
	<u>\$ 21,574</u>	<u>\$ 21,416</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 CONTRACT COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2023 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\$81 thousand.
- Unrecognized commitments for acquisition of property, plant and equipment of approximately \$377,272 thousand.
- Unrecognized commitments for acquiring approximately 36,996 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, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,839	30.71 (USD:NTD)	\$ 302,107
EUR	4,566	33.98 (EUR:NTD)	155,151
RMB	226,233	4.34 (RMB:NTD)	980,767
AUD	4,505	20.98 (AUD:NTD)	94,520
SGD	306	23.29 (SGD:NTD)	<u>7,134</u>
			<u>\$ 1,539,679</u>
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using the equity method			
USD	\$ 300	30.71 (USD:NTD)	\$ 9,212
RMB	1,864,499	4.34 (RMB:NTD)	8,082,084
SGD	400	23.29 (SGD:NTD)	<u>9,316</u>
			<u>\$ 8,100,612</u>
<u>Financial liabilities</u>			
Monetary items			
USD	457	30.71 (USD:NTD)	\$ 14,028
SGD	560	23.29 (SGD:NTD)	<u>13,041</u>
			<u>\$ 27,069</u>
			(Concluded)

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>

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

For the Year Ended December 31				
Foreign Currency	2023		2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	31.16 (USD:NTD)	\$ (580)	29.81 (USD:NTD)	\$ 21,227
RMB	4.42 (RMB:NTD)	(16,531)	4.43 (RMB:NTD)	13,735
EUR	33.70 (EUR:NTD)	7,465	31.36 (EUR:NTD)	(3,564)
AUD	20.69 (AUD:NTD)	1,391	20.67 (AUD:NTD)	(516)
CHF	34.70 (CHF:NTD)	40	31.20 (CHF:NTD)	449
SGD	23.20 (SGD:NTD)	327	21.62 (SGD:NTD)	(3)
Others		<u>26</u>		<u>27</u>
		<u>\$ (7,862)</u>		<u>\$ 31,355</u>

### 31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financings provided to others: (Table 1)
- 2) Endorsement/guarantee provided to others: (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, the 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 (through a third region) 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, 2023  
(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	Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	\$ 868,380	\$ 433,520	\$ 433,520	2.500%	b.	\$ -	Need for operation	\$ -	-	\$ -	\$ 3,478,082 (Note 3)	\$ 6,956,164 (Note 4)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	868,380	433,520	433,520	2.500%	b	-	Need for operation	-	-	-	3,478,082 (Note 3)	6,956,164 (Note 4)	Note 11
		Standard Beverage Company Limited	Financing receivables - related parties	Y	50,000	-	-	-	b	-	Need for operation	-	-	-	3,478,082 (Note 3)	6,956,164 (Note 4)	Note 11
		Charng Hui	Financing receivables - related parties	Y	50,000	50,000	50,000	2.867%	b	-	Need for operation	-	-	-	3,478,082 (Note 3)	6,956,164 (Note 4)	Note 11
1	Standard Investment (China) Co., Ltd.	Shanghai Dermalab Corporation	Financing receivables - related parties	Y	180,692	173,408	121,875	2.000%	b	-	Need for operation	-	-	-	1,287,655 (Note 5)	1,287,655 (Note 5)	Note 11
		Shanghai Le Ben Tuo Health Technology Co., Ltd.	Financing receivables - related parties	Y	406,557	390,168	297,529	2.000%	b	-	Need for operation	-	-	-	1,287,655 (Note 5)	1,287,655 (Note 5)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	542,076	520,224	494,226	2.000%	b	-	Need for operation	-	-	-	1,287,655 (Note 5)	1,287,655 (Note 5)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	444,280	86,704	55,751	2.000%	b	-	Need for operation	-	-	-	1,287,655 (Note 5)	1,287,655 (Note 5)	Note 11
2	Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	655,009	628,604	494,508	2.000%	b	-	Need for operation	-	-	-	1,293,910 (Note 6)	1,293,910 (Note 6)	Note 11
		Standard Foods (Xiamen) Co., Ltd.	Financing receivables - related parties	Y	225,865	216,760	216,760	2.000%	b	-	Need for operation	-	-	-	1,293,910 (Note 6)	1,293,910 (Note 6)	Note 11
		Standard Foods (China) Co., Ltd.	Financing receivables - related parties	Y	225,865	216,760	-	2.000%	b	-	Need for operation	-	-	-	1,293,910 (Note 6)	1,293,910 (Note 6)	Note 11
3	Shanghai Le Ben De Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	5,776	-	-	-	b	-	Need for operation	-	-	-	12,684 (Note 6)	12,684 (Note 6)	Note 11
4	Shanghai Le Ho Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	54,208	52,022	35,237	2.000%	b	-	Need for operation	-	-	-	175,674 (Note 7)	175,674 (Note 7)	Note 11
5	Shanghai Le Min Industrial Co., Ltd.	Standard Investment (China) Co., Ltd.	Financing receivables - related parties	Y	54,208	52,022	24,286	2.000%	b	-	Need for operation	-	-	-	109,963 (Note 9)	109,963 (Note 9)	Note 11
6	Shanghai New Vitality Health Technology (Group) Co., Ltd.	Jiangsu Hua Sun Health Technology Co., Ltd.	Financing receivables - related parties	Y	54,208	52,022	-	2.000%	b	-	Need for operation	-	-	-	111,721 (Note 10)	111,721 (Note 10)	Note 11

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

Note 2: Reasons for financing are as follows:

- a. Please fill in 1 for having business transactions.
- b. Please fill in 2 for short-term financing.

Note 3: The single limit is calculated based on 20% of the net worth of the latest financial statements of Standard Foods Corporation, which was calculated to be \$3,478,082 thousand (the net value per financial statements of \$17,390,410 thousand x 20% as of September 30, 2023).

Note 4: The maximum limit is calculated based on 40% of the net worth of the latest financial statements of Standard Foods Corporation, which was calculated to be \$6,956,164 thousand (the net value per financial statements of \$17,390,410 thousand x 40% as of September 30, 2023).

Note 5: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Standard Investment (China) Co., Ltd., which was calculated to be \$1,287,655 thousand (the net value per financial statements of \$3,219,138 thousand x 40% as of September 30, 2023).

Note 6: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Standard Foods Co., Ltd., which was calculated to be \$1,293,910 thousand (the net value per financial statements of \$3,234,774 thousand x 40% as of September 30, 2023).

Note 7: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Le Ben De Health Technology Co., Ltd., which was calculated to be \$12,684 thousand (the net value per financial statements of \$31,711 thousand x 40% as of September 30, 2023).

(Continued)

Note 8: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Le Ho Industrial Co., Ltd., which was calculated to be \$175,674 thousand (the net value per financial statements of \$439,185 thousand x 40% as of September 30, 2023).

Note 9: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai Le Min Industrial Co., Ltd., which was calculated to be \$109,963 thousand (the net value per financial statements of \$274,907 thousand x 40% as of September 30, 2023).

Note 10: The single and maximum limit is calculated based on 40% of the net worth of the latest financial statements of Shanghai New Vitality Health Technology (Group) Co., Ltd., which was calculated to be \$111,721 thousand (the net value per financial statements of \$279,302 thousand x 40% as of September 30, 2023).

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

(Concluded)

**TABLE 2**

**STANDARD FOODS CORPORATION**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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	b.	\$ 13,912,328 (Note 3)	\$ 97,275	\$ 92,115	\$ -	\$ -	0.53%	\$ 17,390,410 (Note 4)	Y	-	-	
		Limited Charng Hui	b.	13,912,328 (Note 3)	97,275	92,115	1,800	-	0.53%	17,390,410 (Note 4)	Y	-	-	

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

Note 2: There are seven types of relationships between the guaranteed party and the Company:

- a. Trading partner.
- b. The company in which the Company holds, directly or indirectly, more than fifty percent (50%) of the voting shares.
- c. The company that holds, directly or indirectly, more than fifty percent (50%) of the Company’s voting shares.
- d. The company in which the Company holds, directly or indirectly, more than fifty percent (90%) of the voting shares.
- e. Guaranteed by construction contracts formed due to the need of construction projects, in which the companies in the same industry or joint builders provide endorsement/guarantee to one another.
- f. The guarantees were provided based on the Company’s proportionate share in a jointly invested company.
- g. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The single enterprise’s limit is calculated based on 80% of the net worth of the latest financial statements of Standard Foods Corporation, which is \$13,912,328 thousand (the net value per financial statements of \$17,390,410 thousand x 80% as of September 30, 2023).

Note 4: The maximum limit is calculated based on 100% of the net worth of the latest financial statements of Standard Foods Corporation, which is \$17,390,410 thousand (the net value per financial statements of \$17,390,410 thousand x 100% as of September 30, 2023).

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, 2023

(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, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Standard Foods Corporation	<u>Shares</u>	The Company is one of the directors						
	Far Eastern International Commercial Bank Co., Ltd.		Financial assets at fair value through other comprehensive income - current	1,466,828	\$ 18,555	-	\$ 18,555	
	Chunghwa Telecom Co., Ltd.		Financial assets at fair value through other comprehensive income - current	48,600	5,832	-	5,832	
	GeneFerm Biotechnology Co., Ltd.		Financial assets at fair value through other comprehensive income - non-current	2,145,110	159,811	5.2	159,811	
	Dah Chung Bills Finance Corp.		Financial assets at fair value through other comprehensive income - non-current	1,274,480	19,474	0.3	19,474	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through profit or loss - current	7,110	4,216	-	4,216	
	Apple Inc.		Financial assets at fair value through profit or loss - current	1,675	9,902	-	9,902	
	Amazon.com, Inc.		Financial assets at fair value through profit or loss - current	740	3,452	-	3,452	
	Alphabet Inc.		Financial assets at fair value through profit or loss - current	820	3,510	-	3,510	
	Microsoft Corporation		Financial assets at fair value through profit or loss - current	372	4,295	-	4,295	
	NVIDIA Corporation		Financial assets at fair value through profit or loss - current	467	7,101	-	7,101	
	Tesla, Inc.		Financial assets at fair value through profit or loss - current	387	2,953	-	2,953	
	<u>Mutual funds</u>							
	Yuanta FTSE4Good TIP Taiwan ESG ETF		Financial assets at fair value through profit or loss - current	300,000	10,548	-	10,548	
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	8,376,077	116,783	-	116,783	
	Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	3,585,869	55,904	-	55,904	
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	4,720,915	61,146	-	61,146	
	Franklin Templeton Sinoam Money Market Fund		Financial assets at fair value through profit or loss - current	15,850,421	168,427	-	168,427	
	Cathay Global Aggressive Fund		Financial assets at fair value through profit or loss - current	2,284,844	60,731	-	60,731	
	CTBC Hwa-Win Money Market Fund		Financial assets at fair value through profit or loss - current	4,422,079	50,037	-	50,037	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	FSITC Taiwan Money Market (Frist Financial Holding Co Ltd)		Financial assets at fair value through profit or loss - current	13,347,862	\$ 210,075	-	\$ 210,075	
	Capital Money Market Fund		Financial assets at fair value through profit or loss - current	6,061,204	100,537	-	100,537	
	<u>Note cash</u>							
	HSBC Holdings USD Bond (HSBC_4.3_030826)		Financial assets at fair value through profit or loss - current	10,000	29,882	-	29,882	
	TSMC Unsecured Corporate Bond 2023 2nd Offering		Financial assets at fair value through profit or loss - current	500,000	49,998	-	49,998	
	<u>Shares</u>							
	Paradigm Venture Capital Corporation		Financial assets at fair value through profit or loss - non-current	153,320	2,028	7.0	2,028	
	U-Teck Environment Corporation, Ltd.		Financial assets at fair value through profit or loss - non-current	11,200	-	0.2	-	
	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	-	
	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. - Common Stock		Financial assets at fair value through profit or loss - non-current	12,938	-	1.2	-	
	<u>Mutual funds</u>							
	Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	3,778,844	52,687	-	52,687	
	Cathay China Domestic Demand Growth Fund		Financial assets at fair value through profit or loss - current	1,195,290	18,634	-	18,634	
	Cathay Target Date 2029 Fund		Financial assets at fair value through profit or loss - current	786,819	10,191	-	10,191	
	Cathay Global Aggressive Fund		Financial assets at fair value through profit or loss - current	761,615	20,244	-	20,244	
	FSITC Taiwan Money Market (Frist Financial Holding Co Ltd)		Financial assets at fair value through profit or loss - current	2,990,175	47,061	-	47,061	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Charng Hui Company Ltd.	<u>Shares</u> Standard Foods Corporation	Parent of Charng Hui Ltd.	Financial assets at fair value through other comprehensive income - current	6,669,471	\$ 259,442	0.7	\$ 259,442	Note
	Formosa Plastics Corporation		Financial assets at fair value through other comprehensive income - current	91,440	7,242	-	7,242	
	China Steel Corporation		Financial assets at fair value through other comprehensive income - current	803,258	21,688	-	21,688	
	Polytronics Technology Corp.	Charng Hui Ltd. is one of the directors	Financial assets at fair value through other comprehensive income - current	1,596,000	91,930	1.9	91,930	
	Taiwan Semiconductor Manufacturing Co., Ltd.		Financial assets at fair value through other comprehensive income - current	90,000	53,370	-	53,370	
	<u>Mutual funds</u> Fuh Hwa Global Strategic Allocation FoF		Financial assets at fair value through profit or loss - current	1,000,000	12,810	-	12,810	
	Franklin Templeton SinoAm Franklin Templeton Global Bond Fund of Funds-Accu.		Financial assets at fair value through profit or loss - current	1,453,360	17,550	-	17,550	
	<u>Shares</u> Amphastar Pharmaceuticals Inc. (AMPH)		Financial assets at fair value through profit or loss - non-current	7,742	14,703	-	14,703	
Standard Beverage Company Limited	<u>Mutual funds</u> Taishin 1699 Money Market Fund		Financial assets at fair value through profit or loss - current	2,127,261	29,659	-	29,659	
Accession Limited	<u>Shares</u> AsiaVest Liquidation Co.		Financial assets at fair value through other comprehensive income - non current	200	1,043	0.7	1,043	
China Standard Investment	<u>Shares</u> Ccoop Group Co., Ltd.		Financial assets at fair value through profit or loss - current	342,939	2,171	-	2,171	

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, 2023  
(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	\$ (1,617,377)	13.27	55 days after month end closing (net of receivables and payables)	-	-	\$ 158,091	7.73	Note
			Purchases	1,253,574	17.40	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	1,617,377	53.43	55 days after month end closing (net of receivables and payables)	-	-	(158,091)	35.83	Note
			Sales	(1,253,574)	32.84	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	(1,784,335)	68.73	60 days after month-end closing	-	-	305,152	99.03	Note
			Purchases	794,888	31.34	60 days after month-end closing	-	-	(184,759)	68.43	Note
Standard Investment (China) Co., Ltd.	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Purchases	1,784,335	16.06	60 days after month-end closing	-	-	(305,152)	11.13	Note
			Sales	(794,888)	6.47	60 days after month-end closing	-	-	184,759	9.84	Note
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Sales	(4,988,885)	98.53	60 days after month-end closing	-	-	1,406,525	99.74	Note
Standard Investment (China) Co., Ltd.	Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	4,988,885	44.86	60 days after month-end closing	-	-	(1,406,525)	51.31	Note
Standard Foods (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Brother company of Standard Foods (China) Co., Ltd.	Purchases	146,904	3.23	60 days after month-end closing	-	-	(145,504)	48.31	Note
Standard Foods (Xiamen) Co., Ltd.	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Sales	(146,904)	3.13	60 days after month-end closing	-	-	145,504	20.27	Note
	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Sales	(4,260,119)	90.65	60 days after month-end closing	-	-	572,167	79.73	Note
Standard Investment (China) Co., Ltd.	Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary	Purchases	4,260,119	38.31	60 days after month-end closing	-	-	(572,167)	20.87	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, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationships	Ending Balance for Account Receivable - Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Note
					Amount	Actions Taken			
Standard Foods Corporation	Standard Dairy Products Taiwan Limited	The Company's subsidiary	Trade receivables	10.81	\$ -		\$ 158,091 (Note 1)	\$ -	(Note 2)
			Other receivables		<u>3,280</u>		<u>3,280</u> (Note 1)	<u>-</u>	(Note 2)
					<u>\$ 161,371</u>		<u>\$ 161,371</u> (Note 1)	<u>\$ -</u>	
	Standard Foods (China) Co., Ltd.	The Company's subsidiary	Financing receivables		<u>\$ 433,520</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	(Note 2)
			Financing receivables		<u>\$ 433,520</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	(Note 2)
Shanghai Standard Foods Co., Ltd.	Standard Investment (China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.	Trade receivables	3.95	\$ -		\$ 305,152 (Note 1)	\$ -	(Note 2)
			Financing receivables		-		- (Note 1)	-	(Note 2)
			Other receivables		<u>7,018</u>		<u>7,018</u> (Note 1)	<u>-</u>	(Note 2)
	Standard Foods (Xiamen) Co., Ltd.(China) Co., Ltd.	Brother company of Shanghai Standard Foods Co., Ltd.			<u>\$ 806,678</u>		<u>\$ 312,170</u> (Note 1)	<u>\$ -</u>	
			Financing receivables		\$ 216,760		\$ - (Note 1)		
			Other receivables		<u>2,246</u>		<u>-</u> (Note 1)		
	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.		3.61	<u>\$ 219,006</u>		<u>\$ -</u> (Note 1)		
			Trade receivables		<u>\$ 1,406,525</u>		<u>\$ 802,142</u> (Note 1)	<u>\$ -</u>	(Note 2)
Standard Foods (China) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (China) Co., Ltd.	Trade receivables	3.61	<u>\$ -</u>		<u>\$ 802,142</u> (Note 1)	<u>\$ -</u>	(Note 2)
			Financing receivables		\$ 494,226		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		<u>35,897</u>		<u>-</u> (Note 1)	<u>-</u>	
	Standard Investment (China) Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary			<u>\$ 530,123</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
			Trade receivables		<u>\$ 184,759</u>		<u>\$ 184,759</u> (Note 1)	<u>\$ -</u>	(Note 2)
	Shanghai Standard Foods Co., Ltd.	Brother company of Standard Investment (China) Co., Ltd.	Trade receivables	3.55	<u>\$ -</u>		<u>\$ 184,759</u> (Note 1)	<u>\$ -</u>	(Note 2)
			Financing receivables		\$ 4		\$ 4 (Note 1)	\$ -	(Note 2)
			Other receivables		<u>297,529</u>		<u>-</u> (Note 1)	<u>-</u>	(Note 2)
	Shanghai Le Ben Tuo Health Technology Co., Ltd.	Standard Investment (China) Co., Ltd.'s subsidiary		183.00	<u>3,047</u>		<u>16</u> (Note 1)	<u>-</u>	
					<u>\$ 300,580</u>		<u>\$ 20</u> (Note 1)	<u>\$ -</u>	
	Shanghai Dermalab Corporation	Standard Investment (China) Co., Ltd.'s subsidiary	Financing receivables		\$ 121,875		\$ - (Note 1)	\$ -	(Note 2)
			Other receivables		<u>2,195</u>		<u>-</u> (Note 1)	<u>-</u>	(Note 2)
					<u>\$ 124,070</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	
Standard Foods (Xiamen) Co., Ltd.	Standard Investment (China) Co., Ltd.	Parent company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	5.11	<u>\$ -</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	(Note 2)
	Standard Foods (China) Co., Ltd.	Brother company of Standard Foods (Xiamen) Co., Ltd.	Trade receivables	1.95	<u>\$ 145,504</u>		<u>\$ -</u> (Note 1)	<u>\$ -</u>	

Note 1: Amounts received before March 20, 2024.

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



**TABLE 6**

**STANDARD FOODS CORPORATION**

**INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
Standard Foods Corporation	Accession Limited	Tortola, British Virgin Islands	Investment business	\$ 3,936,267	\$ 3,936,267	123,600,000	100	\$ 3,649,499	\$ 36,581	\$ 37,472 (Note 1)	Subsidiary (Note 5)
	Standard Investment (Cayman) Limited	Grand Cayman, Cayman Islands	Investment business	4,931,225	4,713,791	157,147,892	100	4,432,585	(396,504)	(396,504)	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	1,014,365	309,975	294,834 (Note 2)	Subsidiary (Note 5)
	Charng Hui Company Ltd.	Taipei, Taiwan	Investment business	230,000	230,000	24,100,000	100	312,637	26,073	17,469 (Note 3)	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	265,626	95,998	49,928	Subsidiary (Note 5)
	Standard Beverage Company Limited	Taipei, Taiwan	Manufacture and sale of beverages	79,072	79,072	7,907,000	100	80,875	103	103	Subsidiary (Note 5)
	Standard Foods, LLC.	U.S.A.	Sale of health foods	9,056	9,056	Note 4	100	9,212	-	-	Subsidiary (Note 5)
	Standard Great Foods Singapore PTE. LTD.	Singapore	Food trade	9,427	317	Note 4	100	9,316	-	-	Subsidiary (Note 5)
Accession Limited	Dermalab S.A.	Switzerland	Development and sale of cosmetics	379,489	379,489	4,050	100	267,569	7,565	-	Indirect subsidiary (Note 5)
Dermalab S.A.	Swissderma SL	Spain	Sale of cosmetics	96	96	3,000	100	-	-	-	Third-tier subsidiary (Note 5)
Standard Investment (Cayman) Limited	Standard Corporation (Hong Kong) Limited	Hong Kong	Investment business	4,927,405	4,709,971	157,021,892	100	4,431,297	(396,226)	-	Indirect subsidiary (Note 5)

Note 1: The amount after the net profit in investees recognized based on the shareholding ratio, \$36,581 thousand, plus the adjustment on unrealized gain or loss from side-stream transactions of \$891 thousand.

Note 2: The amount after the net profit in investees recognized based on the shareholding ratio, \$309,975 thousand, minus the adjustment on unrealized gain or loss from up-stream transactions of \$15,141 thousand.

Note 3: The amount after the net profit in investees recognized based on the shareholding ratio, \$26,073 thousand, minus the Standard Foods Corporation cash dividends paid of \$8,604 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, 2023**  
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	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)	\$ 24,700	100.0	\$ 25,700 (Note 9)	\$ 3,235,371	\$ -	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)	(253,772)	99.0	(251,234) (Note 9)	3,262,059	-	Note 12
Shanghai New Vitality Health Technology (Group) Co., Ltd.	Sale of nutritional foods, cosmetics and international trading	664,630	b. (Note 5)	- (Note 5)	217,434	-	217,434 (Note 5)	(115,250)	99.0	(114,098) (Note 10)	461,131	-	Note 12
Standard Foods (China) Co., Ltd.	Manufacture and sale of edible oil products and nutritional foods	1,935,453	c. (Note 6)	- (Note 6)	-	-	- (Note 6)	134,321	99.0	128,883 (Note 9)	2,526,534	-	Note 12
Shanghai Dermalab Corporation	Sale of nutritional foods, cosmetics and international trading	93,989	c. (Note 7)	- (Note 7)	-	-	- (Note 7)	(4,967)	99.0	(4,917) (Note 10)	(21,747)	-	Note 12
Shanghai Le Ben Tuo Health Technology Co., Ltd.	Sale of nutritional foods and international trading	284,127	c. (Note 7)	181,048 (Note 7)	-	-	181,048 (Note 7)	(94,225)	99.0	(93,283) (Note 10)	(232,740)	-	Note 12
Shanghai Le Ben De Health Technology Co., Ltd.	Sale of health, to beautify produce and about serverive trading	31,220	c. (Notes 4 and 7)	31,220 (Note 4)	-	-	31,220 (Note 4)	1,691	99.0	1,674 (Note 10)	32,015	-	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)	102,543	99.0	99,261 (Note 10)	1,671,588	-	Note 12
Shanghai Le Ho Industrial Co., Ltd.	Property management	607,717	b. (Note 5)	607,717 (Note 5)	-	-	607,717 (Note 5)	(19,018)	100.0	(19,018) (Note 10)	434,509	-	Note 12
Shanghai Le Min Industrial Co., Ltd.	Property management	378,009	b. (Note 5)	378,009 (Note 5)	-	-	378,009 (Note 5)	(11,723)	100.0	(11,723) (Note 10)	271,995	-	Note 12
Jiangsu Hua Sun Health Technology Co., Ltd	Develop brands and products in the field of health foods and special nutritious foods	315,921	c. (Note 8)	- (Note 8)	-	-	- (Note 8)	(15,178)	99.0	(15,026) (Note 10)	284,986	-	Note 12

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$9,136,959	\$9,874,201	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. (Please specify the investor company 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 accounting firm in ROC.
    - 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 current period. The investment remained at \$4,034,074 thousand. Of the \$4,034,074 thousand, \$53,279 thousand has been retained in Accession Ltd. The remaining balance thereof, amounting to \$3,980,795 thousand, was originally the outward remittance of the investment of Shanghai Standard Foods Co., Ltd. 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 in 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 reinvested through a company registered in mainland China, namely Shanghai New Vitality Health Technology (Group) Co., Ltd.
- Note 8: A new company was incorporated upon the split of Le Bonta Wellness Co., Ltd., as invested by Shanghai New Vitality Health Technology (Group) Co., Ltd., a company in mainland China.
- Note 9: The basis for recognition of investment profit and loss is Note 2.b. Item 3) is based on the financial statements of the investee reviewed by CPAs of the parent company in Taiwan during the same period.
- Note 10: The basis for recognition of investment profit and loss is Note 2.b. Item 3) is based on the financial statements of the investee that have not been reviewed by any CPA during the same period.
- 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.

(Concluded)

**TABLE 8****STANDARD FOODS CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Mu Te Investment Co., Ltd. Trust Property Account	178,727,315	19.53
Chia Yun Investment Co., Ltd. Trust Property Account	147,633,489	16.13
Chia Chieh Investment Co., Ltd. Trust Property Account	117,539,583	12.84

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

### THE CONTENTS OF SCHEDULES OF MAJOR ACCOUNTING ITEMS

---

<b>Item</b>	<b>Schedule Index</b>
Major Accounting Items in Assets, Liabilities and Equity	
Schedule of cash and cash equivalents	1
Schedule of financial assets at fair value through profit or loss - current	2
Schedule of financial assets at fair value through other comprehensive income - current	3
Schedule of financial assets at amortized cost - current	4
Schedule of trade receivables	5
Schedule of inventories	6
Schedule of financial assets at fair value through profit or loss - non-current	7
Schedule of financial assets at fair value through other comprehensive income - non-current	8
Schedule of changes in investments accounted for using the equity method	9
Schedule of changes in right-of-use assets	10
Schedule of trade payables	11
Schedule of lease liabilities	12
Major Accounting Items in Profit or Loss	
Schedule of operating revenue	13
Schedule of operating costs	14
Schedule of operating expenses	15
Schedule of labor, depreciation and amortization by function	16

**SCHEDULE 1****STANDARD FOODS CORPORATION****SCHEDULE OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

---

<b>Item</b>	<b>Description</b>	<b>Interest Rate</b>	<b>Amount</b>
Cash on hand			<u>\$ 785</u>
Cash in banks			
Checking account deposits			68,101
Demand deposits		0.050%-1.150%	3,165
Foreign currency demand deposits	Including US\$947 thousand @30.71, AUD1 thousand @20.98, RMB2,032 thousand @4.34	0.050%-1.150%	<u>37,901</u>
			<u>109,167</u>
Cash equivalents			
New Taiwan dollars time deposits		1.500%	200,000
Foreign time deposits	Including US\$5,711 thousand @30.71, EUR815 thousand @33.98 and RMB3,430 thousand @4.34	2.750%-5.580%	<u>217,900</u>
			<u>417,900</u>
			<u>\$ 527,852</u>

**STANDARD FOODS CORPORATION**

**SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

**DECEMBER 31, 2023**

**(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	8,376,076.73	13.94	\$ 116,783	\$ 116,502	13.94	\$ 116,783	\$ -	
Cathay China Domestic Demand Growth Fund	3,585,869.30	15.59	55,904	120,000	15.59	55,904	-	
Cathay Target Date 2029 Fund	4,720,915.20	12.95	61,146	60,000	12.95	61,146	-	
Cathay Global Aggressive Fund	2,284,843.90	26.58	60,731	60,000	26.58	60,731	-	
Franklin Templeton Sinoam Money Market Fund	15,850,421.07	10.63	168,427	168,203	10.63	168,427	-	
CTBC Hwa-Win Money Market Fund	4,422,078.60	11.32	50,037	50,000	11.32	50,037	-	
FSITC Taiwan Money Market (Frist Financial Holding Co Ltd)	13,347,862.30	15.74	210,075	210,000	15.74	210,075	-	
Capital Money Market Fund	6,061,203.70	16.59	100,537	100,229	16.59	100,537	-	
Yuanta FTSE4Good TIP Taiwan ESG ETF	300,000.00	35.16	10,548	10,200	35.16	10,548	-	
	<u>58,949,270.80</u>		<u>834,188</u>	<u>895,134</u>		<u>834,188</u>	<u>-</u>	
Shares								
Taiwan Semiconductor Manufacturing Co., Ltd.	7,110.00	593.00	4,216	4,328	593.00	4,216	-	
Apple Inc.	1,675.00	192.53	9,902	8,304	192.53	9,902	-	
Amazon.com, Inc.	740.00	151.94	3,452	3,348	151.94	3,452	-	
Alphabet Inc.	820.00	139.39	3,510	3,293	139.39	3,510	-	
Microsoft Corporation	372.00	376.04	4,295	3,313	376.04	4,295	-	
NVIDIA Corporation	467.00	495.22	7,101	3,317	495.22	7,101	-	
Tesla, Inc.	387.00	248.48	2,953	3,315	248.48	2,953	-	
	<u>11,571.00</u>		<u>35,429</u>	<u>29,218</u>		<u>35,429</u>	<u>-</u>	
Note cash								
HSBC Holdings USD Bond (HSBC_4.3_030826)	10,000.00	97.32	29,882	29,952	97.32	29,882	-	
TSMC Unsecured Corporate Bond 2023 2nd Offering	500,000.00	99.99	49,998	50,125	99.99	49,998	-	
	<u>510,000.00</u>		<u>79,880</u>	<u>80,077</u>		<u>79,880</u>	<u>-</u>	
	<u>59,470,841.80</u>		<u>\$ 949,497</u>	<u>\$ 1,004,429</u>		<u>\$ 949,497</u>	<u>\$ -</u>	

**SCHEDULE 3****STANDARD FOODS CORPORATION****SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME -  
CURRENT****DECEMBER 31, 2023****(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	\$ -	120.00	\$ 5,832
Far Eastern International Commercial Bank Co., Ltd.	1,466,828	10	<u>14,668</u>	<u>17,114</u>	<u>-</u>	12.65	<u>18,555</u>
			<u>\$ 15,154</u>	<u>\$ 21,177</u>	<u>\$ -</u>		<u>\$ 24,387</u>



**STANDARD FOODS CORPORATION**

**SCHEDULE OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT**  
**DECEMBER 31, 2023**  
**(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 2024, maturity interest	2	4,900	NTD	\$ 9,800	1.55%	\$ 9,800	Floating
Far Eastern International Bank time deposit	Expiry in February 2024, maturity interest	7	4,900	NTD	34,300	1.55%	34,300	Floating
Far Eastern International Bank time deposit	Expiry in March 2024, maturity interest	8	4,900	NTD	39,200	1.45%	39,200	Fixed
Far Eastern International Bank time deposit	Expiry in August 2024, maturity interest	9	4,900	NTD	44,100	1.55%	44,100	Floating
Far Eastern International Bank time deposit	Expiry in October 2024, maturity interest	3	2,900	NTD	8,700	1.55%	8,700	Floating
Far Eastern International Bank time deposit	Expiry in November 2024, maturity interest	9	4,900	NTD	44,100	1.55%	44,100	Floating
Far Eastern International Bank time deposit	Expiry in December 2024, maturity interest	6	4,900	NTD	29,400	1.55%	29,400	Floating
The Shanghai Commercial & Saving Bank time deposit	Expiry in November 2024, maturity interest	1	40,000	NTD	40,000	1.52%	40,000	Fixed
President Securities time deposits	Expiry in January 2024, maturity interest	1	100,000	NTD	100,000	1.50%	100,000	Fixed
Bank of China foreign time deposit	Expiry in December 2024, maturity interest	1	4,228	RMB	18,330	2.66%	18,330	Fixed (@4.34)
ANZ Bank foreign time deposit	Expiry in November 2024, maturity interest	1	1,976	RMB	8,569	2.58%	8,569	Fixed (@4.34)
Taishin Bank foreign time deposit	Expiry in March 2024, maturity interest	1	14,247	RMB	61,764	2.75%	61,764	Fixed (@4.34)
CTBC Bank Co., Ltd foreign time deposit	Expiry in April 2024, maturity interest	1	1,003	USD	30,786	5.59%	30,786	Fixed (@30.71)
ANZ Bank foreign time deposit	Expiry in January 2024, maturity interest	1	1,500	AUD	31,470	4.15%	31,470	Fixed (@20.98)
ANZ Bank foreign time deposit	Expiry in February 2024, maturity interest	1	660	AUD	13,847	4.06%	13,847	Fixed (@20.98)
ANZ Bank foreign time deposit	Expiry in March 2024, maturity interest	1	500	AUD	10,490	4.13%	10,490	Fixed (@20.98)
ANZ Bank foreign time deposit	Expiry in April 2024, maturity interest	1	1,000	AUD	20,979	4.35%	20,979	Fixed (@20.98)
Cathay United Bank foreign time deposits	Expiry in April 2024, maturity interest	1	294	AUD	6,174	4.30%	6,174	Fixed (@20.98)
Cathay United Bank foreign time deposits	Expiry in April 2024, maturity interest	1	500	AUD	10,490	4.35%	10,490	Fixed (@20.98)
ANZ Bank foreign time deposit	Expiry in January 2024, maturity interest	1	350	EUR	11,893	3.35%	11,893	Fixed (@33.98)
ANZ Bank foreign time deposit	Expiry in January 2024, maturity interest	1	1,000	EUR	33,980	3.43%	33,980	Fixed (@33.98)
ANZ Bank foreign time deposit	Expiry in March 2024, maturity interest	1	511	EUR	17,354	3.54%	17,354	Fixed (@33.98)
ANZ Bank foreign time deposit	Expiry in March 2024, maturity interest	1	777	EUR	26,403	3.68%	26,403	Fixed (@33.98)
HSBC foreign time deposit	Expiry in January 2024, maturity interest	1	405	EUR	13,767	3.63%	13,767	Fixed (@33.98)
Cathay United Bank foreign time deposits	Expiry in February 2024, maturity interest	1	331	EUR	11,247	3.85%	11,247	Fixed (@33.98)
Cathay United Bank foreign time deposits	Expiry in March 2024, maturity interest	1	339	EUR	11,519	3.95%	11,519	Fixed (@33.98)
Cathay United Bank foreign time deposits	Expiry in April 2024, maturity interest	1	305	SGD	<u>7,104</u>	4.00%	<u>7,104</u>	Fixed (@23.29)
					<u>\$ 695,766</u>		<u>\$ 695,766</u>	

**SCHEDULE 5****STANDARD FOODS CORPORATION****SCHEDULE OF TRADE RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

---

<b>Client Name</b>	<b>Amount</b>
Unrelated parties	
Company A	\$ 601,089
Company B	328,045
Company C	280,051
Company D	112,804
Others (Note)	<u>563,043</u>
	1,885,032
Less: Allowance for impairment loss	<u>(2,400)</u>
	<u>\$ 1,882,632</u>
Related party	
Standard Dairy Products Taiwan Limited	
GeneFerm Biotechnology Co., Ltd.	\$ 158,091
	<u>43</u>
	<u>\$ 158,134</u>

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

**SCHEDULE 6****STANDARD FOODS CORPORATION****SCHEDULE OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Net Realizable Value</b>
Merchandise	\$ 250,246	\$ 299,374
Finished goods	1,290,985	2,002,465
Work in progress	246,821	411,251
Raw materials	721,737	1,108,613
Packaging materials	<u>62,176</u>	<u>81,748</u>
	<u>\$ 2,571,965</u>	<u>\$ 3,903,451</u>

STANDARD FOODS CORPORATION

SCHEDULE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Investees	Balance at January 1, 2023		Addition		Deduction		Accumulated Reversal of Impairment Loss	Balance at December 31, 2023		Collateral	Accumulated Impairment	Remark
	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount		Shares/Units	Fair Value			
Paradigm Venture Capital Corporation	153,320	\$ 2,059	-	\$ -	-	\$ 31	\$ -	153,320	\$ 2,028	Nil	\$ -	Note 1
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>\$ 2,059</u>		<u>\$ -</u>		<u>\$ 31</u>	<u>\$ -</u>		<u>\$ 2,028</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, 2023  
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023		Addition		Deduction		Unrealized Gain (Loss)	Balance at December 31, 2023		Accumulated Impairment	Collateral	Remark
	Shares	Fair Value	Shares	Amount	Shares	Amount		Shares	Fair Value			
Emerging market shares												
GeneFerm Biotechnology Co., Ltd.	2,145,110	\$ 143,508	-	\$ -	-	\$ -	\$ 16,303	2,145,110	\$ 159,811	\$ -	Nil	-
Dah Chung Bills Finance Corp	1,274,480	<u>15,549</u>	-	<u>-</u>	-	<u>-</u>	<u>3,925</u>	1,274,480	<u>19,474</u>	<u>-</u>	Nil	-
		<u>\$ 159,057</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 20,228</u>		<u>\$ 179,285</u>	<u>\$ -</u>		

STANDARD FOODS CORPORATION

SCHEDULE OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Investees	Balance at January 1, 2023		Addition		Decrease		Balance at December 31, 2023			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	\$ 3,645,244	-	\$ 39,300	-	\$ 35,045	123,600,000	100.00	\$ 3,649,499	29.89	\$ 3,693,863	Nil	Note 1
Standard Dairy Products Taiwan Limited	30,000,000	1,042,081	-	294,834	-	322,550	30,000,000	100.00	1,014,365	34.79	1,043,714	Nil	Note 2
Charng Hui Company Ltd.	24,100,000	297,285	-	37,570	-	22,218	24,100,000	100.00	312,637	23.74	572,079	Nil	Note 3
DOMEX Technology Corporation	10,374,399	328,587	-	49,928	-	112,889	10,374,399	52.00	265,626	25.55	265,067	Nil	Note 4
Standard Beverage Company Limited	7,907,000	81,609	-	108	-	842	7,907,000	100.00	80,875	10.23	80,875	Nil	Note 5
Standard Investment (Cayman) Limited	150,224,815	4,685,090	6,923,077	217,434	-	469,939	157,147,892	100.00	4,432,585	28.21	4,432,585	Nil	Note 6
Standard Foods, LLC.	-	9,213	-	-	-	1	-	100.00	9,212	-	9,212	Nil	Notes 7 and 9
Standard Great Foods Singapore PTE. LTD.	-	<u>320</u>	-	<u>9,110</u>	-	<u>114</u>	-	100.00	<u>9,316</u>	-	9,316	Nil	Notes 8 and 9
		<u>\$ 10,089,429</u>		<u>\$ 648,284</u>		<u>\$ 963,598</u>			<u>\$ 9,774,115</u>				

- Note 1: For the year ended December 31, 2023, the increase amount of investment income accounted for using the equity method was \$37,472 thousand and other comprehensive income was \$1,828 thousand; the decrease amount of translation adjustment accounted for using the equity method was \$35,045 thousand.
- Note 2: For the year ended December 31, 2023, the increase amount of investment income accounted for using the equity method was \$294,834; the decrease amount of other comprehensive income accounted for using the equity method was \$8,850 thousand and the cash dividend which was issued by the investee was \$313,700 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 adjustment to the capital surplus was \$8,604 thousand, investment income accounted for using the equity method was \$17,469 thousand and other comprehensive income was \$11,497 thousand. For the year ended December 31, 2023, the decrease the cash dividend which was issued by the investee was \$22,218 thousand.
- Note 4: For the year ended December 31, 2023, the increase amount of investment income accounted for using the equity method was \$49,928 thousand; and the decrease amount of other comprehensive income accounted for using the equity method was \$76,579 thousand and the cash dividend which was issued by the investee was \$36,310 thousand.
- Note 5: For the year ended December 31, 2023, the increase amount of investments amounted to \$103 thousand and other comprehensive income was \$5 thousand; the decrease amount of cash dividend which was issued by the investee was \$842 thousand.
- Note 6: For the year ended December 31, 2023, the increase amount of additional investment was \$217,434 thousand; the decrease amount of investment loss accounted for using the equity method was \$396,504 thousand and reorganization adjustment was \$73,435 thousand.
- Note 7: For the year ended December 31, 2023, the decrease amount of translation adjustment accounted for using the equity method was \$1 thousand.
- Note 8: For the year ended December 31, 2023, the increase amount of additional investment was \$9,110 thousand; the decrease amount of translation adjustment accounted for using the equity method was \$114 thousand.
- Note 9: This is a limited company with no issued shares.

**STANDARD FOODS CORPORATION****SCHEDULE OF CHANGES IN RIGHT-OF-USE ASSETS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**


---

Item	Land	Buildings	Office Equipment	Transpor- tation Equipment	Amount
<u>Cost</u>					
As originally stated on January 1, 2023	\$ 4,011	\$ 154,963	\$ 2,242	\$ 3,284	\$ 164,500
Additions	4,232	24,742	2,132	6,499	37,605
Lease expiration/termination	<u>(4,011)</u>	<u>(5,536)</u>	<u>(550)</u>	<u>(2,107)</u>	<u>(12,204)</u>
Balance at December 31, 2023	<u>\$ 4,232</u>	<u>\$ 174,169</u>	<u>\$ 3,824</u>	<u>\$ 7,676</u>	<u>\$ 189,901</u>
<u>Accumulated depreciation</u>					
As originally stated on January 1, 2023	\$ 2,552	\$ 42,745	\$ 578	\$ 1,470	\$ 47,345
Depreciation expenses	1,933	36,066	552	1,484	40,035
Lease expiration/termination	<u>(4,011)</u>	<u>(5,409)</u>	<u>(338)</u>	<u>(2,107)</u>	<u>(11,865)</u>
Balance at December 31, 2023	<u>\$ 474</u>	<u>\$ 73,402</u>	<u>\$ 792</u>	<u>\$ 847</u>	<u>\$ 75,515</u>

**STANDARD FOODS CORPORATION****SCHEDULE OF TRADE PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

---

<b>Vendor Name</b>	<b>Amount</b>
Unrelated parties	
Company C	\$ 53,904
Company B	51,955
Company E	46,085
Company F	24,869
Others (Note)	<u>583,786</u>
	<u>\$ 760,599</u>
Related party	
GeneFerm Biotechnology Co., Ltd.	<u>\$ 9,889</u>

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



**SCHEDULE 12****STANDARD FOODS CORPORATION****SCHEDULE OF LEASE LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

---

	<b>Lease Term</b>	<b>Discount Rate</b>	<b>Balance at December 31, 2023</b>	<b>Remark</b>
Land	2023/12/1-2024/11/30	1.07%	\$ 1,040	
Buildings	2021/1/1-2028/5/31	1.07%	103,291	
Office equipment	2022/1/1-2029/6/30	1.07%	3,067	
Transportation equipment	2021/1/1-2028/12/31	1.07%-1.25%	<u>6,931</u>	
			114,329	
Less: Within 1 year			<u>(39,855)</u>	
Lease liabilities - non-current			<u>\$ 74,474</u>	

**STANDARD FOODS CORPORATION****SCHEDULE OF OPERATING REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Quantity (Tons)</b>	<b>Amount</b>
Nutritious foods	92,772	\$ 10,960,998
Cooking products	21,865	2,711,854
Others	9,540	<u>528,303</u>
Total sales		14,201,155
Less: Sales returns		(112,135)
Sales allowances		<u>(1,899,057)</u>
Net sales		<u>\$ 12,189,963</u>

**STANDARD FOODS CORPORATION**
**SCHEDULE OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars)**


---

Item	Amount
Cost of goods sold - finished goods	
Raw materials, beginning of year	\$ 840,179
Add: Raw materials purchased	6,016,692
Gain on physical inventory of raw materials	532
Transfer from raw materials	1,619
Less: Sales of raw materials	(113,658)
Raw materials scrapped	(6,685)
Raw materials, end of year	<u>(783,913)</u>
Raw materials consumed	5,954,766
Direct labor	251,285
Manufacturing expenses	<u>1,090,864</u>
Manufacturing costs	7,296,915
Work in progress, beginning of year	213,341
Less: Work in progress scrapped	(3,530)
Work in progress deficits	(9)
Other use	(5,286)
Cost of finished goods	<u>(246,821)</u>
Work in progress, end of year	7,254,610
Finished goods, beginning of year	1,305,660
Less: Transferred to other accounts	(116,382)
Profit on physical inventory of finished goods	73
Finished goods scrapped	(3,416)
Cost of goods sold adjustment	(5,686)
Finished goods, end of year	<u>(1,290,985)</u>
Cost of goods sold - finished goods	<u>7,143,874</u>
Cost of goods sold - merchandise	
Merchandise, beginning of year	332,409
Add: Merchandise purchased	1,151,265
Less: Other use	(7,421)
Merchandise scrapped	(423)
Merchandise deficits	(39)
Cost of goods sold adjustment	(449)
Merchandise, end of year	<u>(250,246)</u>
Cost of goods sold - merchandise	<u>1,225,096</u>
Cost of sales of raw materials	<u>113,658</u>
Gain on physical inventory	<u>(558)</u>
Inventory scrap losses	<u>14,055</u>
	<u>\$ 8,496,125</u>

**STANDARD FOODS CORPORATION****SCHEDULE OF OPERATING EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Selling and Marketing Expenses</b>	<b>General and Administrati ve Expenses</b>	<b>Research and Development Expenses</b>	<b>Amount</b>
Advertising expenses	\$ 1,050,494	\$ -	\$ -	\$ 1,050,494
Salaries and pensions	388,441	268,246	42,243	698,930
Freight expenses	130,169	-	-	130,169
Taxes	22,577	77	17	22,671
Professional service fees	639	22,631	34	23,304
Rental	45,442	895	11	46,348
Insurance premiums	39,855	18,264	4,345	62,464
Amortization	2,000	13,768	-	15,768
Depreciation	27,547	26,376	6,720	60,643
Traveling expenses	20,388	1,272	850	22,510
Repair and maintenance expenses	3,838	1,235	628	5,701
Computer expenses	41,218	68,534	627	110,379
Meal expenses	11,902	4,090	1,322	17,314
Postage and telephone charges	322	1,927	81	2,330
Entertainment expenses	1,135	8,554	18	9,707
Employee welfare	8,600	2,863	931	12,394
Utilities	6,061	2,171	1,720	9,952
Donations	-	23,282	-	23,282
Others	13,575	57,223	21,513	92,311
Cost-sharing sectors	<u>-</u>	<u>(26,448)</u>	<u>-</u>	<u>(26,448)</u> (Note)
	<u>\$ 1,814,203</u>	<u>\$ 494,960</u>	<u>\$ 81,060</u>	<u>\$ 2,390,223</u>

Note: Transferred to manufacturing expenses.

**STANDARD FOODS CORPORATION**

**SCHEDULE OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

Item	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 445,266	\$ 610,708	\$ 1,055,974	\$ 425,735	\$ 514,995	\$ 940,730
Labor and health insurance	46,571	53,952	100,523	43,709	48,711	92,420
Pension	16,492	62,039	78,531	15,967	25,601	41,568
Remuneration of directors	-	8,113	8,113	-	8,237	8,237
Others	<u>31,544</u>	<u>36,636</u>	<u>68,180</u>	<u>31,193</u>	<u>35,286</u>	<u>66,479</u>
	<u>\$ 539,873</u>	<u>\$ 771,448</u>	<u>\$ 1,311,321</u>	<u>\$ 516,604</u>	<u>\$ 632,830</u>	<u>\$ 1,149,434</u>
Depreciation	<u>\$ 144,560</u>	<u>\$ 60,643</u>	<u>\$ 205,203</u>	<u>\$ 155,471</u>	<u>\$ 56,556</u>	<u>\$ 212,027</u>
Amortization	<u>\$ 10,489</u>	<u>\$ 15,768</u>	<u>\$ 26,257</u>	<u>\$ 10,305</u>	<u>\$ 10,680</u>	<u>\$ 20,985</u>

Note 1: As of December 31, 2023 and 2022, the Company had 1,114 and 1,065 employees, respectively, of which 6 and 6 directors were not concurrently appointed as employees, respectively.

Note 2: The average employee benefit expense for 2023 is \$1,176 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 2022 is \$1,078 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 2023 is \$953 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 2022 is \$888 thousand. (Total amounts of period year employee salary expenses/”The number of period year employee - The number of directors who are not concurrent employees”).

Note 6: The change in average employee salary expenses is 7.32%. (“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 2023 is \$0.

Note 8: The supervisors salary expense for 2022 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, 2022	December 31, 2023	Difference	
			Amount	%
Current assets	19,195,181	17,191,949	(2,003,232)	-10.44
Property, plant and equipment	4,282,791	4,135,856	(146,935)	-3.43
Intangible assets	110,818	170,847	60,029	54.17
Other assets	4,340,623	4,226,959	(113,664)	-2.62
<b>Total asset value</b>	<b>27,929,413</b>	<b>25,725,611</b>	<b>(2,203,802)</b>	<b>-7.89</b>
Current liabilities	9,575,913	7,629,311	(1,946,602)	-20.33
Non-current liabilities	499,760	435,153	(64,607)	-12.93
<b>Total liabilities</b>	<b>10,075,673</b>	<b>8,064,464</b>	<b>(2,011,209)</b>	<b>-19.96</b>
<b>Equity attributable to owners of parent company</b>	<b>17,511,340</b>	<b>17,378,957</b>	<b>(132,383)</b>	<b>-0.76</b>
Share capital	9,150,897	9,150,897	0	-
Capital surplus	156,981	165,585	8,604	5.48
Retained earnings	8,475,172	8,476,280	1,108	0.01
Other equity	(250,528)	(392,623)	(142,095)	56.72
Treasury stock	(21,182)	(21,182)	0	-
Non-controlling Interests	342,400	282,190	(60,210)	-17.58
<b>Total equity</b>	<b>17,853,740</b>	<b>17,661,147</b>	<b>(192,593)</b>	<b>-1.08</b>
Description:				
(1) The increase in “intangible assets” for 2023 was due to the increase in computer software expenditure as compared to the same period last year.				
(2) The decrease in “non-current liabilities” in 2023 was mainly due to the year-on-year decrease in short-term borrowings compared to the same period last year.				
(3) The decrease in “other equity” in 2023 was primarily a result of a decrease in the translation differences in the financial statements of foreign operating companies compared to the same period last year.				

## II. Financial Performance

### (I) Comparative Analysis of Operational Performance

Unit: NT\$1,000

Item \ Year	2022	2023	Increase (decrease) in amounts	Increase (Decrease)
Operating revenue	28,922,800	27,804,118	(1,118,682)	-3.87
Gross profit	6,358,576	6,289,700	(68,876)	-1.08
Operating profit (loss)	1,442,855	1,360,401	(82,454)	-5.71
Non-operating revenue and expenses	168,224	242,913	74,689	44.40
Profit before income tax	1,611,079	1,603,314	(7,765)	-0.48
Income tax expenses	366,971	335,162	(31,809)	-8.67
Net income from continuing operations	1,244,108	1,268,152	24,044	1.93
Loss from discontinued operations	-	-	-	-
Profit for the period	1,244,108	1,268,152	24,044	1.93
Other comprehensive income for the period (after tax)	(108,326)	(255,379)	(147,053)	135.75
Total comprehensive income for the period	1,135,782	1,012,773	(123,009)	-10.83

Analysis of the proportion of increase and decrease:

- (1) The increase in “non-operating income and expense” for 2023 was due to the increase in interest income from the same period last year and the reversal of unpaid accounts for more than two years that were transferred to other income this year.
- (2) The decrease in “other comprehensive income for the period” in 2023 was primarily a result of a decrease in the translation differences in the financial statements of foreign operating companies 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
4,348,255	2,091,024	3,500,393	2,938,886	N/A	N/A

- (1) Operating Activities: The net cash inflow in the current period was NT\$2,091,024 thousand, mainly due to operating profit.
- (2) Investment Activities: The net cash outflow in the current period was NT\$746,892 thousand, mainly due to an increase in amortised cost of a financial asset.
- (3) Financing Activities: The net cash outflow in the current period is NT\$2,752,325 thousand, mainly due to the payment of cash dividends and decrease in short-term borrowings.
- 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 2022(2)	FY 2023(2)		
Cash flow ratio	19.54	27.41		40.28%
Cash flow adequacy ratio (%)	107.10	108.17		1%
Cash reinvestment ratio (%)	0.56	4.03		619.64%
Analysis of the proportion of increase and decrease:				
(1) Cash flow ratio : The increase in cash flow ratio for 2023 is due to a slight decrease in profit, resulting in a decrease in income tax payment and decrease in short-term borrowings.				
(2) Cash reinvestment ratio : The increase in cash reinvestment ratio in 2023 was due to an increase in net cash inflow 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
2,938,886	3,668,420	3,145,872	3,461,434	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		
				2023	2024	2025
Purchase of machinery, transportation and office equipment as well as computer software, renovation of houses and buildings, and land use rights (improvement)	Own funds	2024	626,458	38,807	579,110	8,541

- (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 2023	Policy	Main reasons for profit or loss	Improvement plan	Investment plan for the following year
Shanghai Standard Foods Co., Ltd	24,700	It mainly operates the sales business of Standard Foods in China and the manufacturing base of edible oils.	The market demand has stabilized and the capacity utilization rate has gradually increased.	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.	309,975	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.	(253,772)	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.	134,321	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.	102,543	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.	7,565	With the change of market structure and consumption habits, it is planned to diversify and develop various products in the consumer goods field.	As the market responded gradually, we continued to strengthen our expansion efforts.	Actively expand the market and strengthen the internal management mechanism.	The plan to continue the development of beauty products.

## **VI. Analysis and Evaluation of Risks in the Most Recent Year and Up to the Date of Publication of the Annual Report**

### **(I) Impact of fluctuation in interest rate, foreign exchange rate, and inflation on corporate profits and losses and future countermeasures:**

- (1) **Interest rate:**In March 2023, the Central Bank of our country raised interest rate by 0.125%, mainly due to the uncertain extent and trajectory of inflation cooling. To prevent inflation expectations from rising further, the central bank raised the policy rate, bringing the discount rate to 1.875%. Subsequently, through December, the rate remained unchanged due to factors such as the gradual decline in inflation, more severe than expected economic slowdown, a negative output gap, and a downward-leaning economic outlook. Overall, the rate hikes in our country have been more stable compared to other major countries. This is because our inflation situation has been relatively moderate compared to the US, Europe, and other Asia-Pacific regions. Additionally, since inflation in Taiwan is primarily driven by rising import costs, the tightening policies in the US and Europe indirectly stabilized our prices, reducing the need for significant rate hikes by our central bank. In 2023, the financial costs of our company as a proportion of revenue and pre-tax net profit were minimal, and the impact of interest rate changes on our company was limited. Looking ahead to 2024, we will continue to monitor global economic trends and interest rate movements and adjust our asset and liability positions to mitigate interest rate risk.
- (2) **Exchange rate:**As the United States raised interest rates by an additional full percentage point in 2023, Taiwan's low interest rate environment further widened the interest rate differential between the two countries. Coupled with poor export performance in 2023, the Taiwanese dollar depreciated significantly, hitting its lowest point since 2016 at the end of October. However, starting in November, the Taiwanese dollar began to recover as market expectations grew that the Federal Reserve had completed its rate hikes, leading to a return of capital. Given that many of our raw materials are imported, exchange rate fluctuations have a significant impact on our profitability. Recognizing the numerous factors influencing foreign exchange markets, our company has established clear foreign exchange hedging strategies and stringent risk management processes. We continuously monitor exchange rate movements and international financial conditions, adjusting our foreign exchange strategies as needed to mitigate the risks associated with exchange rate volatility.
- (3) **Inflation:** The 2023 consumer price index (CPI) rose by 2.49%, down by 0.46 percentage points from 2022, but still significantly higher than previous years, reflecting that service inflation continues to rise and food inflation remains high. In 2023, producer prices (PPI) contracted by 0.56%, of which the manufacturing industry contracted by 1.54%, affecting the general index by -1.38 percentage points, reflecting the decline in the prices of commodities such as energy internationally. To manage fluctuations in international raw material prices, our company closely monitors global market changes and product price movements. We maintain strong relationships with suppliers, distributors, and customers and adjust our procurement, marketing, and cost control strategies dynamically. By leveraging innovation and product differentiation strategies, we aim to increase the added value of our products, enhancing our flexibility to respond to market changes and 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 company did not engage in high-risk, high-leverage investments or derivative transactions in 2023 up to the date of the annual report.

The company only provided loans to subsidiaries with over 50% ownership to support their working capital needs in 2023 up to the date of the annual report.

The company provided endorsements and guarantees solely for 100% owned subsidiaries to secure their financing in 2023 up to the date of the annual report.

**(III) Future R&D plans and estimated expenses on the R&D:**

The estimated R&D expenditure in 2024 is NT\$125million. 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 actively invest in the introduction and application of new technologies. This year, in addition to expanding the application of BI business data at different levels and trend analysis, it has also continued to optimize the business APP tools. The Company has introduced an auxiliary system of schedule forecasting, and material flow management to assist in real-time trend analysis and response. This will improve work efficiency and realize digitization and digital optimization.

With respect to the BI business data, the sales/marketing dashboards of the Group have been built to help the Company, and sales and marketing units effectively grasp the market trend changes and product sales status of various channels and make real-time response and flexible strategic adjustment. In terms of inventory forecasting, a sales assistance system has been set up to assist sales and production control units with schedule and goods demand and shipping management. The optimized business APP, we connect the business information of the store and optimize the user interface process to save business time and improve work efficiency. For information security management, we revise, develop and issue ISO 27001:2022 ISMS documents, and conduct core information system operations and personal information inventory and risk assessment. For application system and infrastructure, we introduce privileged account management, implement remote backup and drill, perform social attack drills, conduct system and website vulnerability scanning and penetration testing, and execute vulnerability repair and enhancement.

While continuously introducing new technology to fully improve corporate competitiveness, efficiency, and performance of the Company.

**(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 2023. 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 new factories and in multiple production lines in Taiwan to increase product diversification, increase capacity, and ensure quality assurance. The Dayuan Plant's fourth automatic packaging line for health foods will be completed by 2023. This will reduce outsourcing work and the time required for round-trip product transportation, improve production efficiency, and reduce product transportation losses. The Department of Economic Development, Taoyuan, has approved legal land for industrial use for the new factory base of Dayuan Plant, in preparation for setting up an automated production base. A large yogurt production line has been installed in Zhongli Plant to expand yogurt product factory area. Reorganization has been planned to add a high-speed aseptic production line. In Hsinchu Plant, a production base has been obtained in preparation for plant expansion. Jiangsu Hua Sun Health Technology Co., Ltd., the subsidiary in Mainland China, plans to invest in product development, testing, trial production, and mass production of health foods and special nutritional foods in Taicang High Technology Development Zone based on medium- and long-term market and product development strategies. This involves production line modification, equipment procurement, product development, etc.

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

The proportion of the Company's purchase from individual suppliers in 2023 did not exceed 10% of the total purchase. In addition, the main customer of sales was Company A, accounting for 15.1% 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 Company formulated the "Risk Management Policies and Procedures" in 2023, approved by the Audit Committee and the Board of Directors on August 2, 2023, as the highest guiding principle and management procedure for the Company's risk management, to clearly regulate the Company's risk management policy, purpose, scope, organizational structure, unit responsibility, risk management mechanism and implementation process.

The Company's risk management includes "strategy," "operation," "finance,"

“environment,” and “legislation.” Through a comprehensive risk management framework, we identify, evaluate, and manage various types of risks that may affect the achievement of corporate objectives, and integrate risk management into operating activities and daily management processes to achieve corporate objectives, improve management efficacy, and provide and effectively distribute resources. With the participation of the Board of Directors and senior management, we have supported and established a risk management unit to incorporate risk management awareness into daily decision-making and business activities, and to form a comprehensive corporate risk management culture.

2. The organizational structure of risk management:

The Company’s risk management organizational structure consists of a board of directors, an audit committee, a risk management promotion team, and various operating units, which are responsible for the effective implementation of risk management.

- (1) Strategy and operational risk, food safety risk, market risk, climate change risk, regulatory risk, supply chain management risk, occupational safety risk: Each business unit is responsible for formulating various strategies and carrying out risk identification, assessment and management procedures based on the duty each is in charge of. At the same time, the Company analyzes and evaluates changes in laws, policies and markets, adopts various countermeasures, and controls and handles possible risks and crises that may occur.
- (2) Financial risks such as interest rate, exchange rate, credit, and liquidity: The Finance 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.
- (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) Risk management promotion team: Compile the risk information provided by each unit, issue risk management reports to the Audit Committee and the Board of Directors on a regular basis and establish a dynamic management and reporting mechanism to supervise the effective implementation of risk management.

**VII. Other Important Matters:** None.

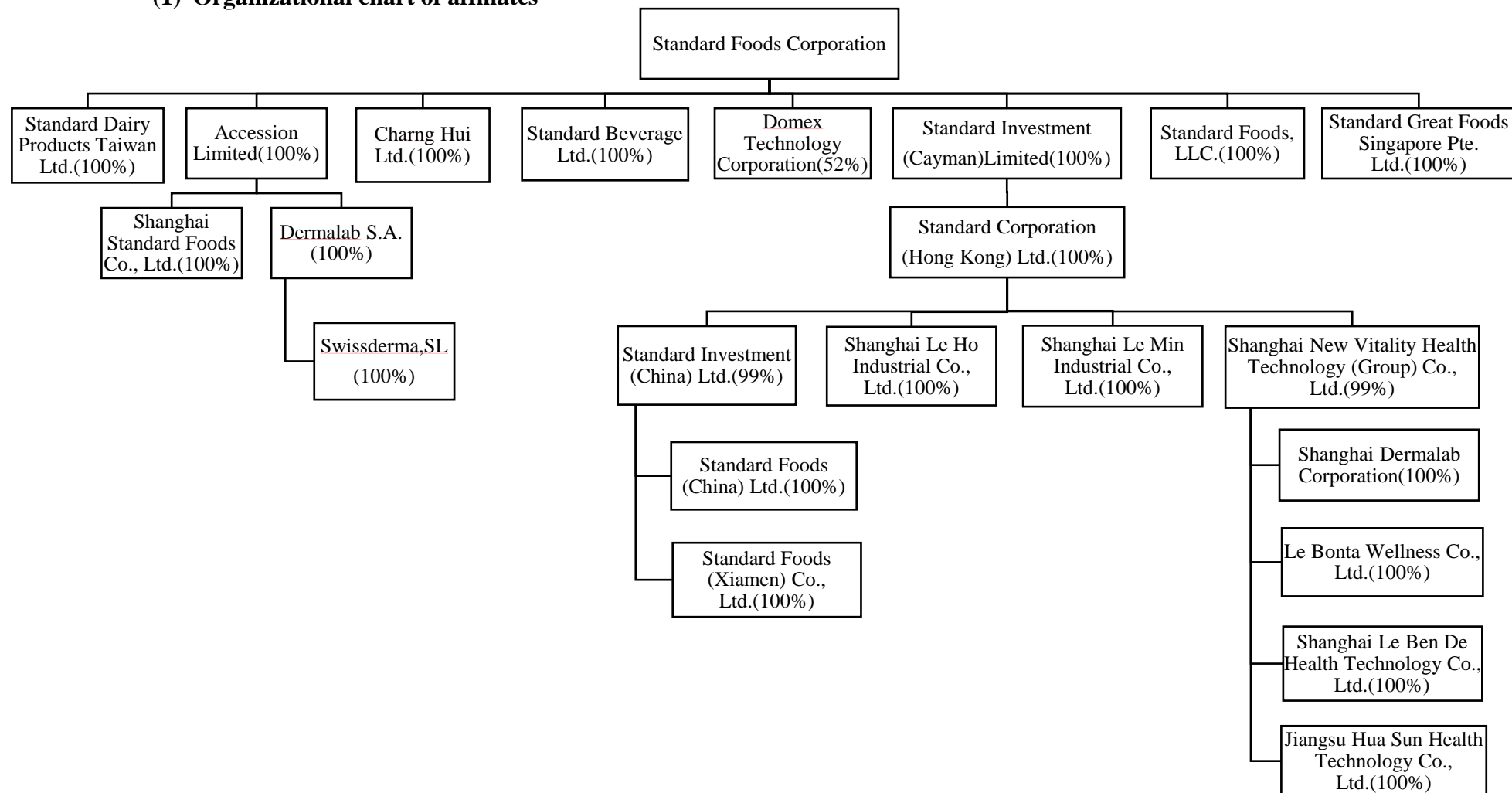
## Chapter 8. Special Disclosure

### I. Information on Affiliates

#### (I) The Consolidated Operating Report

##### (1) Consolidated Operating Report for Affiliated Enterprises in 2023

##### (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 Co., Ltd.	1998.03.24	12F., No. 610, Ruiguang Rd., Neihu Dist., Taipei	79,070	Manufacturing and sale of beverages
Charng Hui Ltd.	1997.04.28	12F., No. 610, Ruiguang Rd., Neihu Dist., Taipei	241,000	Investments
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 157,148 thousand	Investments
Standard Corporation (Hong Kong) Ltd.	2011.08.30	1501 Capital Centre, No. 151, Gloucester Road, Wan Chai, Hong Kong	USD 157,022 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 400 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	Room 807, Building 1, No. 2138 Wanyuan Road, Minhang District, Shanghai	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 nutritional 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 59,900 thousand	Sale of nutritional foods and cosmetics and import and export business
Shanghai Le Ben De Health Technology Co., Ltd.	2015.05.11	Room 806, Building 1, No. 2138 Wanyuan Road, Minhang District, Shanghai	RMB 6,117.2 thousand	Sales of health and beauty products and related services
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 150,000 thousand	Sale of nutritious foods and cosmetics and import and export business

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Jiangsu Hua Sun Health Technology Co., Ltd.	2023.08.03	No. 88 Dalian West Road, Taicang City, Suzhou City, Jiangsu Province	RMB 70,300 thousand	Develop brands and products in the field of health foods and special nutritious foods

**(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:**

Standard Foods Corporation 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 Standard Foods Corporation 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 Standard Foods Corporation and then sold by Standard Foods Corporation.

Beverages produced by Standard Beverage Co., Ltd. are sold to Standard Foods Corporation and then sold by Standard Foods Corporation.

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.

Shanghai Le Ben De Health Technology Co., Ltd. engages in the sale of health and beauty products and related services.

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.

Jiangsu Hua Sun Health Technology Co., Ltd. mainly engages in develop brands and products in the field of health foods and special nutritious foods.

**(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	10,374,399 shares -	52.01% -
		Ku, Tsun Hsin	550,385 shares -	2.76% -
		Yao Steven Yih Chun	-	-
	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 157,147,892 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	Lynn Lee	-	
	Director	Sylvia Chou	-	
	Director	Tsai, Yu-Lin	-	
			Standard Foods Corporation Investment amount SGD 400 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 157,021,892 shares	- 100.00%
Dermalab S.A.	Director	Arthur Tsao	-	-
	Director	Yao Steven Yih Chun	-	-
	Director	Chiang, Hsiang-Ying	-	-
	Director	Olgiati, Lorenzo	- Accession Limited holds 4,050 shares	- 100.00%
Shanghai Standard Foods Co., Ltd	Chairman	Jason Hsuan	-	-
	Director	Arthur Tsao	-	-
	Director	Lin, Chih-Hung	-	-
	Director	Mao, Yuan-Cheng	- Accession Limited Capital contribution: USD 123,500 thousand	- 100.00%
	Supervisor	Tang, Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Standard Investment (China) Ltd.	Chairman	Jason Hsuan	-	-
	Director	Tsao, Ter-Fung	-	-
	Director	Arthur Tsao	-	-
	Director	Mao, Yuan-Cheng	- Standard Corporation (Hong Kong) Ltd. Capital contribution: USD 120,000 thousand	- 99.00%
	Supervisor	Tang, Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
Standard Foods (China) Ltd.	Chairman	Jason Hsuan	-	-
	Director	Arthur Tsao	-	-
	Director	Lin, Chih-Hung	-	-
	Director	Mao, Yuan-Cheng	-	-
			Standard Investment (China) Ltd. Capital contribution: USD 66,000 thousand	100.00%
	Supervisor	Tang, Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Shanghai Dermalab Corporation	Chairman	Arthur Tsao	-	-
	Director	Mao, Yuan-Cheng	-	-
	Director	Yen, Ching-Lin	-	-
			Shanghai New Vitality Health Technology (Group) Co., Ltd. Capital contribution: RMB 20,500 thousand	100.00%
	Supervisor	Tang, Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Le Bonta Wellness Co., Ltd.	Chairman	Jason Hsuan	-	-
	Vice Chairman	Arthur Tsao	-	-
	Director	Lin, Chih-Hung	-	-
	Director	Mao, Yuan-Cheng	-	-
			Shanghai New Vitality Health Technology (Group) Co., Ltd. Capital contribution: RMB 59,900 thousand	100.00%
	Supervisor	Tang, Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
Shanghai Le Ben De Health Technology Co., Ltd.	Chairman	Arthur Tsao	-	-
	Director	Mao, Yuan-Cheng	-	-
	Director	Yu, Kuang-Yao	-	-
			Shanghai New Vitality Health Technology (Group) Co., Ltd. Capital contribution: RMB 6,117 thousand	100.00%
	Supervisor	Tang, Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Standard Foods (Xiamen) Co., Ltd.	Chairman	Jason Hsuan	-	-
	Director	Arthur Tsao	-	-
	Director	Lin, Chih-Hung	-	-
	Director	Mao, Yuan-Cheng	-	-
			Standard Investment (China) Ltd. Capital contribution: USD 40,000 thousand	100.00%
	Supervisor	Tang, Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Shanghai Le Ho Industrial Co., Ltd.	Chairman	Arthur Tsao	-	-
	Director	Mao, Yuan-Cheng	-	-
	Director	Yu, Kuang-Yao	-	-
			Standard Corporation (Hong Kong) Ltd. Capital contribution: USD 18,600 thousand	100.00%
	Supervisor	Tang, Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares Investment Amount	Percentage of Ownership Contribution ratio
Shanghai Le Min Industrial Co., Ltd.	Chairman	Arthur Tsao	-	-
	Director	Mao, Yuan-Cheng	-	-
	Director	Yu, Kuang-Yao	-	-
			Standard Corporation (Hong Kong) Ltd. Capital contribution: USD 11,600 thousand	100.00%
	Supervisor	Tang, Wei-Lun	-	-
	General Manager (President)	Arthur Tsao	-	-
Shanghai New Vitality Health Technology (Group) Co., Ltd.	Chairman	Jason Hsuan	-	-
	Vice Chairman	Arthur Tsao	-	-
	Director	Wu, Yi-Yan	-	-
			Standard Corporation (Hong Kong) Ltd. Capital contribution: RMB 148,500 thousand	99.00%
	Supervisor	Mao, Yuan-Cheng	-	-
	General Manager (President)	Tang, Wei-Lun	-	-
Jiangsu Hua Sun Health Technology Co., Ltd.	Chairman	Jason Hsuan	-	-
	Vice Chairman	Arthur Tsao	-	-
	Director	Chih, Hua-Jhong	-	-
			Shanghai New Vitality Health Technology (Group) Co., Ltd. Capital contribution: RMB 70,300 thousand	100.00%
	Supervisor	Lin, Chih-Hung	-	-
	General Manager (President)	Chih, Hua-Jhong	-	-



**(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	1,913,101	869,387	1,043,714	3,816,867	351,662	309,975	10.33
Standard Beverage Ltd.	79,070	81,012	137	80,875	-	(3,037)	103	0.01
Charng Hui Ltd.	241,000	798,068	225,988	572,080	-	(2,254)	26,073	1.08
Domex Technology Corporation	199,471	1,020,092	510,442	509,650	1,631,790	112,335	95,998	4.81
Accession Limited	3,979,085	3,695,851	1,988	3,693,863	-	(2,835)	36,581	0.30
Shanghai Standard Foods Co., Ltd	3,949,575	3,594,361	353,963	3,240,398	2,596,148	(95,850)	24,700	(Note 1)
Shanghai Le Ben De Health Technology Co., Ltd.	31,220	32,677	339	32,338	38,921	1,893	1,691	(Note 1)
Dermalab S.A.	125,925	270,347	51,266	219,081	249,563	9,903	7,565	1,867.92
Standard investment (Cayman) Limited	4,931,225	4,432,628	43	4,432,585	-	(303)	(396,504)	(2.52)
Standard Corporation (Hong Kong) Ltd.	4,927,405	4,431,409	112	4,431,297	-	(184)	(396,226)	(2.52)
Standard Investment (China) Ltd.	3,755,530	9,593,019	6,298,010	3,295,009	12,293,430	(560,859)	(253,772)	(Note 1)
Standard Foods (China) Ltd.	1,935,453	3,462,281	891,127	2,571,154	5,063,218	142,554	134,321	(Note 1)
Shanghai Dermalab Corporation	93,989	158,696	180,663	(21,967)	196,281	381	(4,967)	(Note 1)
Le Bonta Wellness Co., Ltd.	284,127	90,837	325,928	(235,091)	28,109	(90,703)	(94,225)	(Note 1)
Standard Foods (Xiamen) Co., Ltd.	1,307,582	3,045,599	1,341,471	1,704,128	4,699,779	149,450	102,543	(Note 1)
Shanghai Le Ho Industrial Co., Ltd.	607,717	437,429	2,920	434,509	-	(401)	(19,018)	(Note 1)
Shanghai Le Min Industrial Co., Ltd.	378,009	273,797	1,802	271,995	-	(264)	(11,723)	(Note 1)
Shanghai New Vitality Health Technology (Group) Co., Ltd.	664,630	465,789	-	465,789	-	(8,949)	(115,250)	(Note 1)
Jiangsu Hua Sun Health Technology Co., Ltd.	315,921	329,823	41,958	287,865	1,920	(15,620)	(15,178)	(Note 1)
Standard Foods, LLC.	9,056	9,212	-	9,212	-	-	-	(Note 1)
Standard Great Foods Singapore PTE. LTD.	9,427	9,316	-	9,316	-	-	-	(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 2023, please refer to pages 137 of the annual report.

**(III) Affiliate Reports:** N/A.

## **II. Private Placement of Securities during the Most Recent Fiscal Year and the Current Fiscal Year up to the Date of Publication of the Annual Report:** N/A.

**III. Holding or Disposal of Shares by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report**

Unit: NT\$1,000; share: %

Name of Subsidiary	Paid-in Capital	Source of Capital	The Company's shareholding ratio	Date of Acquisition or Disposal	Amount and Number of Shares Acquired	Amount and Number of Shares Disposed of	Investment Income (Loss)	Amount and Shares Held up to the Date of Publication of the Annual Report	Pledge	Making of Endorsements / Guarantees to Subsidiary	Loaning of Funds to Subsidiary
Charng Hui Ltd.	241,000	Own funds	100%	2000	Purchase 166,000 shares valued NT\$ 4,938 thousand	-	-	6,669,471 shares NT\$ 21,182 thousand	-	-	-
					Issue 9,960 shares	-	-				
				2001	Purchase 2,163,000 shares valued NT\$ 16,244 thousand	-	-				
				2009	Issue 11,694 shares	-	-				
				2010	Issue 352,598 shares	-	-				
				2011	Issue 675,813 shares	-	-				
				2012	Issue 810,975 shares	-	-				
				2013	Issue 628,506 shares	-	-				
				2014	Issue 433,669 shares	-	-				
				2015	Issue 525,221 shares	-	-				
				2016	Issue 635,517 shares	-	-				
				2017	Issue 256,518 shares	-	-				
				2018-2020	-	-	-				
				As of the date of publication of the Annual Report	-	-	-				

#### **IV. Other Necessary Supplements:**

##### **(I) Listing method of impairment of assets and liabilities**

###### **(1) Allowance for bad debts of accounts receivable**

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

The basis for listing:

###### **(1) Listing of allowance for bad debts:**

- 1.1. Accounts receivable are agreed to be collected within one year, so significant financial components are not included. IFRS 9 simplified method is adopted to recognize impairment based on lifetime expected credit losses.
- 1.2. The Company's customers are all companies in similar industries, and according to the historical experience of credit losses, there is no significant difference in the loss types of different customer groups. Therefore, the reservation matrix does not further distinguish the customer groups. When the accounts receivable is overdue for more than 180 days, the Company judges that the recovery cannot be reasonably expected (loss rate = 100%).
- 1.3. The accounting unit calculates the amount of asset impairment based on the above and adjusts the amount of the item "allowance for bad debts."

###### **(2) Charging off allowance for bad debts:**

###### **2.1. Identification of bad debt:**

- A. Part or all of the claims cannot be recovered due to bankruptcy, escape, conciliation or declaration of bankruptcy, or other reasons.
- B. Claims that are overdue for two years and principal or interest have not been received after collection.

###### **2.2. Charge off:**

- A. In case of actual bad debt losses, legal evidence should be attached to strike a balance in accordance with Article 94 of the Code of Auditing Business Income Tax.
- B. When charging off bad debts, the allowance for bad debts should be set off in the current year. If there is any shortage, it should be listed as the loss in the current year.

###### **(2) Allowance for reduction of inventory to market**

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

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

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

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



活出人生美好的 每☺刻！