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TWSE Code: 1227

Standard Foods Corporation

Handbook for 2023 Annual Shareholders' Meeting

Jun. 16, 2023

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Standard Foods Corporation

Procedure of 2023 Annual Shareholders' Meeting

I. Call Meeting to Order

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Chapter 2. Meeting Agenda

Standard Foods Corporation
Agenda of 2023 Annual Shareholders' Meeting

Meeting method: Physical venue

Time: 9:00 a.m., Friday, Jun. 16, 2023

Place: No.369, Section 1, Heping West Road, Dayuan District, Taoyuan City
(In our staff social hall of Dayuan Factory）

I. Call Meeting to Order

II. Chairman's Remarks

III. Reports
- (I) 2022 Business Report
- (II) 2022 Audit Committee's Review Report
- (III) Distribution Report of Compensation of Employees and Directors for 2022
- (IV) 2022 Directors' Remuneration Report

IV. Ratifications
- (I) Adoption of the 2022 Business Report and Financial Statements
- (II) Ratification of the 2022 Profit Distribution Plan

Ratification voting of various motions

V. Extempore Motions

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I. Reports

(I) 2022 Business Report, please refer to Attachment I.

(II) 2022 Audit Committee’s Review Report, please refer to Attachment II.

(III) Distribution Report of Compensation of the Employees and Directors for 2022:

Unit: NT$

Item	Distribution object	Amount to be distributed by resolution of the Board of Directors	Payment method
Compensation of employees	Employees of the Company	19,470,059	Cash
Remuneration of directors	Directors of the Company	8,237,332	Cash
Total		27,707,391	

(IV) 2022 Directors' Remuneration Report

1. 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.
2. 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.
3. Remuneration of general directors and independent directors:

Unit: NT$1,000

Title	Name	Remuneration Paid to Directors								Ratio of total amount of A, B, C and D to after-tax net income (%) (Note 1)		Relevant Remuneration Received by Directors who Are Also Employees								Ratio of total amount of A, B, C, D, E, F and G to after-tax net income (%) (Note 1)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Remuneration (A)		Severance Pay and Pension (B)		Remuneration of directors (C)		Business Execution Expenses (D)				Salary, bonus and special expenses etc. (E)		Severance Pay and Pension (F)		Compensation of employees (G)						
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
Chairman	Representative of Mu Te Investment Co., Ltd.: Ter-Fung Tsao	-	-	-	-	1,082	1,082	60	60	0.09	0.09	7,705	7,705	156	156	-	-	-	-	0.74	0.74	None
Directors	Representative of Mu Te Investment Co., Ltd.: Jason Hsuan	-	-	-	-	1,080	1,080	60	60	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
Directors	Representative of Mu Te Investment Co., Ltd.: Wendy Tsao	-	-	-	-	1,080	1,080	60	60	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
Directors	Representative of Charng Hui Ltd. Arthur Tsao	-	-	-	-	1,080	1,080	60	60	0.09	0.09	4,709	4,709	159	159	-	-	-	-	0.50	0.50	None
Independent Director	Ben Chang	-	-	-	-	1,080	1,080	60	60	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
Independent Director	George Chou	-	-	-	-	1,080	1,080	60	60	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
Independent Director	Daniel Chiang	-	-	-	-	1,080	1,080	60	60	0.09	0.09	-	-	-	-	-	-	-	-	0.09	0.09	None
Independent Director	David Wang	-	-	-	-	675	675	30	30	0.06	0.06	-	-	-	-	-	-	-	-	0.06	0.06	None

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

II. Ratifications

Proposal I: (Proposed by the Board of Directors)

Subject: Adoption of the 2022 Business Report and Financial Statements.

Description:

I. The Company’s 2022 financial statements have been approved by the resolution of the Board of Directors, and audited as well as certified by the CPA of Tza-Li Gung and Han-Ni Fang from Deloitte & Touche. The 2022 financial statements together with the Business Report have been reviewed by the Company’s Audit Committee, for which the Review Report has been issued for filing.

II. Please refer to Attachment I for the Business Report (Page 8 to Page 17); Please refer to Attachment III for the Auditor’s Report and the 2022 Individual Financial Statements (Page 19 to Page 28); the Attachment IV for the Auditor’s Report and the 2022 Consolidated Financial Statements (Page 29 to Page 38).

III. The proposal is hereby submitted for ratification.

Resolution:

Proposal II: (Proposed by the Board of Directors)
Subject: Ratification of 2022 Profit Distribution Plan.
Description:

I. The Company's profit distribution plan for 2022 is as follows:

Standard Foods Corporation

2022 Profit Distribution Statement Unit: NT$

Beginning balance of retained earnings		2,785,298,145
Net Income after tax	1,214,098,208	
Remeasurement of defined benefit plan recognized in retained earnings	46,259,391	
Net income after tax of the period and items other than net profits of the period included in the undistributed earnings of the year		1,260,357,599
Less: Legal reserve		(126,035,759)
Special reserve		-
Distributable earnings of the period (Note)		3,919,619,985
Distribution		
Cash dividends (NT$ 1.29 per share)		(1,180,465,572)
Undistributed earnings after distribution		2,739,154,413

(Note) Articles of Incorporation 39, In case that when the Company made profit 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.

II. After the foregoing distribution of cash dividends is passed by the shareholders' meeting, the Board of Directors is authorized to otherwise determine the distribution record date and distribution date.

III. The distribution of the cash dividends shall be rounded off to the nearest New Taiwan Dollar, with the decimal places removed. The total rounded off amounts, are accounted as other income of the Company.

IV. In the event that the number of the outstanding shares is affected due to changes to the laws, or change approved by the competent authority, the Company's buy-back of the treasury stock, the Company's other fund raising with issuance of new shares, transfer of treasury stock to the employee, or cancellation or other similar events, the Board of Directors is authorized to adjust the distribution percentage based on the aggregate number of the common shares to be distributed approved by resolution, and the number of the Company's actual outstanding shares on the distribution record date.

V. The proposal is hereby submitted for ratification.

Resolution:

III. Extempore Motions

IV. Adjournment

Chapter 3. Attachments

Attachment I 2022 Business Report

2022 Business Report of the Company

Dear Shareholders, ladies and gentlemen,

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

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

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

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

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

I. Consolidated operating results of 2022

1. Overview of consolidated operating revenue and profits

Unit: NT$1,000

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

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

2. Research and development

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

II. Summary of 2023 Business Plan and Future Development Strategies

1. Business directions

(1) To deepen the brand construction and respond to the increasing public emphasis on dietary supplementation for balanced nutrition, Standard Foods is poised to stay ahead of market trends. By harnessing cutting-edge innovative technologies, the company is committed to developing a diverse range of nutritionally-rich food and health products that are more professional, convenient, and tailored to a younger audience. This approach caters to the varying needs of individuals and families. Additionally, we prioritize sustainable development to enhance our brand value and competitiveness.

(2) To enhance supply chain management resilience and transparency, Standard Foods is strengthening quality control, cost management, and operational agility to mitigate unforeseen risk impacts. Adhering to the highest standards of minimal burden and no additives or preservatives, we ensure that the products delivered to consumers are of the best quality, best flavor and highest safety, and every bite is safe.

(3) To strategically aligned with the evolving demands of corporate growth, Standard Foods has adopted a comprehensive talent development program that emphasizes the cultivation of cross-disciplinary expertise and the preservation of cultural heritage. This initiative aims to foster a resilient and diverse pool of talents over the long term. Furthermore, by leveraging internal organizational revitalization, we enhance operational agility and flexibility, thereby facilitating the overall efficiency and adaptability within the organization.

2. Expected sales volume and important production and sales policies

The combined sales volume in 2023 is expected to be 441,815 tons, and based on this estimation, the focuses of future production and sales policies are as follows：

(1) Production

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

(2) Sales

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

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

1. External competitive environment

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

2. Regulatory environment

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

3. Overall business environment

   Influenced by global geopolitical and economic conditions and climate policies aimed at achieving net-zero emissions targets, supply chains are poised to face increasingly challenging circumstances, intensifying pressures on bulk commodities, raw material supplies, and costs. Looking ahead, under the premise of sustainable operations, Standard Foods aims to enhance its impact on the environment and society while also ensuring financial profitability and good corporate governance. Through digital technology transformation, the company seeks to improve operational efficiency, organizational agility, and supply chain resilience. By gaining insights into consumer trends and demands, we will introduce a diverse range of high-quality products and align ourselves with international standards, contributing to the internationalization of Taiwanese brands and catering to the balanced nutritional needs of families worldwide.

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

IV. Overview of Business Operations

(I) Business Scope:

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

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

(II) Industry Overview:

1. Current State and Development of the Industry

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

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

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

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

cross-category businesses and allocating resources to tap into the nutrition and health food market. In the face of intensifying competition, they are leveraging specialized innovative technologies to develop products that are effective, quick, delicious, convenient, of high quality, and aligned with consumer demands, in order to maintain their market competitiveness.

(2) The rapid changes in the market and shifts in consumer behavior, coupled with the maturation of the digital environment, have made the advancement of digital technology applications an important and prioritized issue. Through innovative marketing and the adoption of two-way communication with consumers, companies are establishing diverse electronic payment options to create novel value and thereby uncover key business opportunities.

(3) After the consolidation of retail channels, the elevation of market positions and the trend of "the bigger, the better" are taking shape. In addition, the wave of private labels in the distribution channels and the cooperative relationships with upstream and downstream manufacturers all impact the business development of the retail industry. Suppliers are strengthening their relationships, communication, and value creation with retail channel operators through strategic planning and execution, in order to solidify their market positions.

(4) In the wake of the pandemic, geopolitical dynamics, and climate change, the convergence of multiple risks may become the new norm, presenting a range of uncertainties and challenges for global supply chains. As a result, there is a pressing need to enhance supply chain resilience, fortify risk management, and minimize the impacts of these disruptions in order to ensure the robustness of operational capabilities.

(III) Technology and R&D Overview

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

Unit: NT$ thousand

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

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

(1) Launch of new products

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

(2) Upgrading of products

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

(3) Process improvement

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

(4) Quality improvement

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

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

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

   (1) Research and development of functional products.
   (2) Study of flavor enhancement and flavor extension and development.
   (3) Research and development of new types of packaging.
   (4) Upgrading of nutrition of existing products.
   (5) Discussion and research of innovative technology.
   (6) Establishment and application of analysis method.
   (7) Impacts posed by various manufacturing processes, scale and conditions to the quality.
   (8) Research and application of eco-friendly packing materials.
   (9) Upgrading and replacement of machinery and equipment.
   (10) Upgrading and application of digital technology.

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

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

(4) Creating operational efficiencies through innovative marketing and diversified sales channels.
(5) Strengthening supply chain resilience management to mitigate potential risks and uncertainties.

Chairman: Ter-Fung Tsao President: Arthur Tsao Accounting Supervisor: Thomas Huang

Attachment II 2022 Audit Committee's Review Report

Standard Foods Corporation
Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2022 Business Report, the consolidated financial statements, the individual financial statements and the profit distribution plan, of which, the consolidated financial statements and the individual financial statements have been audited by CPA Tza-Li Gung and Han-Ni Fang from Deloitte & Touche, and the auditor's report has been issued accordingly. The aforementioned Business Report, the consolidated and individual financial statements, and the profit distribution plan have been reviewed by the Audit Committee. 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 Act and Article 219 of the Company Act.

Sincerely,
2023 Annual Shareholders' Meeting of Standard Foods Corporation

Standard Foods Corporation

Convener of the Audit Committee: Ben Chang

Mar. 16, 2023

Attachment III Auditor's Report and 2022 Individual Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Standard Foods Corporation

Opinion

We have audited the accompanying financial statements of Standard Foods Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2022 is stated as follows:

<u>Estimate of Return Liability</u>

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

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

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

2. We selected samples from the sales return transactions and inspected the correctness of the sales returns in the current year.

3. We obtained the relevant reports of estimates of sales return liability, and we recalculated and reviewed that the assessment results were adequate.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standard on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tza-Li Gung and Han-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2023

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

STANDARD FOODS CORPORATION

BALANCE SHEETS DECEMBER 31,
2022 AND 2021
(In Thousands of New Taiwan Dollars)

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

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

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

(Continued)

STANDARD FOODS CORPORATION

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

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

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

STANDARD FOODS CORPORATION

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

	Ordinary Shares	Capital Surplus	Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Retained Earnings: Total	Other Equity: 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	Other Equity: Total	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2021	$ 9,150,897	$ 127,392	$ 3,287,022	$ 577,494	$ 4,918,357	$ 8,782,873	$ (572,206)	$ 216,714	$ (355,492)	$ (21,182)	$ 17,684,488
Appropriation of 2020 earnings											
Legal reserve	-	-	319,167	-	(319,167)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(2,287,724)	(2,287,724)	-	-	-	-	(2,287,724)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	16,674	-	-	-	-	-	-	-	-	16,674
Net profit for the year ended December 31, 2021	-	-	-	-	2,456,628	2,456,628	-	-	-	-	2,456,628
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	1,708	1,708	(40,651)	206,067	165,416	-	167,124
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,458,336	2,458,336	(40,651)	206,067	165,416	-	2,623,752
BALANCE AT DECEMBER 31, 2021	9,150,897	144,066	3,606,189	577,494	4,769,802	8,953,485	(612,857)	422,781	(190,076)	(21,182)	18,037,190
Appropriation of 2021 earnings											
Legal reserve	-	-	245,834	-	(245,834)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,738,670)	(1,738,670)	-	-	-	-	(1,738,670)
Share dividends to shareholders	-	-	-	-	-	-	-	-	-	-	-
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	12,672	-	-	-	-	-	-	-	-	12,672
Adjustment of capital surplus for the change in ownership interests in existing subsidiaries	-	243	-	-	-	-	-	-	-	-	243
Net profit for the year ended December 31, 2022	-	-	-	-	1,214,098	1,214,098	-	-	-	-	1,214,098
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	46,259	46,259	123,680	(184,132)	(60,452)	-	(14,193)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,260,357	1,260,357	123,680	(184,132)	(60,452)	-	1,199,905
BALANCE AT DECEMBER 31, 2022	$ 9,150,897	$ 156,981	$ 3,852,023	$ 577,494	$ 4,045,655	$ 8,475,172	$ (489,177)	$ 238,649	$ (250,528)	$ (21,182)	$ 17,511,340

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

STANDARD FOODS CORPORATION

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,470,004	$ 2,984,566
Adjustments for:		
Depreciation expenses	212,027	226,629
Amortization expenses	20,985	15,378
Expected credit loss recognized on trade receivables	1,858	419
Net loss on fair value changes of financial assets and liabilities designated as at fair value through profit or loss	69,486	35,432
Finance costs	1,375	843
Interest income	(27,497)	(19,427)
Dividend income	(4,434)	(1,471)
Share of the loss (profit) of subsidiaries	548,827	(309,413)
Net loss on disposal of property, plant and equipment	1,676	15,247
Net loss on disposal of investment	-	259
Others	-	(922)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(80,930)	109,814
Notes receivable	(1,111)	(170)
Trade receivables	(110,402)	134,622
Trade receivables from related parties	(18,065)	8,812
Other receivables	(1,024)	21,244
Other receivables from related parties	938	41,325
Inventories	(1,000,660)	143,401
Prepayments	100,860	(186,294)
Other current assets	(23,332)	(7,553)
Contract liabilities	(16,538)	(4,155)
Notes payable	(25)	19,912
Trade payables	65,045	(95,069)
Trade payables to related parties	161	(1,054)
Other payables	850	150,235
Other current liabilities	21,975	35,495
Net defined benefit liabilities	(2,880)	(14,819)
Cash generated from operations	1,229,169	3,303,286
Interest received	26,879	19,930
Interest paid	(1,375)	(843)
Income tax paid	(555,052)	(589,112)
Net cash generated from operating activities	699,621	2,733,261

(Continued)

STANDARD FOODS CORPORATION

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

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

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

Attachment IV Auditor's Report and 2022 Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Standard
Foods Corporation

Opinion

We have audited the accompanying consolidated financial statements of Standard Foods Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Estimate of Return Liability

Standard Foods Corporation and its subsidiaries in China mainly manufacture and sell nutrient-rich food, edible oil products, dairy products and beverages. Taking into account the current market conditions and the historical experience of its sales in the past, the Group estimates the probable amount of each product's return liability. Refer to Notes 5 and 22 to the consolidated financial statements for detailed information related to return liability. Because the assessment of return liability involves management's critical accounting estimates and judgments, we considered the assessment of return liability to be a key audit matter.

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

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

Other Matter

We have also audited the parent company only financial statements of Standard Foods Corporation as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standard on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tza-Li Gung and Han-Ni Fang.

Deloitte & Touche Taipei,
Taiwan Republic of China

March 23, 2023

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

STANDARD FOODS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

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

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

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

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

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

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

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

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

	Equity Attributable to Owners of the Company												
			Retained Earnings				Other Equity						
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2021	$ 9,150,897	$ 127,392	$ 3,287,022	$ 577,494	$ 4,918,357	$ 8,782,873	$ (572,206)	$ 216,714	$ (355,492)	$ (21,182)	$ 17,684,488	$ 331,139	$ 18,015,627
Appropriation of 2020 earnings													
Legal reserve	-	-	319,167	-	(319,167)	-	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(2,287,724)	(2,287,724)	-	-	-	-	(2,287,724)	-	(2,287,724)
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	16,674	-	-	-	-	-	-	-	-	16,674	-	16,674
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,504)	(33,504)
Net profit for the year ended December 31, 2021	-	-	-	-	2,456,628	2,456,628	-	-	-	-	2,456,628	44,478	2,501,106
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	1,708	1,708	(40,651)	206,067	165,416	-	167,124	97,914	265,038
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,458,336	2,458,336	(40,651)	206,067	165,416	-	2,623,752	142,392	2,766,144
BALANCE AT DECEMBER 31, 2021	9,150,897	144,066	3,606,189	577,494	4,769,802	8,953,485	(612,857)	422,781	(190,076)	(21,182)	18,037,190	440,027	18,477,217
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 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

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

STANDARD FOODS CORPORATION AND SUBSIDIARIES

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

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

(Continued)

STANDARD FOODS CORPORATION AND SUBSIDIARIES

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

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

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

Chapter 4. Appendixes

Appendix I Rules of Procedures for the Shareholders' Meeting

Standard Foods Corporation
Rules of Procedures for the Shareholders' Meeting

1. Unless otherwise prescribed by relevant laws and regulations, the shareholders' meeting of the Company shall be conducted in accordance with the Rules of Procedure for the Shareholders' Meeting.
2. The Company shall provide a sign-in book to allow the attending shareholders to sign in or else attending shareholders may also submit the attendance card in lieu of signing in. The number of shares in attendance is counted based on the submitted attendance cards and the shareholding reported on the teleconferencing platform, together with the shares with the electronic voting rights.
3. The participation and voting by shareholders shall be duly calculated based on the number of shares they hold.
4. Any changes to the convening of a shareholders' meeting shall be resolved in a board meeting, which should be completed at the latest before the notice of the shareholders' meeting is sent.
   The meeting shall be held at the location of the Company or other venues convenient for the shareholders' attendance and suitable for holding the meeting. The Meeting shall not begin at a time earlier than 9:00 a.m. or later than 3:00 p.m.
   If the shareholder meeting is held by teleconferencing, it is not subject to the restriction on the revenue as specified in the preceding paragraph.
   Electronic transmission shall be listed as one of the channels for shareholders to exercise their voting power, of which the exercise method shall be described in the Meeting notice. A shareholder who exercises his/her voting rights at a shareholders meeting by electronic means shall be deemed to have attended the shareholders' meeting in person. However, they shall be deemed to have waived their voting power in respect of any special motions and any amendments or substitute to the original proposals of the Meeting.
5. If the shareholders' meeting is convened by the Board of Directors, the Chairman of the Board of Directors shall be preside over the meeting. If the Chairman is on leave or unable to exercise his powers and duties for any reasons, the Vice Chairman shall chair the meeting in place of the Chairman; if no Vice Chairman is appointed or the Vice Chairman is also on leave or is unable to exercise his powers and duties for any reasons, the managing director designated by the Chairman shall preside over the meeting; if there is no managing director, a director shall be designated to preside over the meeting; if the Chairman does not designate the chair of the meeting, the managing directors or directors shall elect one of them to preside over the meeting.

6. The Company may appoint its designated counsels, CPAs, or other relevant personnel to attend the meeting.
   Staff at the shareholders' meetings shall wear ID badges or arm badges.
7. The whole process of the meeting shall be audio recorded or videotaped from beginning to end, of which the files shall be kept for at least one year.
   If the shareholders' meeting is to be held by teleconferencing, the Company should audio- and video-record the backend operation interface of the teleconferencing platform.
8. The Chair of the Meeting shall call the meeting to order at the scheduled time. Nevertheless, if the shares represented by the attending shareholders have not reached more than half of the total shares issued, the Chair may announce postponement of the meeting. However, the postponement shall be limited to two times and the meeting shall not be postponed for more than one hour in total; For the shareholder meeting held by teleconferencing, the Company shall announce the adjournment of the meeting on the teleconferencing platform.
   If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act. Shareholders who wish to attend the shareholders' meeting which is to be held by teleconferencing shall register with the Company in accordance with Article 20.
   In the event that the shares represented by the attending shareholders have reached more than half of the total share issued before the end of the meeting, the chair of the meeting may resubmit previously passed tentative resolutions to the meeting for voting in accordance with Article 174 of the Company Act.
9. If the shareholders' meeting is convened by the Board of Directors, the agenda of the meeting shall be prepared by the Board of Directors. The meeting shall proceed in accordance with the agenda which may not be changed without a resolution of the meeting.
   Except by a resolution of the meeting, the Chair shall not announce adjournment of the meeting before completion of the all scheduled items on the agenda (including special motions).
   After the meeting is adjourned, the shareholders shall not elect another chairman to resume such meeting at the same location or seek an alternative venue. Nevertheless, in the event that the Chair adjourns the meeting in violation of the Rules of Procedure, the attending shareholders may designate, by agreement of a majority of votes, one person as the Chair to continue the Meeting.
10. Before speaking at the meeting, the attending shareholders shall submit a slip of paper summarizing the speaking subject, shareholder account number (or attendance ID number) and account name. The Chair shall determine the order of speaking.
    An attending shareholder who submits a slip of paper but does not speak at the meeting is deemed to have not spoken. In the event that the content of the speech made by a shareholder is inconsistent with that specified on the speech note, the confirmed content of the actual speech

shall prevail.

When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the chairman and such speaking shareholder; the chairman shall stop any such violations.

11. Without the consent of the Chair of the meeting, each shareholder shall not make a speech on the same discussion item more than two times and each time shall not exceed five minutes.

    The chairman may stop the speech of any shareholder that is in violation of the preceding paragraph or exceeds the scope of the proposal.

12. If a legal person is appointed to attend the shareholders' meeting, this legal person may appoint only one representative to attend the meeting.

    In the event that a juristic (corporate) person shareholder appoints two or more representatives to participate in a shareholder meeting, only one representative may speak for the same issue.

13. After the speech of an attending shareholder, the Chair of the meeting may respond in person or appoint an appropriate person to respond.

14. Where the chairman believes an issue has been discussed in the meeting up to the level for voting, the chairman may announce discontinuance of the discussion process and bring that issue to a vote.

15. The scrutineer and the vote counter shall be appointed by the Chair, and the scrutineer shall be a shareholder. The results of voting shall be announced onsite and recorded in the minutes of the meeting.

16. During the process of the meeting, the chairman may announce a recess at an appropriate time.

17. Unless otherwise specified in the Company Act and the Articles of Incorporation, a resolution shall be adopted by a majority of votes represented by the attending shareholders at the meeting.

    At the time of voting, the proposed case is deemed adopted if there is no objection when consulted by the Chair of the Meeting and its effect is the same as vote by ballot.

18. In the event that an amendment or a substitute comes out of the same proposal, the chair shall fix the order of voting for the original proposal and the amendment or the substitute. When one among them is duly resolved, other issue(s) is (are) deemed to have been vetoed and no voting process is required.

19. The Chair may direct the disciplinary personnel (or security personnel) to assist in maintaining the order of the meeting. The disciplinary personnel (or security personnel) shall wear arm badges reading "Disciplinary Officer" while assisting in maintaining the order of the meeting.

20. Check in to the teleconferencing platform of the shareholders' meeting should be completed at least 30 minutes before the meeting starts, those who complete the check-in are considered to have attended the meeting in person.

    Shareholders who would like to attend the teleconferencing of shareholders' meeting should register with the Company at least two days before the shareholders' meeting.

    For shareholders' meetings that are held by teleconferencing, the Company shall upload the meeting handbook, annual report and other relevant information to the teleconferencing platform of the shareholders' meeting, and keep them disclosed until the end of the meeting.

21. For the shareholders' meetings held by teleconferencing, the shareholders who attend the meeting by teleconferencing may raise their questions in text on the teleconferencing platform after the chair announces the start of the meeting and before the chair announces the ending of the meeting. A shareholder may not raise their questions more than twice for a single motion, and each question is limited to 200 words. These do not apply to the requirements of Article 10.
22. For shareholders' meetings that are held by teleconferencing, the Company immediately discloses the voting results of motions and election results to the teleconferencing platform of the shareholders' meeting in accordance with the regulations, and keeps them disclosed for at least another 15 minutes after the chair announces the ending of the meeting.
    Both the chairperson and the meeting minute keeper shall be at the same domestic location when holding teleconferencing shareholders' meetings, and the chair should announce the address of the place at the beginning of the meeting.
23. These Rules and any amendments hereto shall be implemented with approval of the shareholders' meeting.

Appendix II Articles of Incorporation

Standard Foods Corporation
Articles of Incorporation

Chapter 1. General Provisions

Article 1. The Company is organized in accordance with the provisions concerning company limited by shares under the Company Act of Republic of China, and is named “佳格食品股份有限公司” in Chinese and “STANDARD FOODS CORPORATION” in English.

Article 2. The business scope of the Company includes:

1. A102060 Grain commerce
2. C102010 Dairy products manufacturing
3. C103050 Canned, frozen, and dehydrated food manufacturing
4. C104010 Sugar confectionery manufacturing
5. C104020 Bakery food manufacturing
6. C105010 Edible oil manufacturing
7. C106010 Flour manufacturing
8. C108010 Sugar manufacturing
9. C109010 Seasoning manufacturing
10. C110010 Beverage manufacturing
11. C113011 Alcoholic drink manufacturing
12. C114010 Food additives manufacturing
13. C199010 Noodles and flour food manufacturing
14. C199020 Edible ice manufacturing
15. C199990 Other food manufacturing not elsewhere classified
16. C201010 Prepared animal feeds manufacturing
17. CB01010 Machinery and equipment manufacturing
18. F102020 Wholesale of edible oil
19. F102040 Wholesale of beverages
20. F102170 Wholesale of food and grocery
21. F103010 Wholesale of animal feeds
22. F106020 Wholesale of articles for daily use
23. F108011 Wholesale of Chinese medicines
24. F113010 Wholesale of machinery
25. F121010 Wholesale of food additives
26. F202010 Retail sale of animal feeds
27. F203010 Retail sale of food products and groceries
28. F206020 Retail sale of articles for daily use
29. F209060 Retail sale of stationery articles, musical instruments and educational

entertainment articles

30. F213080 Retail sale of other machinery and equipment
31. F221010 Retail sale of good additives
32. F301020 Supermarkets
33. F399010 Convenient stores
34. F401010 International trade
35. F501030 Coffee/ Tea shops and bars
36. F501060 Restaurants
37. G801010 Warehousing and storage
38. I104010 Nutrition consultation services
39. J303010 Magazine (periodical) publisher
40. ZZ99999 All business items that are not prohibited or restricted by laws, except those that are subject to license.

Article 2-1 Total amount of reinvestment of the Company may exceed 40% of the Company's paid-in capital, without being subject to restrictions set out in Article 13 of the Company Act.

Article 2-2 The Company may provide mutual endorsements or guarantees with the peer companies or affiliates for the purpose of catering for business needs.

Article 3. The Company, with its principal office being located in Taipei City of the ROC, may set up branch offices at suitable locations within and without the territory of the ROC as it deems necessary for business growth.

Article 4. The public notice of the Company shall be made pursuant to relevant provisions of the Company Act or other related laws and regulations.

Chapter 2. Capital

Article 5. The capital of the Company is set at NT$ 9,200,000,000, which is divided into 920,000,000 shares (NT$10 per share). The shares of the Company may be issued in installments. Matters concerning the issuance of shares are authorized to be conducted by the Board of Directors.

Article 6. The share certificates of the Company shall be name-bearing and signed or stamp-sealed by the directors representing the Company and are issued upon the authentication by the government authority in accordance with Article 162 of the Company Act.

The Company may be exempted from printing share certificates for the shares issued. However, for the issuance of such shares, the Company shall appoint a centralized securities depository enterprise to make recordation.

Article 7. The operation of stock affairs of the Company, such as transfer, change of ownership, inheritance, donation, loss, and damage of share certificates, shall be conducted pursuant to the provisions of the Company Act and other related laws and regulations.

Article 8. Deleted.

Article 9. Deleted.

Article 10. Deleted.

Article 11. Deleted.

Chapter 3. Shareholders’ Meeting

Article 12. Registration of transfer of shares must not be conducted within 60 days prior to the convening date of a regular shareholders’ meeting, or within 30 days prior to the convening date of an interim shareholders’ meeting, or within 5 days prior to the base date fixed by the Company for distribution of dividends, bonus or other benefits.

Article 13. The shareholders’ meetings of the Company are divided into regular shareholders’ meetings and interim shareholders’ meetings. The shareholder meetings may be held by teleconferencing or other means announced by the central authority. The regular shareholders’ meeting shall be convened within 6 months after close of each fiscal year. The interim shareholders’ meeting may be convened according to laws whenever the Company deems necessary.

Article 14. A written notice shall be given to the latest mailing address of each shareholder registered at the Company thirty days prior to the regular shareholders’ meeting or fifteen days prior to the interim shareholders’ meeting. The matter of convening the shareholders' meeting shall be stated in the written notice.

Article 15. Except otherwise provided by the Company Act, resolutions at a shareholders’ meeting shall be adopted by the majority of present shareholders representing the majority of the voting power. The voting power at a Shareholders' Meeting may be exercised by way of electronic means. Attendance via electronic means is deemed to be attendance in person. Related matters shall be handled subject to the relevant regulations.

Article 16. Deleted.

Article 17. Each shareholder of the Company is entitled to one vote for each share held.

Article 18. In case that a shareholder cannot attend a shareholders’ meeting, he/she/it may appoint a proxy to attend the meeting in his/ her/its behalf with a letter of attorney pursuant to the Company Act, and other relevant laws and regulations.

Article 19. For a shareholders' meeting convened by the Board of Directors, the Chairman of the meeting shall be appointed in accordance with the provisions of Paragraph 3 Article 208 of the Company Act; whereas for a shareholders' meeting convened by any other person with the convening right but without the Board, he/she shall act as the Chairman of the said meeting. In case that two or more people have the convening right, the Chairman of the meeting shall be elected from among themselves.

Article 20. Resolutions adopted at a shareholders’ meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or personal seal of the Chairman of the meeting. The meeting minutes along with the attendance book, and letters of attorney of the meeting, shall be archived in accordance with laws and regulations. The abovementioned minutes of the shareholders' meeting shall be distributed to all shareholders within twenty days after close of the meeting pursuant to the provisions of the Company Act.

Chapter 4. Directors and the Audit Committee

Article 21. The Company shall have 7 to 11 directors, who are elected from the competent persons by the shareholders' meeting. If the vacancy in the office of the directors is up to one third of the Board of Directors, the Board of Directors shall convene a special shareholders' meeting within 60 days to elect new directors to fill such vacancy, who shall hold office for the remaining term of office of the director whose office is vacant.

Since the 12th term of the Board of Directors, among the directors as described in the preceding paragraph, the number of independent directors shall not be less than two and one fifth of the total number of directors.

For election of directors, the candidate nomination system as described in Article 192-1 of the Company Act is adopted. The shareholders shall elect the directors from among the nominees in the list of director candidates. Related matters concerning the implementation of this system shall be conducted pursuant to related laws and regulations, such as the Company Act and the Securities and Exchange Act. With respect to independent directors, matters concerning the professional qualifications, restrictions on shareholdings and concurrent positions held, and methods of nomination and selection, as well as other matters subject to compliance shall be subject to related laws and regulations.

Article 21-1 The Company shall set up an Audit Committee, which shall be composed of all independent directors. The audit committee and the members of the Audit Committee are responsible for executing the authority of the Supervisors according to the Company Act, Securities and Exchange Act and other relevant regulations.

Article 22. The term of office of the directors shall be three years, and the directors are eligible for re-election.

The remuneration of directors of the Company shall be determined by the Board of Directors taking reference to the level of remuneration adopted by peer companies and listed companies.

Article 23. The scope of powers and duties of the Board of Directors is as follows:

1. To draw up the business guidelines.
2. To examine and verify the important regulations and contracts.
3. To hire or dismiss the executives.
4. To set up and dissolve the branch offices.
5. To examine and verify the budgets and financial reports.
6. To determine mortgage, sale or otherwise disposal of the Company's important properties.
7. To make recommendations to the shareholders' meeting regarding modification to the Articles of Incorporation, alteration of capital, and dissolution of the Company and its amalgamation with other companies.

8. To make recommendations to the shareholders' meeting regarding surplus distribution.
9. To determine other important matters.

Article 24. The directors shall elect one of them as the Chairman.

Article 25. The Chairman is authorized to represent the Company, and has full power to take charge of all important matters of the Company. Nevertheless, the power of the Chairman shall be restricted by law and regulations, the Articles of Incorporation, and the resolutions of shareholders' meetings and the Board meetings.

Article 26. Apart from the first meeting of each term of newly elected Board of Directors, which shall be convened by the director with most votes, the Board meeting shall be convened by the Chairman of the Board of Directors. In calling a Board meeting, the convener shall send a notice to each director no later than seven days prior to the scheduled meeting date. However, in the case of emergency, the Board meeting may be convened at any time. The Board meeting shall be held in the territory of the ROC.

The meeting notice as described in the preceding paragraph shall specify the subject of the meeting and may be delivered in writing, by E-mail or by fax.

Article 27. The Board meeting shall be presided over by the Chairman of the Board of Directors. In case that the Chairman is absent, one director shall be appointed to act as a substitute pursuant to Article 208 of the Company Act.

Article 28. Unless otherwise provided by the Company Act, the Board meeting shall be held with at least half of directors present and resolutions of the meeting shall be adopted by consent of a majority of the directors present.

Article 29. A director may authorize in writing another director to attend a Board meeting on his/her behalf and exercise voting rights on all motions proposed at the meeting. Nevertheless, each director can only represent one other director at the meeting. In case that the Board meeting is held in the form of a video conference, all directors who participate in the video conference are deemed as participating in the Board meeting in person.

Article 30. Directors shall adopt the resolutions of the Board meeting and exercise their functional duties.

Article 31. Deleted.

Article 32. Deleted.

Article 33. The Board of Directors shall have a secretary to take charge of all the important documents, contracts and stocks of the Board of Directors and the Company.

Article 33-1 The Company may purchase liability insurance for directors and officers on the compensation for which they may be held responsible according to laws in the scope of performing duties.

Chapter 5. Personnel

Article 34. The Company may have one chief executive officer, one general manager, several managerial officers, of which the hiring, dismissal and remuneration shall be conducted in accordance with resolutions of the Board of Directors.

Article 35. Deleted.

Article 36. Deleted.

Chapter 6. Financial Reports

Article 37. The fiscal year of the Company starts on Jan. 1 of each year and ends on Dec.31 of the same year. The Board of Directors shall prepare and submit the following documents to the annual shareholders' meeting for ratification according to legal procedures.

1. Business Report.
2. Financial statements.
3. Surplus earnings distribution or loss make-up proposal.

Article 38. In case that the Company has profit left over from deducting employees' compensation and directors' remuneration from pre-tax profit for a fiscal year, no less than 0.5% of this profit shall be allocated as employees' compensation. The payment of such compensation shall be made either by stock or in cash, which shall be decided by the Board of Directors. The recipients of the said profit include employees from subsidiary companies who meet certain conditions. The Board of Directors may also decide to allocate no more than 0.75% of the said profit as directors' compensation. The allocation of employees' and Directors' compensation shall be reported to the shareholders' meeting.

Nevertheless, in case that the Company has an accumulated deficit, a sum to make up the losses shall be reserved from the said profit before it is allocated to pay for the employees' compensation and directors' remuneration pro rata as described in the preceding paragraph.

Article 39. In case that when the Company made profit 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 bonus to shareholders.

Chapter 7. Supplementary Provisions

Article 40. The internal organization and business handling rules of the Company shall be decided by the Board of Directors.

Article 41. Matters unspecified in the Articles of Incorporation shall be subject to the Company Act of the Republic of China.

Article 42. The Articles of Incorporation are unanimously agreed by all sponsors, and are enacted on May 22, 1986. Since then, the Articles of Incorporation has been amended for 34 times as follows: 1st amendment on Aug. 23, 1986; 2nd amendment on May 20, 1987; 3rd amendment on Aug. 3, 1987; 4th amendment on Sep. 25, 1987; 5th amendment on Nov. 5, 1987; 6th amendment on Feb. 25, 1988; 7th amendment on Nov.10, 1988; 8th amendment on Jul. 20, 1989; 9th amendment on Feb. 1, 1990; 10th amendment on Apr. 2, 1990; 11th amendment on Sep. 24, 1990; 12th amendment on Dec. 17, 1990; 13th amendment on Nov. 8, 1991; 14th amendment on Feb. 29, 1992; 15th amendment on Dec. 29, 1992; 16th amendment on Sep. 1, 1993; 17th amendment on Nov. 2, 1993; 18th amendment on Oct. 28, 1994; 19th amendment on Oct. 28, 1995; 20th amendment on Nov. 16, 1996; 21st amendment on Nov. 8, 1997; 22nd amendment on Mar. 8, 1999; 23rd amendment on Nov. 27, 2000; 24th amendment on Dec. 6, 2001; 25th amendment on Nov. 28, 2002; 26th amendment on Nov. 30, 2005; 27th amendment on Jun. 17, 2010; 28th amendment on Jun. 15, 2011; 29th amendment on Jun. 6, 2012; 30th amendment on Jun. 14, 2013; 31st amendment on Jun. 18, 2014; 32nd amendment on Jun. 26, 2015; 33rd amendment on Jun. 15, 2016; 34th amendment on Jun. 22, 2017 and 35th amendment on Jul. 22, 2021; 36th amendment on Jun. 16, 2022.

Standard Foods Corporation
Chairman: Ter-Fung Tsao

Appendix III Directors' Shareholding Status on Book Closure Date for This Shareholders' Meeting

Standard Foods Corporation

Register of Directors Base day: April 18, 2023

Title	Name	Date elected	Shareholding while elected			Current shareholding			Remarks
			Category	Shares	Shareholding ratio (%)	Category	Shares	Shareholding ratio (%)	
Chairman	Mu Te Investment Co. Ltd. Representative: Ter-Fung Tsao	2022.06.16	Common stock	22,650,057	2.48%	Common stock	22,650,057	2.48%	
Directors	Mu Te Investment Co. Ltd. Representative: Jason Hsuan								
Directors	Mu Te Investment Co. Ltd. Representative: Wendy Tsao								
Directors	Charng Hui Ltd. Representative: Arthur Tsao	2022.06.16	Common stock	6,669,471	0.73%	Common stock	6,669,471	0.73%	
Independent Director	Ben Chang	2022.06.16	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	George Chou	2022.06.16	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	Daniel Chiang	2022.06.16	Common stock	0	0.00%	Common stock	0	0.00%	
Independent Director	David Wang	2022.06.16	Common stock	0	0.00%	Common stock	0	0.00%	
Total			Common stock	29,319,528		Common stock	29,319,528		

Total shares issued as of June 13, 2022: 915,089,591 shares

Total shares issued as of April 18, 2023: 915,089,591 shares

Note All directors of the Company legally hold shares: 29,282,866 shares, hold as of April 18, 2023: 29,319,528 shares

The Company has set up an Audit Committee, so the supervisor's legally held shares are not applicable

◎The shareholding of independent directors is not calculated in the shareholding of directors.

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