Grape King Bio Ltd.

Parent Company Only Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Grape King Bio Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Grape King Bio Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only 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 of the Company's parent company only financial statements for the year ended December 31, 2021 is described as follows:

Valuation of Inventory

The products of the Company mainly include health foods and beverages. Such products have shelf-lives and are sold in a highly competitive consumer market, resulting in greater exposure to risk of loss on inventory due to damage or expiration. The estimation for loss on inventory is based on market conditions, historical sales experience of similar products, and the net realizable value of inventory. Refer to Notes 4, 5, and 11 to the parent company only financial statements for the details on the valuation of inventory. The net carrying amount of inventory as of December 31, 2021 for the Company amounted to NT$568,177 thousand, which was significant to the parent company only financial statements, and the criteria to determine loss on inventory vary according to different categories of inventories which require critical accounting estimates. Consequently, the valuation of inventory was identified as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

1. We understood the design and tested the operating effectiveness of the key controls over the valuation of inventory;

2. We understood and assessed the reasonableness of inventory valuation policy and estimates used by the management;

3. We performed an observation on the Company's annual physical count of inventory to assess for any indications of damaged or expired inventories not listed in the allowance for inventory loss;

4. We sampled and recalculated the accuracy of net realizable value of inventory as well as performed calculations of the validity period from the year-end subsidiary ledgers and aging report of inventories, to verify that the allowance for inventory loss was appropriately recognized based on the about policy.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 committees, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company 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 parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu Feng Huang and Ming Yuan Chung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2022

<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.

GRAPE KING BIO LTD.

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021 Amount	2021 %	2020 Amount	2020 %
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 531,713	5	$ 341,406	4
Financial assets at fair value through profit or loss (Note 7)	200,379	2	-	-
Financial assets at amortized cost (Note 9)	13,940	-	8,940	-
Notes and accounts receivable, net (Notes 10 and 22)	53,822	1	46,816	-
Accounts receivable from related parties (Notes 22 and 30)	303,853	3	239,622	3
Other receivables	1,315	-	1,073	-
Other receivables from related parties (Note 30)	74,151	1	72,185	1
Inventories (Note 11)	568,177	6	545,301	6
Other current assets (Note 17)	35,564	-	50,455	-
Total current assets	1,782,914	18	1,305,798	14
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	11,390	-	9,338	-
Financial assets at amortized cost (Notes 9 and 31)	9,600	-	9,600	-
Investments accounted for using the equity method (Note 12)	3,302,366	33	3,062,199	33
Property, plant and equipment (Notes 13, 31 and 32)	4,461,666	45	4,481,146	48
Right-of-use assets (Note 14)	63,452	1	73,571	1
Investment properties (Note 15)	234,169	2	234,556	3
Intangible assets (Note 16)	17,627	-	19,019	-
Deferred tax assets (Note 24)	405	-	1,027	-
Other non-current assets (Notes 17 and 20)	84,278	1	50,731	1
Total non-current assets	8,184,953	82	7,941,187	86
TOTAL	$ 9,967,867	100	$ 9,246,985	100

LIABILITIES AND EQUITY	2021 Amount	2021 %	2020 Amount	2020 %
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 31)	$ -	-	$ 500,000	5
Contract liabilities (Note 22)	18,284	-	-	-
Notes and accounts payable	192,060	2	175,949	2
Other payables (Note 19)	402,321	4	362,380	4
Other payables to related parties (Note 30)	1,102	-	1,322	-
Current tax liabilities (Note 24)	129,135	2	110,639	1
Lease liabilities (Note 14)	14,078	-	13,695	-
Other current liabilities (Note 19)	2,856	-	16,751	-
Current portion of long-term borrowings (Notes 18 and 31)	6,990	-	41,533	1
Total current liabilities	766,826	8	1,222,269	13
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 31)	87,375	1	1,260,700	13
Deferred tax liabilities (Note 24)	69,001	1	68,804	1
Lease liabilities (Note 14)	50,883	-	61,521	1
Other non-current liabilities (Notes 19 and 30)	5,488	-	9,217	-
Total non-current liabilities	212,747	2	1,400,242	15
Total liabilities	979,573	10	2,622,511	28
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Share capital				
Ordinary shares	1,481,374	15	1,362,864	15
Capital surplus	2,869,691	29	971,717	11
Retained earnings				
Legal reserve	1,198,125	12	1,070,880	11
Special reserve	86,465	1	100,752	1
Unappropriated earnings	3,444,844	34	3,204,726	35
Total retained earnings	4,729,434	47	4,376,358	47
Other equity	(92,205)	(1)	(86,465)	(1)
Total equity	8,988,294	90	6,624,474	72
TOTAL	$ 9,967,867	100	$ 9,246,985	100

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

GRAPE KING BIO LTD.

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 22 and 30)	$ 2,451,872	100	$ 2,175,969	100
COST OF GOODS SOLD (Notes 11 and 23)	(1,290,204)	(52)	(1,051,819)	(49)
GROSS PROFIT	1,161,668	48	1,124,150	51
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	6,575	-	(7,162)	-
ADJUSTED GROSS PROFIT	1,168,243	48	1,116,988	51
OPERATING EXPENSES (Notes 20, 23 and 30)				
Selling and marketing	(433,269)	(18)	(374,549)	(17)
General and administrative	(318,850)	(13)	(290,508)	(13)
Research and development	(245,045)	(10)	(217,615)	(10)
Total operating expenses	(997,164)	(41)	(882,672)	(40)
INCOME FROM OPERATIONS	171,079	7	234,316	11
NON-OPERATING INCOME AND EXPENSES (Notes 12, 23 and 30)				
Interest income	272	-	279	-
Other income	90,730	4	79,857	4
Other gains and losses	1,675	-	(947)	-
Finance costs	(1,328)	-	(10,931)	(1)
Share of profit of subsidiaries and associates	1,079,659	44	1,030,915	47
Total non-operating income	1,171,008	48	1,099,173	50
PROFIT BEFORE INCOME TAX	1,342,087	55	1,333,489	61
INCOME TAX EXPENSE (Note 24)	(41,664)	(2)	(61,464)	(3)
NET PROFIT FOR THE YEAR	1,300,423	53	1,272,025	58
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	983	-	646	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	2,052	-	(2,444)	-
Remeasurement of defined benefit plans for subsidiaries recognized using the equity method	(67)	-	(111)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(184)	-	(107)	-

(Continued)

GRAPE KING BIO LTD.

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (7,325)	-	$ 16,941	1
Exchange differences on translating the financial statements of foreign operations of associate	(467)	-	(210)	-
Other comprehensive income (loss) for the year, net of income tax	(5,008)	-	14,715	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,295,415	53	$ 1,286,740	59
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	$ 8.81		$ 9.34	
Diluted earnings per share	$ 8.76		$ 9.29	

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

GRAPE KING BIO LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Share Capital - Ordinary Shares			Retained Earnings			Others			
	Number of Share (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2020	136,286	$ 1,362,864	$ 968,724	$ 939,947	$ 74,671	$ 2,973,497	$ (84,506)	$ (16,246)	$ (45,530)	$ 6,173,421
Appropriation of 2019 earnings										
Legal reserve	-	-	-	130,933	-	(130,933)	-	-	-	-
Special reserve	-	-	-	-	26,081	(26,081)	-	-	-	-
Cash dividends	-	-	-	-	-	(884,210)	-	-	-	(884,210)
Share-based payment arrangements	-	-	1,578	-	-	-	-	-	45,530	47,108
Change in other capital surplus	-	-	1,415	-	-	-	-	-	-	1,415
Net profit for the year ended December 31, 2020	-	-	-	-	-	1,272,025	-	-	-	1,272,025
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	428	16,731	(2,444)	-	14,715
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,272,453	16,731	(2,444)	-	1,286,740
BALANCE AT DECEMBER 31, 2020	136,286	1,362,864	971,717	1,070,880	100,752	3,204,726	(67,775)	(18,690)	-	6,624,474
Appropriation of 2020 earnings										
Legal reserve	-	-	-	127,245	-	(127,245)	-	-	-	-
Special reserve	-	-	-	-	(14,287)	14,287	-	-	-	-
Cash dividends	-	-	-	-	-	(948,079)	-	-	-	(948,079)
Change in other capital surplus	-	-	1,814	-	-	-	-	-	-	1,814
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,300,423	-	-	-	1,300,423
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	732	(7,792)	2,052	-	(5,008)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,301,155	(7,792)	2,052	-	1,295,415
Issuance of ordinary shares for cash	11,851	118,510	1,896,160	-	-	-	-	-	-	2,014,670
BALANCE AT DECEMBER 31, 2021	148,137	$ 1,481,374	$ 2,869,691	$ 1,198,125	$ 86,465	$ 3,444,844	$ (75,567)	$ (16,638)	$ -	$ 8,988,294

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

GRAPE KING BIO LTD.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,342,087	$ 1,333,489
Adjustments for:		
Depreciation expenses	271,311	257,572
Amortization expenses	5,367	5,422
Expected credit loss	-	4,841
Net gain on financial assets at fair value through profit or loss	(799)	-
Finance costs	1,328	10,931
Interest income	(272)	(279)
Dividend income	(2)	(2)
Compensation costs of share-based payment agreements	-	1,597
Share of profit of subsidiaries and associates	(1,079,659)	(1,030,915)
Loss on disposal of property, plant and equipment, net	-	29
Gain on disposal of investment properties	(1,261)	-
(Realized) unrealized gain on transactions with subsidiaries and associates	(6,575)	7,162
Changes in operating assets and liabilities		
Notes and accounts receivable, net	(7,006)	(4,918)
Accounts receivable from related parties	(64,231)	22,269
Other receivables	(242)	(401)
Other receivables from related parties	(1,966)	3,512
Inventories	(22,876)	(141,119)
Other current assets	14,891	9,109
Contract liabilities	18,284	(323)
Notes and accounts payable	16,111	16,671
Other payables	2,959	(26,613)
Other payables to related parties	(220)	(65)
Other current liabilities	(13,895)	(4,393)
Net defined benefit liabilities	(2,488)	(5,010)
Cash generated from operations	470,846	458,566
Interest received	272	279
Interest paid	(1,204)	(9,828)
Income tax paid	(22,546)	(7,322)
Net cash generated from operating activities	447,368	441,695
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(5,000)	-
Acquisition of financial assets at fair value through profit or loss	(1,200,000)	-
Proceeds from sale of financial assets at fair value through profit or loss	1,000,420	-
Acquisition of property, plant and equipment	(241,412)	(1,125,349)
Proceeds from disposal of property, plant and equipment	-	18
Increase in refundable deposits	(1,514)	(407)
Decrease in refundable deposits	3,122	1,001

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GRAPE KING BIO LTD.

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

	2021	2020
Acquisition of intangible assets	$ (1,106)	$ (11,249)
Proceeds from disposal of investment properties	1,382	-
Increase in other non-current assets	(151)	(7,272)
Interest received	845,496	869,018
Net cash generated from (used in) investing activities	401,237	(274,240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	2,350,000
Repayments of short-term borrowings	(500,000)	(2,200,000)
Proceeds from long-term borrowings	-	873,000
Repayments of long-term borrowings	(1,207,868)	(270,767)
Proceeds from guarantee deposits received	794	-
Refund of guarantee deposits received	(4,523)	(2,185)
Repayment of the principal portion of lease liabilities	(15,106)	(14,652)
Dividends paid to owners of the Company	(948,079)	(884,210)
Proceeds from issuance of ordinary shares	2,014,670	-
Proceeds from reissuance of treasury shares	-	44,619
Other financing activities	1,814	1,415
Net cash used in financing activities	(658,298)	(102,780)
NET INCREASE IN CASH AND CASH EQUIVALENTS	190,307	64,675
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	341,406	276,731
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 531,713	$ 341,406

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

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

Grape King Bio Ltd. (the "Company") was incorporated as a listed company limited by shares under the provisions of the Company Act, the Securities and Exchange Act and other related regulations of the Republic of China ("ROC"). In April 1971, the Company was officially registered as Grape King Food Limited and started its operations. In 1979, the Company merged with China Fuso Seiko Pharmaceutical Industries Ltd. and was renamed as Grape King Inc. In 1981, the Company further merged with Head Fancy Cosmetics Co. Ltd. The Company's shares are listed and have been trading on the Taiwan Stock Exchange (TWSE) since December 1982. In the annual shareholders' meeting held on June 12, 2002, the Company resolved to change its name to Grape King Bio Ltd. The Company is engaged in the production and sale of pharmaceutical preparations, patent medicine, liquid tonics, drinks, healthy food, etc. The Company's registered office and main business location is at No. 402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City 324, Taiwan, Republic of China.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's Board of Directors and issued on February 23, 2022.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

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

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

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- the Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

1) the Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

2) the Company chose the accounting policy from options permitted by the standards;

3) the accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

4) the accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or

5) the accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

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

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

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

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation.

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If their respective lease terms are shorter than their useful lives, such assets are depreciated over their lease terms. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

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

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and investments in debt instruments that are measured at FVTOCI.

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

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

For internal credit risk management purposes, the Company determines that internal or external information which shows that the debtor is unlikely to pay its creditors would indicate that a financial asset is in default (without taking into account any collateral held by the Company).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

n. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of health food and beverages. Sales of health food and beverages are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. For sales of health food and beverages through its own retail outlets, revenue is recognized when the customer purchases the goods at the retail outlet. For internet sales of health food and beverages, revenue is recognized when the goods are delivered to the customer's specific location. When the customer initially purchases the goods online, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from ODM/OEM (Original Design Manufacturer/Original Equipment Manufacturer) services.

As the Company provides ODM/OEM services, customers simultaneously receive and consume the benefits provided by the Company's satisfaction performance obligations. Consequently, the related revenue is recognized when services are rendered.

o. Leases

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

1) The Company as lessor

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

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

r. Share-based payment arrangement - employee share options

1) Employee share options granted

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

2) Equity-settled share-based payment arrangements granted to the employees of a subsidiary

The grant by the Company of its equity instruments to the employees of a subsidiary under equity-settled share-based payment arrangements is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements

a. Lease terms

In determining a lease term, the Company considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee’s operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Company occurs.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

c. Recognition and measurement of defined benefit plans

The net defined benefit liabilities (assets) and the resulting defined benefit costs under the defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rates, rates of employee turnover, future salary increases, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of related expenses and liabilities.

d. Lessee's incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 270	$ 234
Deposits in banks		
Demand deposits	531,435	341,164
Checking accounts	8	8
	$ 531,713	$ 341,406

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets at fair value through profit or loss (FVTPL) - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
- Mutual funds	$ 200,379	$ -

Financial assets at fair value through profit or loss were not pledged.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Non-current - investments in equity instruments at FVTOCI		
Unlisted shares		
FU-Sheng International Inc. (Samoa)	$ 11,380	$ 9,330
Hsin Tung Yang Co., Ltd.	10	8
	$ 11,390	$ 9,338

The Company acquired ordinary shares of FU-Sheng International Inc. (Samoa) and Hsin Tung Yang Co., Ltd. for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

Financial assets at fair value through other comprehensive income were not pledged.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Time deposits with original maturities of more than 3 months	$ 13,940	$ 8,940
Non-current		
Pledged time deposits	$ 9,600	$ 9,600

Refer to Note 29 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2021	2020
Notes receivable		
Notes receivable - operating	$ 324	$ 1,405
Accounts receivable		
At amortized cost		
Gross carrying amount	56,677	48,590
Less: Loss allowance	(3,179)	(3,179)
	53,498	45,411
	$ 53,822	$ 46,816

Some of the Company's customers use cash (or credit card) to settle payment; other than the customers who pay by cash (or credit card), the average credit period of sales of goods was 30-135 days. The Company adopted a policy of only dealing with entities that have passed internal credit assessment and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for notes and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on notes and accounts receivable are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The movements of the loss allowance of notes and accounts receivable were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 3,179	$ 3,266
Less: Net remeasurement of loss allowance	-	(9)
Less: Amount written off	-	(78)
Balance at December 31	$ 3,179	$ 3,179

Aging analysis of notes and accounts receivable (net) held by the Company was as follows:

	Neither Past Due nor Impaired	Past Due but not Impaired Within 90 Days	91 to 180 Days	Over 180 Days	Total
December 31, 2021	$ 47,480	$ 6,342	$ -	$ -	$ 53,822
December 31, 2020	44,068	2,748	-	-	46,816

Notes and accounts receivable were not pledged.

11. INVENTORIES

	December 31 2021	2020
Finished goods	$ 144,435	$ 150,741
Semi-finished goods and work in progress	241,461	260,034
Raw materials	142,370	90,546
Supplies	39,754	43,853
Merchandise	157	127
	$ 568,177	$ 545,301

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31 2021	2020
Cost of inventories sold	$ 1,290,204	$ 1,051,819
Loss on retirement	$ 11,944	$ 6,275
Gain from physical counts	$ (2,501)	$ (2,540)

Inventories were not pledged.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2021	2020
Investments in subsidiaries	$ 3,286,485	$ 3,055,084
Investments in associates	15,881	7,115
	$ 3,302,366	$ 3,062,199

a. Investments in subsidiaries

	December 31	
	2021	2020
Pro-partner Inc. (Pro-partner)	$ 2,139,143	$ 2,009,206
GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI) (GKBVI)	1,080,976	978,947
Rivershine Ltd. (Rivershine)	39,342	38,428
Dongpu Biotech Corporation (Dongpu)	27,024	28,503
	$ 3,286,485	$ 3,055,084

	Proportion of Ownership and Voting Rights	
	December 31	
Name of subsidiaries	2021	2020
Pro-partner	60%	60%
GKBVI	100%	100%
Rivershine	100%	100%
Dongpu (Note)	100%	100%

Note: On June 25, 2021, the Company resolved to liquidate Dongpu Biotech Corporation, which is currently undergoing its liquidation procedures.

Investments accounted for using the equity method were not pledged.

b. Investments in associates

	December 31	
	2021	2020
Associate that are not individually material		
GK BIO INTERNATIONAL SDN. BHD.	$ 11,767	$ 7,115
Shanghai Changhong Biotechnology Co., Ltd.	4,114	-
	$ 15,881	$ 7,115

Aggregate information of associates that are not individually material.

	For the Year Ended December 31	
	2021	2020
The Company’s share of:		
Net income	$ 2,394	$ 1,694
Other comprehensive loss	(467)	(210)
Total comprehensive income (loss)	$ 1,927	$ 1,484

The Company had neither contingent liabilities nor capital commitments to the associate as of December 31, 2021 and 2020.

Investments in associates were not pledged.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Company	$ 4,461,666	$ 4,481,146

a. Assets used by the Company

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2021	$ 1,522,590	$ 3,264	$ 2,845,657	$ 1,425,713	$ 15,886	$ 17,998	$ 295,429	$ 99,990	$ 6,226,527
Additions	-	-	6,111	13,981	171	-	18,023	105,811	144,097
Disposals	-	-	-	(6,238)	-	-	(2,347)	-	(8,585)
Reclassifications	-	-	86,068	86,903	-	-	23,287	(103,060)	93,198
Balance at December 31, 2021	1,522,590	3,264	2,937,836	1,520,359	16,057	17,998	334,392	102,741	6,455,237
Accumulated depreciation									
Balance at January 1, 2021	-	1,695	632,549	902,789	10,936	8,423	188,989	-	1,745,381
Depreciation expenses	-	272	114,485	104,352	1,288	3,609	32,769	-	256,775
Disposals	-	-	-	(6,238)	-	-	(2,347)	-	(8,585)
Balance at December 31, 2021	-	1,967	747,034	1,000,903	12,224	12,032	219,411	-	1,993,571
Carrying amount at December 31, 2021	$ 1,522,590	$ 1,297	$ 2,190,802	$ 519,456	$ 3,833	$ 5,966	$ 114,981	$ 102,741	$ 4,461,666
Cost									
Balance at January 1, 2020	$ 625,935	$ 3,264	$ 1,729,002	$ 1,048,238	$ 14,204	$ 17,998	$ 229,453	$ 1,481,414	$ 5,149,508
Additions	896,655	-	6,115	11,087	507	-	18,412	66,686	999,462
Disposals	-	-	(19,028)	(4,852)	-	-	(1,312)	-	(25,192)
Reclassifications	-	-	1,129,568	371,240	1,175	-	48,876	(1,448,110)	102,749
Balance at December 31, 2020	1,522,590	3,264	2,845,657	1,425,713	15,886	17,998	295,429	99,990	6,226,527
Accumulated depreciation									
Balance at January 1, 2020	-	1,340	540,649	809,837	9,230	4,683	161,409	-	1,527,148
Depreciation expenses	-	355	110,880	97,805	1,706	3,740	28,892	-	243,378
Disposals	-	-	(18,980)	(4,853)	-	-	(1,312)	-	(25,145)
Balance at December 31, 2020	-	1,695	632,549	902,789	10,936	8,423	188,989	-	1,745,381
Carrying amount at December 31, 2020	$ 1,522,590	$ 1,569	$ 2,213,108	$ 522,924	$ 4,950	$ 9,575	$ 106,440	$ 99,990	$ 4,481,146

The significant parts of the Company's buildings include main plants, air conditioning, electrical and waste water treatment equipment and decoration , and the related depreciation is calculated based on the economic lives as below:

Significant Part of Buildings	Estimated Economic Lives
Main plant	30 to 60 years
Air conditioning and electrical	5 to 22 years
Waste water treatment equipment	10 to 15 years
Decoration	15 years

No impairment assessment was performed for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Land	$ 43,977	$ 45,281
Buildings	13,162	22,452
Transportation equipment	4,304	3,533
Other equipment	2,009	2,305
	$ 63,452	$ 73,571

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 4,151	$ 4,225
Depreciation charge for right-of-use assets		
Land	$ 1,758	$ 1,599
Buildings	9,290	9,291
Transportation equipment	2,581	2,433
Other equipment	641	605
	$ 14,270	$ 13,928

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	$ 14,078	$ 13,695
Non-current	$ 50,883	$ 61,521

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.02%	1.02%
Buildings	1.00%	1.00%
Transportation equipment	1.00% to 1.02%	1.00% to 1.02%
Other equipment	1.00% to 1.02%	1.00%

c. Material lease-in activities and terms

The Company leases certain land, buildings and transportation equipment with lease terms of 3 to 35 years. Lease payments for the lease contract of land will be adjusted on the basis of changes in announced land value prices. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term and low-value asset leases	$ 2,114	$ 502
Total cash outflow for leases	$ (17,220)	$ (15,154)

The Company leases certain land, transportation equipment and other equipment which qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2021	$ 225,109	$ 12,250	$ 237,359
Disposals	(121)	-	(121)
Balance at December 31, 2021	$ 224,988	$ 12,250	$ 237,238
Accumulated depreciation			
Balance at January 1, 2021	$ -	$ 2,803	$ 2,803
Depreciation expenses	-	266	266
Balance at December 31, 2021	$ -	$ 3,069	$ 3,069
Carrying amount at December 31, 2021	$ 224,988	$ 9,181	$ 234,169
Cost			
Balance at January 1 and December 31, 2020	$ 225,109	$ 12,250	$ 237,359
Accumulated depreciation			
Balance at January 1, 2020	$ -	$ 2,537	$ 2,537
Depreciation expenses	-	266	266
Balance at December 31, 2020	$ -	$ 2,803	$ 2,803
Carrying amount at December 31, 2020	$ 225,109	$ 9,447	$ 234,556

The investment properties are leased out for 5 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2021 and 2020 is as follows:

	December 31	
	2021	2020
Year 1	$ 2,832	$ 2,832
Year 2	2,832	2,832
Year 3	2,832	2,832
Year 4	2,832	2,832
Year 5	-	2,832
	$ 11,328	$ 14,160

Except for depreciation recognized, the Company did not have significant addition, disposal, or impairment of investment properties during the years ended December 31, 2021 and 2020. Investment properties are depreciated using the straight-line method over their estimated useful lives of 35 to 50 years.

Investment properties held by the Company are not measured at fair value; the fair value information below is for reference only. The determination of fair value was not performed by independent qualified professional valuers. The valuation was arrived at by reference to announced land value prices and market evidence of transaction prices for similar properties.

	December 31	
	2021	2020
Fair value	$ 298,530	$ 307,227

The investment property - land listed above includes a piece of agricultural land in the amount of NT$5,600 thousand, which has been acquired due to a settlement of doubtful accounts by the Company but registered under the name of the Company's chairman, Mr. Tseng. The Company has obtained a guarantee note amounting to NT$5,600 thousand from Mr. Tseng for security purpose.

Investment properties were not pledged.

16. INTANGIBLE ASSETS

	Computer Software	Trademarks	Total
Cost			
Balance at January 1, 2021	$ 33,193	$ 16,070	$ 49,263
Additions	1,106	-	1,106
Reclassifications	2,869	-	2,869
Balance at December 31, 2021	$ 37,168	$ 16,070	$ 53,238
Accumulated amortization			
Balance at January 1, 2021	$ 15,028	$ 15,216	$ 30,244
Amortization expenses	5,144	223	5,367
Balance at December 31, 2021	$ 20,172	$ 15,439	$ 35,611
Carrying amount at December 31, 2021	$ 16,966	$ 631	$ 17,627

(Continued)

	Computer Software	Trademarks	Total
Cost			
Balance at January 1, 2020	$ 20,675	$ 15,049	$ 35,724
Additions	10,228	1,021	11,249
Reclassifications	2,290	-	2,290
Balance at December 31, 2020	$ 33,193	$ 16,070	$ 49,263
Accumulated amortization			
Balance at January 1, 2020	$ 10,755	$ 14,067	$ 24,822
Amortization expenses	4,273	1,149	5,422
Balance at December 31, 2020	$ 15,028	$ 15,216	$ 30,244
Carrying amount at December 31, 2020	$ 18,165	$ 854	$ 19,019

(Concluded)

Except for the aforementioned addition and recognized amortization, the Company did not have disposal or impairment of other intangible assets during the years ended December 31, 2021 and 2020. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-8 years
Trademarks	4-5 years

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 168	$ -
Selling and marketing expenses	850	695
General and administrative expenses	4,349	4,727
	$ 5,367	$ 5,422

17. OTHER ASSETS

	December 31	
	2021	2020
Current assets		
Prepayments for purchases	$ 10,329	$ 19,840
Other prepaid expenses	23,061	26,659
Other current assets	2,174	3,956
	$ 35,564	$ 50,455

(Continued)

	December 31	
	2021	2020
Non-current assets		
Prepayments for equipment	$ 59,315	$ 20,509
Net defined benefit assets	15,631	12,160
Refundable deposits	9,182	10,790
Overdue receivable	-	2,244
Less: Loss allowance	-	(2,244)
Other	150	7,272
	$ 84,278	$ 50,731

(Concluded)

Overdue receivables were those expected not to be collected within a year and the Company has provided a full allowance for doubtful debts to cover them. The Company holds collateral for other receivables in the amount of NT$2,244 thousand.

18. BORROWINGS

a. Short-term borrowings

	Interest rates (%)	December 31 2021	December 31 2020
Unsecured borrowings			
Line of credit borrowings	1.00	$ -	$ 262,000
Secured borrowings			
Bank loans	1.00	-	238,000
		$ -	$ 500,000

Refer to Note 31 for property, plant and equipment pledged as collateral for short-term borrowings.

b. Long-term borrowings

Details of long-term borrowings are as follows:

Lender	December 31, 2021	Interest rates (%)	Maturity and terms
Secured borrowings			
Secured Long-Term Loan from Hua Nan Commercial Bank	$ 94,365	1.02	Effective from June 8, 2020 to June 8, 2035. Principal is repaid with interest payments due on a monthly basis.
Less: Current portion	(6,990)		
	$ 87,375		

Lender	December 31, 2020	Interest rates (%)	Maturity and terms
Unsecured borrowings			
Credit loans from Hua Nan Commercial Bank	$ 250,000	1.12	Effective from July 27, 2020 to July 27, 2023. Interest is repayable monthly; principal is repayable at maturity.
Secured borrowings			
Secured Long-Term Loan from Hua Nan Commercial Bank	602,233	1.02	Effective from June 8, 2020 to June 8, 2035. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Hua Nan Commercial Bank	350,000	1.02	Effective from July 22, 2019 to July 22, 2022. Interest is repayable monthly; principal is repayable at maturity.
Secured Long-Term Loan from Hua Nan Commercial Bank	100,000	1.02	Effective from May 10, 2019 to May 10, 2022. Interest is repayable monthly; principal is repayable at maturity.
	1,302,233		
Less: Current portion	(41,533)		
	$ 1,260,700		

Certain land and buildings were pledged as collateral for secured bank loans. Refer to Note 31 for the details.

19. OTHER LIABILITIES

	December 31	
	2021	2020
Current		
Other payables		
Bonus to employees	$ 119,297	$ 118,532
Salaries and incentive bonus	87,908	85,872
Payables for purchases of equipment	46,754	9,196
Bonus to directors and supervisors	29,824	29,633
Accrued VAT payable	10,188	13,610
Other accrued expenses	106,768	103,341
Others	1,582	2,196
	$ 402,321	$ 362,380
Other liabilities		
Other current liabilities	$ 2,856	$ 16,751
Non-current		
Guarantee deposits received	$ 5,488	$ 9,217

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2021 and 2020 were NT$12,982 thousand and NT$12,351 thousand, respectively.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31 2021	December 31 2020
Present value of defined benefit obligation	$ 13,038	$ 13,760
Fair value of plan assets	(28,669)	(25,920)
Net defined benefit liabilities (assets)	$ (15,631)	$ (12,160)

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 13,760	$ (25,920)	$ (12,160)
Service cost			
Past service cost	414	-	414
Net interest expense (income)	55	(109)	(54)
Recognized in profit or loss	469	(109)	360
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(360)	(360)
Actuarial (gain) loss			
Changes in demographic assumptions	53	-	53
Changes in financial assumptions	(527)	-	(527)
Experience adjustments	(149)	-	(149)
Recognized in other comprehensive income	(623)	(360)	(983)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Contributions from the employer	$ -	$ (2,280)	$ (2,280)
Curtailment	(568)	-	(568)
Balance at December 31, 2021	$ 13,038	$ (28,669)	$ (15,631)
Balance at January 1, 2020	$ 18,238	$ (24,742)	$ (6,504)
Service cost			
Current service cost	108	-	108
Past service cost	1,061	-	1,061
Net interest expense (income)	136	(196)	(60)
Recognized in profit or loss	1,305	(196)	1,109
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(761)	(761)
Actuarial (gain) loss			
Changes in financial assumptions	681	-	681
Experience adjustments	(566)	-	(566)
Recognized in other comprehensive income	115	(761)	(646)
Contributions from the employer	-	(2,533)	(2,533)
Benefits paid	(4,837)	2,312	(2,525)
Curtailment	(1,061)	-	(1,061)
Balance at December 31, 2020	$ 13,760	$ (25,920)	$ (12,160)

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rate	0.70%	0.40%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	$ (417)	$ (491)
0.25% decrease	$ 436	$ 514
Expected rate of salary increase/decrease		
0.25% increase	$ 429	$ 504
0.25% decrease	$ (413)	$ (484)

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

	December 31	
	2021	2020
Expected contributions to the plans for the next year	$ 2,386	$ 2,598
Average duration of the defined benefit obligation	13 years	14 years

Employee benefit expenses in respect of the Company’s defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate; expenses under the defined benefit plan for the years ended December 31, 2021 and 2020 were NT$360 thousand and NT$1,109 thousand, respectively.

21. EQUITY

a. Ordinary shares

1) Common stock

	December 31	
	2021	2020
Shares authorized (in thousands of shares)	180,000	180,000
Shares authorized, par value $10 (in thousands of dollars)	$ 1,800,000	$ 1,800,000
Shares issued and fully paid (in thousands of shares)	148,137	136,286
Shares issued through public issue	$ 1,362,864	$ 1,362,864
Shares issued through private placement	118,510	-
Shares issued and fully paid (in thousands of dollars)	$ 1,481,374	$ 1,362,864

Each share possesses one voting right and a right to receive dividends.

On January 14, 2021, the Company held the first extraordinary shareholders’ meeting and a resolution was passed to increase cash capital by issuing ordinary shares through private placement with Uni-President Enterprise Co., Ltd., a strategic investor, as the subscriber. The purpose of the capital increase is to raise funds for capital expenditures, to enrich working capital and help strengthen the capital structure. On January 14, 2021, the Company’s s resolved to offer for subscription and issued 11,851 thousand ordinary shares of the Company. The subscription price was $170 per share, and a total of $2,014,670 thousand in cash was received. The record date of cash capital increase was January 19, 2021. The rights and obligations of the shareholders of the ordinary shares issued through this private placement are the same as those of the shareholders of the Company's issued ordinary shares. However, in accordance with Article 43-8 of the Securities and Exchange Act, the ordinary shares of this private placement shall not be freely transferred within three years from the date of subscription.

b. Capital surplus

	December 31	
	2021	**2020**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Additional paid-in capital	$ 2,850,440	$ 954,280
Treasury share transactions	2,672	2,672
May only be used to offset a deficit		
Convertible bonds - expired share options	150	150
Treasury share transactions - share options	6,749	6,749
Others (2)	9,680	7,866
	$ 2,869,691	$ 971,717

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

2) Others are unclaimed dividends.

c. Retained earnings and dividends policy

According to the Company's Articles of Incorporation, the Company shall distribute their annual earnings, if any, in the sequence listed below.

1) Paying taxes;

2) Offsetting losses of previous years;

3) Setting aside as legal reserve 10% of the remaining profit;

4) Setting aside or reversing a special reserve in accordance with the laws and regulations; and

5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 23-g.

The Company's dividend policy shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment, current and future business development plan, as well as shareholders' interests. The distribution of shareholders dividend shall not be lower than 60% of the unappropriated earnings of the current year. However, the shareholders may resolve not to distribute dividends if the accumulated earnings were lower than 10% of the paid-in capital. Dividends can be distributed in the form of cash or stock or a combination of both cash and stock, out of which at least 10% of the total dividends distributed shall be in cash.

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

The appropriations of earnings for 2020 and 2019 that were approved in the shareholders' meetings on July 15, 2021 and May 28, 2020 were as follows:

	For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 127,245	$ 130,933
Special reserve	$ (14,287)	$ 26,081
Cash dividends	$ 948,079	$ 884,210
Cash dividends per share (NT$)	$ 6.4	$ 6.5

The appropriation of earnings for 2021 that had been proposed by the Company's Board of Directors on February 23, 2022 was as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 130,115
Special reserve	$ 5,740
Cash dividends	$ 903,638
Cash dividends per share (NT$)	$ 6.1

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on May 27, 2022.

d. Other equity items

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

	For the Year Ended December 31	
	2021	**2020**
Balance at beginning of year	$ (67,775)	$ (84,506)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(7,792)	16,731
Balance at end of year	$ (75,567)	$ (67,775)

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

	For the Year Ended December 31	
	2021	2020
Balance at beginning of year	$ (18,690)	$ (16,246)
Recognized for the year		
Unrealized gain (loss) - equity instruments	2,052	(2,444)
Balance at end of year	$ (16,638)	$ (18,690)

e. Treasury shares

On January 3, 2017, the Company's Board of Directors resolved to buy its own shares as treasury shares for transferring to its employee. The repurchase period was from January 4, 2017 to March 3, 2017 and the number of shares to be brought back was 3,000,000 shares with the unit price interval of $118 to $349.5. As of the end of the repurchase period, the number of shares repurchased was 508,000 shares with the average repurchase unit price of $179.26. The carrying value of treasury shares was $0 as of December 31, 2021 and 2020.

	Shares Transferred to Employees
Number of shares at December 31 and January 1, 2021	-
Number of shares at January 1, 2020	254,000
Transferred during the year	(254,000)
Number of shares at December 31, 2020	-

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

22. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	$ 2,451,872	$ 2,175,969

a. Disaggregation of revenue

1) Type of goods or services and timing of revenue recognition:

For the year ended December 31, 2021

	Reportable Segments			
	MLM	Distribution	ODM/OEM	Total
Type of goods or services				
Sale of goods	$ 1,596,461	$ 588,265	$ 267,146	$ 2,451,872
Timing of revenue recognition				
Satisfied at a point in time	$ 1,596,461	$ 588,265	$ 267,146	$ 2,451,872

For the year ended December 31, 2020

	Reportable Segments			
	MLM	Distribution	ODM/OEM	Total
Type of goods or services				
Sale of goods	$ 1,510,097	$ 488,626	$ 177,246	$ 2,175,969
Timing of revenue recognition				
Satisfied at a point in time	$ 1,510,097	$ 488,626	$ 177,246	$ 2,175,969

2) Type of goods

	For the Year Ended December 31	
	2021	2020
Type of goods		
Health food	$ 1,967,615	$ 1,834,498
ODM/OEM	267,146	177,246
Beverage	191,951	136,721
Others (Note)	25,160	27,504
	$ 2,451,872	$ 2,175,969

Note: Others include cosmetics, general food and pet food.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable, net	$ 53,822	$ 46,816	$ 41,889
Accounts receivable from related parties	$ 303,853	$ 239,622	$ 261,891
Contract liabilities - current			
Sale of goods	$ 18,284	$ -	$ 323

The changes in the balance of contract liabilities primarily resulted from the timing difference between the Company’s satisfaction of performance obligations and the respective customer’s payment.

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Financial assets at amortized cost	$ 272	$ 279

b. Other income

	For the Year Ended December 31	
	2021	2020
Board compensation income	$ 74,126	$ 71,266
Rental income	3,274	3,644
Dividend income	2	2
Others	13,328	4,945
	$ 90,730	$ 79,857

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gain on disposal of investment properties	$ 1,261	$ -
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	799	-
Net foreign exchange loss	(66)	(658)
Others	(319)	(289)
	$ 1,675	$ (947)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 2,201	$ 15,660
Interest on lease liabilities	700	851
Imputed interest on deposits	18	33
Less: Amounts included in the cost of qualifying assets	(1,591)	(5,613)
	$ 1,328	$ 10,931

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	$ 1,591	$ 5,613
Capitalization rate	1.03%	1.06%

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 186,880	$ 177,459
Operating expenses (Note)	84,431	80,113
	$ 271,311	$ 257,572

(Continued)

	For the Year Ended December 31	
	2021	2020
An analysis of amortization by function		
Operating costs	$ 168	$ -
Operating expenses	5,199	5,422
	$ 5,367	$ 5,422

(Concluded)

Note: The aforementioned depreciation included the depreciation of investment properties, which separately amounted to NT$266 thousand for both of the years ended December 31, 2021 and 2020, and was recognized by the Company in other gains and losses.

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 501,154	$ 475,668
Post-employment benefits (Note 20)		
Defined contribution plan	12,982	12,351
Defined benefit plans	360	1,109
	13,342	13,460
Share-based payments		
Equity-settled	-	1,597
Other employee benefits	9,099	8,783
Total employee benefits expense	$ 523,595	$ 499,508
An analysis of employee benefits expense by function		
Operating costs	$ 210,454	$ 202,388
Operating expenses	313,141	297,120
	$ 523,595	$ 499,508

g. Compensation of employees and remuneration of directors and supervisors

According to the resolution of the Board of Directors, 6%-8% of profit of the current year is distributable as compensation of employees and no higher than 2% of profit of the current year is distributable as remuneration of directors and supervisors. However, the Company has to first offset accumulated losses, if any. For the years ended December 31, 2021 and 2020, the compensation of employees and the remuneration of directors and supervisors are as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	8%	8%
Remuneration of directors and supervisors	2%	2%

Amount

	For the Year Ended December 31	
	2021	2020
Compensation of employees	$ 119,297	$ 118,532
Remuneration of directors and supervisors	29,824	29,633

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

The appropriations of earnings for the compensation of employees and remuneration of directors and supervisors for 2021 and 2020 that were resolved by the Company's Board of Directors on February 23, 2022 and February 25, 2021, respectively, are as shown below:

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	$ 119,297	$ 118,532
Remuneration of directors and supervisors	29,824	29,633

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 50,458	$ 62,046
Income tax on unappropriated earnings	10,571	13,405
Adjustments for prior years	(19,987)	(14,089)
	41,042	61,362
Deferred tax		
In respect of the current year	622	102
Income tax expense recognized in profit or loss	$ 41,664	$ 61,464

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

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	$ 1,342,087	$ 1,333,489
Income tax expense calculated at the statutory rate	$ 268,417	$ 266,698
Income tax on unappropriated earnings	10,571	13,405
Others	(217,337)	(204,550)
Adjustments for prior years' tax	(19,987)	(14,089)
Income tax expense recognized in profit or loss	$ 41,664	$ 61,464

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans for subsidiaries recognized using the equity method	$ (13)	$ (22)
Remeasurement of defined benefit plans	197	129
Total income tax recognized in other comprehensive income	$ 184	$ 107

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Employee benefits payable	$ 284	$ -	$ -	$ 284
Allowance for uncollectible accounts	501	(501)	-	-
Employee benefits	242	(121)	-	121
	$ 1,027	$ (622)	$ -	$ 405

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized revaluation	$ (68,463)	$ -	$ -	$ (68,463)
Defined benefit liabilities (assets) - non-current	(341)	-	(197)	(538)
	$ (68,804)	$ -	$ (197)	$ (69,001)

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Employee benefits payable	$ 284	$ -	$ -	$ 284
Allowance for uncollectible accounts	482	19	-	501
Employee benefits	363	(121)	-	242
	$ 1,129	$ (102)	$ -	$ 1,027

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized revaluation	$ (68,463)	$ -	$ -	$ (68,463)
Defined benefit liabilities (assets) - non-current	(212)	-	(129)	(341)
	$ (68,675)	$ -	$ (129)	$ (68,804)

d. Income tax assessments

The tax authorities have assessed the income tax returns of the Company through 2019.

25. EARNINGS PER SHARE

Unit: NT$ per share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	$ 8.81	$ 9.34
Diluted earnings per share	$ 8.76	$ 9.29

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

Net profit for the year

	For the Year Ended December 31	
	2021	2020
Earnings used in the computation of basic and diluted earnings per share	$ 1,300,423	$ 1,272,025

Weighted average number of ordinary shares outstanding

Unit: In thousands of shares

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares used in the computation of basic earnings per share	147,553	136,132
Effect of potentially dilutive ordinary shares		
Compensation of employees	847	755
Weighted average number of ordinary shares used in the computation of diluted earnings per share	148,400	136,887

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

26. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

Qualified employees of the Company were granted 254 options in August 2020. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options are granted to specific employees of the Company that meet the vesting conditions.

Information on employee share options is as follows:

	For the Year Ended December 31, 2020	
Employee share options	**Number of Options**	**Weighted -average Exercise Price (Share/$)**
Balance at January 1	-	$ -
Options granted	254	176.19
Options exercised	(254)	176.19
Balance at December 31	-	
Options exercisable, end of year	-	
Weighted-average fair value of options granted (share/$)	$ 9.8	

Options granted in August 2020 was priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	August 2020
Grant-date share price	$ 186.00
Exercise price per share	$ 176.19
Expected volatility	2.14%
Expected life (in years)	0.0384 year
Expected dividend yield	0.00%
Risk-free interest rate	0.2679%

Compensation cost recognized was NT$1,597 thousand for the years ended December 31, 2020.

27. CASH FLOW INFORMATION

a. Non-cash transactions

The Company entered into the following non-cash investing and financing activities which were not reflected in the financial statements of cash flows for the years ended December 31, 2021 and 2020:

	For the Year Ended December 31	
	2021	2020
Additions of property, plant and equipment	$ (144,097)	$ (999,462)
Changes in prepayments for purchases	(138,873)	(102,375)
Changes in payables for purchases of equipment	37,558	(23,512)
Payments for acquisition of property, plant and equipment	$ (241,412)	$ (1,125,349)

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	January 1, 2021	Cash Flows	Non-cash Changes		December 31, 2021
			Lease Change	Finance Costs	
Short-term borrowings	$ 500,000	$ (500,000)	$ -	$ -	$ -
Long-term borrowings	1,302,233	(1,207,868)	-	-	94,365
Guarantee deposits received	9,217	(3,729)	-	-	5,488
Lease liabilities	75,216	(15,106)	4,151	700	64,961
	$ 1,886,666	$ (1,726,703)	$ 4,151	$ 700	$ 164,814

For the year ended December 31, 2020

	January 1, 2020	Cash Flows	Non-cash Changes		December 31, 2020
			Lease Change	Finance Costs	
Short-term borrowings	$ 350,000	$ 150,000	$ -	$ -	$ 500,000
Long-term borrowings	700,000	602,233	-	-	1,302,233
Guarantee deposits received	11,402	(2,185)	-	-	9,217
Lease liabilities	98,174	(14,652)	(9,157)	851	75,216
	$ 1,159,576	$ 735,396	$ (9,157)	$ 851	$ 1,886,666

28. CAPITAL MANAGEMENT

The objective of the Company’s capital management is maintaining a good capital structure and to ensure the ability to operate continuously, in order to provide returns to stockholders and the interests of other related parties, while maintaining the optimal capital structure to reduce costs of capital. The Company’s capital structure management strategies were based on the industry size of the Company, industry’s future growth, product roadmaps, and changes in the external environment and other factors. The Company plans the required capacity and the necessary plant and equipment to achieve this capacity and the corresponding capital expenditure according to those strategies. The Company then calculates the required working capital and cash based on industry characteristics, and estimates the possible product margins, operating margin and cash flow. In order to determine the most appropriate capital structure, the Company takes into consideration cyclical fluctuations in industrial, product life cycle and other risk factors.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company’s management considers the book value of financial instruments that are not measured at fair value in the financial statements approximate the fair value.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 200,379	$ -	$ -	$ 200,379
Financial assets at FVTOCI				
Investments in equity instruments - unlisted shares	$ -	$ -	$ 11,390	$ 11,390

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments - unlisted shares	$ -	$ -	$ 9,338	$ 9,338

There were no transfers between Levels 1 and 2 in the current and prior years.

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

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at beginning of year	$ 9,338
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	2,052
Balance at end of year	$ 11,390

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at beginning of year	$ 11,782
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	(2,444)
Balance at end of year	$ 9,338

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

The fair values of unlisted equity securities were determined using the market approach. The market approach is used to arrive at their fair values, for which the recent financing activities of investees, the market transaction prices of the similar companies and market conditions are considered. The significant unobservable inputs are as follows. The lower the discount for lack of marketability, the higher the fair value of the shares.

	December 31	
	2021	2020
Discount for lack of marketability	30%	30%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	December 31	
	2021	2020
Discount for lack of marketability		
1% increase	$ (163)	$ (133)
1% decrease	$ 163	$ 133

c. Categories of financial instruments

	December 31 2021	December 31 2020
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 200,379	$ -
Financial assets at amortized cost		
Cash and cash equivalents	531,713	341,406
Financial assets at amortized cost	23,540	18,540
Notes and accounts receivable, net	53,822	46,816
Accounts receivable from related parties	303,853	239,622
Other receivables	1,315	1,073
Other receivables from related parties	74,151	72,185
Financial assets at FVTOCI		
Equity instruments	11,390	9,338
	$ 1,200,163	$ 728,980
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ -	$ 500,000
Accounts payable	192,060	175,949
Other payables	402,310	362,380
Other payables to related parties	1,102	1,322
Long-term borrowings (current portion included)	94,365	1,302,233
	$ 689,837	$ 2,341,884

d. Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies.

1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk (see (a) below) and interest rate risk (see (b) below).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries. The purpose of the Company's management of the exchange rate risk is for the purpose of hedging and not for profit.

The Company has certain foreign currency receivables to be denominated in the same foreign currency as certain foreign currency payables, therefore natural hedging is applied. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 33.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 10% change in the functional currency against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates a change in pre-tax profit associated with the functional currency strengthening 10% against the relevant currency.

	Currency USD Impact	
	For the Year Ended December 31	
	2021	**2020**
Profit or loss	$ 6,261	$ 4,517

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The Company is also exposed to interest rate risk related to its investments in floating rate debt instruments. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 23,540	$ 18,540
Financial liabilities	159,326	1,877,449
Cash flow interest rate risk		
Financial assets	531,435	341,164

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been changed by 10 basis points and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would change by NT$531 thousand and NT$341 thousand, respectively, which was mainly due to fluctuations in the net asset's variable interest rate.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. The Company also uses certain credit enhancement instruments such as contractual liabilities at appropriate times to reduce the credit risk of specific customers.

The Company transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

3) Liquidity risk

The Company's objective is to finance its operations and mitigate the effects of fluctuations in cash flows through the use of cash and cash equivalents and highly liquid equity investments. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2021

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Notes and accounts payable (related parties included)	$ 192,060	$ -	$ -	$ -	$ -	$ 192,060
Other payables (related parties included)	254,354	149,121	-	-	-	403,475
Lease liabilities	7,472	7,189	7,971	6,688	42,836	72,156
Variable interest rate liabilities	3,969	3,951	7,848	23,118	62,015	100,901
	$ 457,855	$ 160,261	$ 15,819	$ 29,806	$ 104,851	$ 768,592

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 14,661	$ 14,659	$ 8,802	$ 8,802	$ 8,802	$ 16,430
Variable interest rate liabilities	7,920	30,966	37,104	24,911	-	-
	$ 22,581	$ 45,625	$ 45,816	$ 33,713	$ 8,802	$ 16,430

December 31, 2020

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Accounts payable (related parties included)	$ 175,949	$ -	$ -	$ -	$ -	$ 175,949
Other payables (related parties included)	215,537	148,165	-	-	-	363,702
Lease liabilities	7,324	7,059	13,206	10,868	44,597	83,054
Variable interest rate liabilities	23,794	23,688	503,997	395,829	413,851	1,361,159
Fixed interest rate liabilities	500,356	-	-	-	-	500,356
	$ 922,960	$ 178,912	$ 517,203	$ 406,697	$ 458,448	$ 2,484,220

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 14,383	$ 24,074	$ 8,802	$ 8,802	$ 8,802	$ 18,191
Variable interest rate liabilities	47,482	899,826	222,582	191,269	-	-
Fixed interest rate liabilities	500,356	-	-	-	-	-
	$ 562,221	$ 923,900	$ 231,384	$ 200,071	$ 8,802	$ 18,191

b) Financing facilities

	December 31	
	2021	2020
Short-term borrowings amount		
Amount unused	$ 738,000	$ 188,000

30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and related parties are disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category	Relationship with the Company
Pro-partner Inc. (Pro-partner)	Subsidiary	The Company's subsidiary
GRAPE KING INTERNATIONAL INVESTMENT INC (BVI)	Subsidiary	The Company's subsidiary
Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Subsidiary	The Company's subsidiary
Shanghai Rivershine Ltd. (Shanghai Rivershine)	Subsidiary	The Company's subsidiary
Rivershine Ltd. (Rivershine)	Subsidiary	The Company's subsidiary
Dongpu Biotech Corporation (Dongpu)	Subsidiary	The Company's subsidiary
Pu Hsing Enterprise Co., Ltd. (Pu Hsing)	Other related party	A director of Pro-partner
Uni-President Enterprises Corp. (Uni-President)	Other related party	Director of the Company
President Pharmaceutical Corp. (President Pharmaceutical)	Other related party	Subsidiary of a director of the Company
President Chain Store Corp. (President Chain Store)	Other related party	Subsidiary of a director of the Company
President Transnet Corp. (President Transnet)	Other related party	Subsidiary of a director of the Company
President Collect Services Corp. (President Collect Services)	Other related party	Subsidiary of a director of the Company
GK BIO INTERNATIONAL SDN. BHD.	Associate	Investee of the Company accounted for using the equity method

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Sales	Pro-partner	$ 1,596,461	$ 1,510,097
	Other subsidiaries	239,520	210,208
	Associate	23,075	11,877
	Other related party	736	-
		$ 1,859,792	$ 1,732,182

The sales price for the related parties and the price for the third-party MLM member customers were determined based on mutual consent. There is no significant difference regarding the terms and conditions for the related parties and the third parties.

c. Contract liabilities

Line Item	Related Party Category/Name	December 31 2021	December 31 2020
Contract liabilities	Other related party	$ 564	$ -

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2021	December 31 2020
Accounts receivable from related parties	Pro-partner	$ 196,673	$ 188,165
	Rivershine	92,188	44,776
	Other subsidiaries	5,723	4,433
	Associate	8,908	2,248
	Other related party	361	-
		$ 303,853	$ 239,622
Other receivables from related parties (including bonus to directors)	Pro-partner	$ 74,126	$ 72,173
	Other subsidiaries	25	12
		$ 74,151	$ 72,185

e. Payables to related parties

Line Item	Related Party Category/Name	December 31 2021	December 31 2020
Other payables to related parties	President Transnet	$ 611	$ -
	Uni-President	491	-
	Rivershine	-	1,322
		$ 1,102	$ 1,322

f. Prepayments

Line Item	Related Party Category/Name	December 31 2021	December 31 2020
Prepayments	Other related party	$ 110	$ -

g. Other transactions with related parties

Line Item	Related Party Category/Name	December 31 2021	December 31 2020
Guarantee deposits received	Subsidiary	$ 472	$ 472

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	2020
Operating costs - freight expense	Other related party	$ 10	$ -
Operating cost - inspection expense	Other related party	$ 45	$ -
Selling and marketing expenses - freight expense	Other related party	$ 2,400	$ -
Selling and marketing expenses - advertisement expense	Other related party	$ 871	$ -
Selling and marketing expenses - inspection expense	Other related party	$ 151	$ -
General and administrative expenses - freight expense	Other related party	$ 2	$ -
Research and development expenses - freight expense	Other related party	$ 53	$ -
Research and development expenses - inspection expense	Other related party	$ 5	$ -
Rental income	Pro-partner	$ 2,852	$ 3,232
	Rivershine	400	400
	Other related party	11	11
		$ 3,263	$ 3,643
Other income	Pro-partner	$ 75,686	$ 72,826

The terms and conditions of the above-mentioned related party transactions are similar to those of general non-related parties. The calculation method and payment terms are the same as the general membership in accordance with the regulations of the Business Manual, and rental prices were similar to those of general transactions. The term of collection was either in monthly installments or in full at the beginning of each year.

h. Remuneration of key management personnel

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 55,151	$ 57,252
Post-employment benefits	155	223
	$ 55,306	$ 57,475

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for long-term and short-term secured loans, Chinese Petroleum Corporation natural gas, leasing land and operating center from science-based parks:

	December 31	
	2021	2020
Property, plant and equipment - land	$ 1,249,710	$ 1,249,710
Property, plant and equipment - buildings	253,951	272,782
Pledged time deposits (classified as financial assets at amortized cost - non-current)	9,600	9,600
	$ 1,513,261	$ 1,532,092

Secured bank facilities used in response to operating funds by the Company's property, plant and equipment - land/building as of December 31, 2021 and 2020 are as follows:

	December 31	
	2021	2020
Short-term financing facilities	$ 238,000	$ 238,000
Medium and long-term financing facilities	1,000,000	1,100,000
	$ 1,238,000	$ 1,338,000

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Company are as follows:

a. The Company's guarantee notes issued to banks for credit lines amounted to NT$400,000 thousand as of December 31, 2021.

b. Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2021 were as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Plant and machinery	$ 433,800	$ 22,292	$ 411,508

33. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,304	27.68 (USD:NTD)	$ 63,775
Financial liabilities			
Monetary items			
USD	42	27.68 (USD:NTD)	$ 1,163

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,586	28.48 (USD:NTD)	$ 45,169

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were NT$(66) thousand and NT$(658) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financings provided to others: None;

2) Endorsements/guarantees provided: None;

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 1;

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 2;

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None;

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 3;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4;

9) Trading in the derivative instruments: None;

b. Information on investees: Table 5;

c. Information on investment in mainland China

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, net income (losses) of the investee, investment income (losses), ending balance, amount received as dividends from the investee, and the limitation on investee: Table 6

2) Significant direct or indirect transactions with the investee, its prices and terms of payment and unrealized gain or loss: None

d. Information on major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7

35. SEGMENTS INFORMATION

The Company has disclosed its operating segments in the consolidated financial statements.

TABLE 1

GRAPE KING BIO LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Marketable Securities Type And Name	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Grape King Bio Ltd.	Stock							
	FU-Sheng International Inc. (SAMOA)	-	Financial assets at fair value through other comprehensive income - non-current	971,700	$ 11,380	18.77	$ 11,380	-
	Hsin Tung Yang Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	10	-	10	-
	Mutual funds							
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,101,392.9	100,182	-	100,182	-
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,584,833.14	100,197	-	100,197	-

GRAPE KING BIO LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition (Note 1)		Disposal (Note 1)				Ending Balance (Note 3)	
					Number of Units (In Thousands)	Amount	Number of Units (In Thousands)	Amount	Number of Units (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Units (In Thousands)	Amount
Grape King Bio Ltd.	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	$ -	24,391	$ 400,000	18,290	$ 300,115	$ 300,000	$ 115	6,101	$ 100,182
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	28,988	350,000	28,988	350,175	350,000	175	-	-
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	21,498	350,000	21,498	350,130	350,000	130	-	-

Note 1: The cumulative amount of securities acquired or disposed of should be calculated separately, based on the market price, whether it reaches NT$300 million or 20% of the paid-in capital.

Note 2: Paid-in capital refers to the paid-in capital of Grape King Bio Ltd.

Note 3: The amount of ending balance includes the amount of unrealized gains and losses.

TABLE 3

GRAPE KING BIO LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note)		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Sales	$ 1,596,461	65.11	30 days after monthly closing	By contract	-	$ 196,673	54.99	-
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	227,782	9.29	120 days after monthly closing	By contract	-	92,188	25.77	-
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,596,461	98.43	30 days after monthly closing	By contract	-	(196,673)	97.85	-
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	227,782	100.00	120 days after monthly closing	By contract	-	(92,188)	100.00	-

Note: If the terms of transactions with the related parties are different from normal terms, the difference and the reason for the difference should be declared in the column of unit price or credit period.

TABLE 4

GRAPE KING BIO LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	$ 196,673	8.30	$ -	-	$ 196,673	$ -

TABLE 5

GRAPE KING BIO LTD.

INFORMATIONS ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				December 31, 2021	December 31, 2020	Share	Percentage of Ownership (%)	Carrying Amount			
Grape King Bio Ltd.	GRAPE KING INTERNATIONAL INVESTMENT INC.	BVI	Investment activities	$ 1,198,018	$ 1,198,018	24,890,000	100	$ 1,080,976	$ 102,981	$ 100,929	Notes 1 and 2
	Pro-partner Inc.	Taoyuan, Taiwan	Import and selling of health food, drink, cosmetics, sports apparatus, cleaning the articles, etc.	15,000	15,000	10,560,000	60	2,139,143	1,618,914	971,640	Note 1
	Rivershine Ltd.	Taoyuan, Taiwan	Import and selling of health food, drink, daily cosmetics, appliances, etc.	30,000	30,000	3,000,000	100	39,342	5,825	5,825	-
	GK BIO INTERNATIONAL SDN. BHD.	Malaysia	Import and selling of health products	6,810	6,810	900,000	30	11,767	18,621	5,723	Note 1

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT$(1,703) thousand has been adjusted.

Note 2: The current investment gain (loss) recognized by BVI includes the current profit of Shanghai Grape King and Shanghai Rivershine.

TABLE 6

GRAPE KING BIO LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsule, tablet, related products and services.	USD 27,900	Note 1(2) Note 3	$ 847,672 (USD 27,350)	$ -	$ -	$ 847,672 (USD 27,350)	$ 104,542 Note 2(2)B	100%	$ 102,490 Note 2(2)B	$ 1,034,223	$ -
Shanghai Yusong Co., Ltd.	Stock management and related services of the thermostatic fresh freezing warehouse.	USD 4,890	Note 1(2) Note 4	26,794 (USD 878)	-	-	26,794 (USD 878)	- Note 2(3)	18.77%	- Note 2(3)	11,380 Note 2(3)	-
Shanghai Rivershine Ltd.	Food distribution (except grain), food packaging materials, cosmetics wholesale, import and export, commission agents (except auction), related products and services.	USD 650	Note 1(2) Note 5	4,060 (USD 150)	14,230 (USD 500) Note 8	-	18,290 (USD 650)	(570) Note 2(2)B	100%	(570) Note 2(2)B	17,776	-
Dongpu Biotech Corporation	Biotechnology R&D and transfer; sales of biological products, special foods (health foods), food materials, food packaging materials, cosmetics, daily necessities; commission agents (excluding auctions); import and export of goods.	RMB 5,000	Note 1(1) Note 6	23,200 (RMB 5,000)	-	-	23,200 (RMB 5,000)	(1,266) Note 2(2)B	100%	(1,266) Note 2(2)B	27,024	-

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Shanghai Changhong Biotechnology Co., Ltd.	Biotechnology consultation, biotechnology R&D and transfer, import and export of goods or transfers of technology, brand planning, corporate image and marketing planning, conference services, social and economic consulting services, business information consulting, self-owned equipment leasing, domestic cargo transportation agent, sales and online retail of knitted textiles, etc.	USD 700	Note 1(1) Note 7	$ 7,273 (USD 246)	$ -	$ -	$ 7,273 (USD 246)	$ (9,095) Note 7	35.1%	$ (3,192) Note 7	$ 4,114 Note 7	$ -
Shanghai Xinquan Biotechnology Co., Ltd.	Biotechnology technical technology development consultation, service and transfer, sales of cosmetic and daily necessities, etc.	RMB 5,000	Note 1(2) Note 9	-	-	-	-	(669) Note 2(2)B	45%	(301) Note 2(2)B	9,472	-

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 923,229	$ 923,229	$ 6,257,649

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

1) Direct investment in mainland China.

2) Indirect investment in mainland China through companies registered in a third region (specify the name of the company in third region).

3) Other methods.

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

1. No investment income (loss) has been recognized due to the investment is still in the development stage.

(Continued)

2. The investment income (loss) was determined based on the following basis:

   (A) The financial report was reviewed and certified by an international accounting firm in cooperation with an accounting firm in the ROC.

   (B) The financial statements were reviewed by the parent company's auditors.

3. Recorded as financial assets at fair value through other comprehensive income.

Note 3: The Company invested in Shanghai Grape King Enterprise Co., Ltd. through subsidiary GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI).

Note 4: The Company invested in Shanghai Yusong Co., Ltd. through Fu-Sheng International Inc. (SAMOA).

Note 5: The Company indirectly invested in Shanghai Rivershine Ltd. through its subsidiary, GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI).

Note 6: The Company directly invested in Dongpu Biotech Corporation. On June 25, 2021, the Company resolved to liquidate Dongpu Biotech Corporation, which is currently undergoing its liquidation procedures.

Note 7: The Company directly invested in Shanghai Changhong Biotechnology Co., Ltd.

Note 8: The Company invested Shanghai Rivershine Ltd. with cash by increasing capital NT$14,230 thousand (US$500 thousand) through its subsidiary GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI).

Note 9: The Company invested in Shanghai Xinquan Biotechnology Co., Ltd. through subsidiary Shanghai Rivershine Ltd.

(Concluded)

TABLE 7

GRAPE KING BIO LTD.

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Uni-President Enterprises Corp.	11,851,000	8.00
Fubon Life Assurance Co., Ltd.	10,757,000	7.26

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

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

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

GRAPE KING BIO LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Cash on hand		$ 270
Deposits in banks		
Demand deposits		481,607
Foreign currency deposits	Including USD$1,350 thousand @27.68, RMB$2,202 thousand @4.344 and JPY$1,641 thousand @0.2405	49,828
Checking deposits		8
Total		$ 531,713

Note: Cash and cash equivalents were not pledged.

GRAPE KING BIO LTD.

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET (RELATED PARTIES INCLUDED)
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Client Name	Amount
Related Parties	
Pro-partner Inc.	$ 196,673
Rivershine Ltd.	92,188
Shanghai Grape King Enterprise Co., Ltd.	5,723
GK BIO INTERNATIONAL SDN. BHD.	8,908
President Pharmaceutical Corp.	361
Total	303,853
Non-related parties	
110008	14,566
310276	9,838
171127	5,512
59003799	4,015
11A739	3,261
11A664	3,061
11A751	2,835
11A903	2,767
320231	2,764
Others (Note 1)	8,382
	57,001
Less: loss allowance	3,179
Net	53,822
Total	$ 357,675

Note 1: The amount of individual client included in others does not exceed 5% of the account balance.

Note 2: The accounts receivable incurred from operating activities were not pledged.

STATEMENT 3

GRAPE KING BIO LTD.

STATEMENT OF INVENTORIES, NET
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount	
	Cost	Net Realizable Value
Raw materials	$ 142,459	$ 142,370
Supplies	40,413	39,754
Semi-finished goods and work in progress	241,461	241,461
Finished goods	150,314	391,668
Merchandises	157	157
Total	574,804	$ 815,410
Less: Allowance for inventory valuation losses	(6,627)	
Net	$ 568,177	

Note 1: Inventories are valued at lower of cost or net realizable value on an item-by-item basis.

Note 2: The insurance coverage for inventories was NT$814,078 thousand as of December 31, 2021.

Note 3: Inventories were not pledged.

GRAPE KING BIO LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee companies	Balance, January 1, 2021		Additions in Investment		Decrease in Investment		Increase (Decrease) Investments Accounted for Using the Equity Method	Balance, December 31, 2021			Net Assets	
	Shares	Amount	Shares	Amount	Shares	Amount	Amount (Note)	Shares	%	Amount	Value	Collateral
GRAPE KING INTERNATIONAL INVESTMENT INC.	24,890,000	$ 978,947	-	$ -	-	$ -	$ 102,029	24,890,000	100.0	$ 1,080,976	$ 1,084,870	None
Pro-partner Inc.	10,560,000	2,009,206	-	-	-	-	129,937	10,560,000	60.0	2,139,143	2,161,682	None
Rivershine Ltd.	3,000,000	38,428	-	-	-	-	914	3,000,000	100.0	39,342	39,342	None
Dongpu Biotech Corporation	-	28,503	-	-	-	-	(1,479)	-	100.0	27,024	27,024	None
GK BIO INTERNATIONAL SDN. BHD.	900,000	7,115	-	-	-	-	4,652	900,000	30.0	11,767	12,161	None
Shanghai Changhong Biotechnology Co., Ltd.	-	-	-	7,273	-	-	(3,159)	-	35.1	4,114	4,114	None
Total		$ 3,062,199		$ 7,273		$ -	$ 232,894			$ 3,302,366	$ 3,329,193	

Note: Mainly including share of profit or loss of subsidiaries and associates, share of other comprehensive income of subsidiaries and associates, cash dividends received from subsidiaries and associates, etc.

GRAPE KING BIO LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Land	Buildings	Transportation Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2021	$ 48,799	$ 40,888	$ 7,545	$ 3,040	$ 100,272
Additions	454	-	3,352	345	4,151
Disposals	-	-	(3,693)	-	(3,693)
Balance at December 31, 2021	$ 49,253	$ 40,888	$ 7,204	$ 3,385	$ 100,730
Accumulated depreciation					
Balance at January 1, 2021	$ 3,518	$ 18,436	$ 4,012	$ 735	$ 26,701
Depreciation Expenses	1,758	9,290	2,581	641	14,270
Disposals	-	-	(3,693)	-	(3,693)
Balance at December 31, 2021	$ 5,276	$ 27,726	$ 2,900	$ 1,376	$ 37,278
Carrying amount at December 31, 2021	$ 43,977	$ 13,162	$ 4,304	$ 2,009	$ 63,452

GRAPE KING BIO LTD.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Amount
Others	$ 192,060

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

GRAPE KING BIO LTD.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Description	Type	December 31, 2021	Contract Period	Interest Rates	Credits Amount	Collateral	Note
HUA NAN BANK - Zhongli Branch	Secured borrowings	$ 94,365	2020.6.8-2035.6.8	1.02%	$ -	Land and Building	-
Less: Current portions		(6,990)					
		$ 87,375					

GRAPE KING BIO LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Description	Lease Period	Discount Rate	December 31, 2021
Land	2016.04.15-2051.04.14	1.02%	$ 44,803
Buildings	2018.06.01-2023.05.31	1.00%	13,795
Transportation equipment	2018.06.15-2024.10.31	1.00%-1.02%	4,335
Other equipment	2019.03.01-2026.11.30	1.00%-1.02%	2,028
Total			64,961
Less: Current portion			(14,078)
Noncurrent portion			$ 50,883

STATEMENT 9

GRAPE KING BIO LTD.

STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantity (In Thousands)	Amount
Sales revenue		
Health food	5,419	$ 1,967,615
ODM/OEM	1,329	267,146
Beverage	1,630	191,951
Others		25,160
Total net revenue		$ 2,451,872

STATEMENT 10

GRAPE KING BIO LTD.

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Raw materials used	
Beginning balance	$ 90,629
Add: Raw materials purchased	477,447
Gain from raw material physical counts	681
Less: Ending balance	(142,459)
Raw materials scrapped	(652)
Raw materials sold directly	(23,349)
Transferred to other accounts	(6,050)
Other operating costs	(4)
Direct materials used	396,243
Supplies used	
Beginning balance	45,076
Add: Supplies purchased	226,895
Gain from supplies physical counts	704
Transferred from other accounts	5,493
Less: Ending balance	(40,413)
Supplies sold directly	(668)
Supplies scrapped	(8,569)
Transferred to other accounts	(622)
Other operating costs	(1)
Supplies used	227,895
Direct labor	116,482
Manufacturing overhead	459,868
Manufacturing cost	1,200,488
Semi-finished goods and work in process	
Beginning balance	260,034
Add: Semi-finished goods and work in process purchased	114,832
Gain from semi-finished goods physical counts	1,119
Transferred from other accounts	347
Less: Ending balance	(241,461)
Semi-finished goods and work in process scrapped	(998)
Transferred to other accounts	(45,977)
Semi-finished goods sold directly	(191,854)
Other operating costs	(607)
Cost of finished goods	1,095,923
Add: Beginning balance	156,062
Finished goods purchased	8,837
Less: Ending balance	(150,314)
Finished goods scrapped	(1,725)
Loss from cost of finished goods physical counts	(4)
Transferred to other accounts	(27,316)
Other operating costs	(168)
Cost of goods sold at normal production level	1,081,295
Merchandise cost	
Beginning balance	127
Add: Merchandise purchased	81
Gain from merchandise physical counts	1
Less: Ending balance	(157)
Transferred to other accounts	(33)
Cost of merchandise sold	19
Cost of raw materials sold directly	23,349
Cost of supplies sold directly	668
Cost of semi-finished goods sold directly	191,854
Transferred to other accounts	(14,719)
Gain (loss) from physical counts	(2,501)
Scrapped	11,944
Other operating costs	(1,705)
Total	$ 1,290,204

GRAPE KING BIO LTD.

STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Advertising	$ 238,841
Salaries and wages	63,217
Depreciation	25,920
Tax	22,534
Others (Note)	82,757
Total	$ 433,269

Note: Expenses included in others do not exceed 5% of the account balance.

STATEMENT 12

GRAPE KING BIO LTD.

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Salaries and wages	$ 149,810
Labor costs	41,693
Depreciation	32,058
Insurance	18,229
Others (Note)	77,060
Total	$ 318,850

Note: Expenses included in others do not exceed 5% of the account balance.

GRAPE KING BIO LTD.

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Salaries and wages	$ 72,228
Research experiment fee	54,355
Depreciation	26,187
Commissioned research fee	36,560
Others (Note)	55,715
Total	$ 245,045

Note: Expenses included in others do not exceed 5% of the account balance.

GRAPE KING BIO LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	For the Year Ended December 31					
	2021			2020		
	Cost of Goods Sold	Operating Expenses	Total	Cost of Goods Sold	Operating Expenses	Total
Employee benefits expense						
Salaries and wages	$ 187,471	$ 244,992	$ 432,463	$ 181,348	$ 239,222	$ 420,570
Labor and health insurance	13,346	21,962	35,308	11,859	17,169	29,028
Pension	6,474	6,868	13,342	6,167	7,293	13,460
Share-based payments	-	-	-	-	1,597	1,597
Other employee benefits	3,163	5,937	9,100	3,014	5,769	8,783
Board compensation	-	33,394	33,394	-	26,070	26,070
	$ 210,454	$ 313,153	$ 523,607	$ 202,388	$ 297,120	$ 499,508
Depreciation (Note 2)	$ 186,880	$ 84,431	$ 271,311	$ 177,459	$ 80,113	$ 257,572
Amortization	$ 168	$ 5,199	$ 5,367	$ -	$ 5,422	$ 5,422

Note 1: For the years of 2021 and 2020, the Company had an average of 466 and 455 employees, respectively, which included 11 and 8 non-employee directors, respectively.

1) Average labor costs for the years ended December 31, 2021 and 2020 were NT$1,077 thousand and NT$1,059 thousand, respectively.

2) Average salaries and bonuses for the years ended December 31, 2021 and 2020 were NT$950 thousand and NT$944 thousand, respectively.

3) The average salary and bonus decreased by 0.6% year over year.

4) Compensation to the supervisors for the years ended December 31, 2021 and 2020 were NT$18 thousand and NT$6,215 thousand, respectively. (Note 3)

5) Compensation policies

A. Directors and Managers

The remuneration shall be paid to directors who manage the Company’s business. The amount is determined based on the directors’ participation in the Company operations and value of contribution. In accordance with the Articles of Incorporation, the Board of Directors is authorized to provide compensation based on industry standards. In case of profit generated for the year, it shall set aside no more than 2% for the remuneration of directors as stipulated in the Articles of Incorporation. The actual appropriation ratio and amount shall be proposed by the Remuneration Committee based on operational performance and submitted to the Board of Directors for resolution. As for independent directors not included in the Company’s profit distribution, the executive compensation shall be paid based on a fixed amount and requires a Board of Directors resolution.

(Continued)

The remuneration of managers is determined based on individual performance, contribution to the Company's overall operations and market standards. In addition, if there is profit generated for the year, 6%-8% shall be set aside for employee compensation, which also includes managerial remuneration as stipulated in the Articles of Incorporation, and shall be proposed by the Remuneration Committee based on operational performance and submitted to the Board of Directors for approval.

The proposed remuneration of directors not included Independent Directors and managers shall be submitted to the Remuneration Committee for approval in accordance with the Articles of Incorporation and related regulations (as for the remuneration of independent directors, to avoid a conflict of interest, it is paid by the Board of Directors as stipulated in the Articles of Incorporation and according to industry standards, and is not determined by the Remuneration Committee).

B. Supervisors

The remuneration standard for the Company's supervisors is determined by referring to the usual level of payment in the same industry, and taking into account individual performance and supervisory performance; in addition, if there is profit generated for the year, the provision shall not exceed 2% according to the company's Articles of Incorporation. For the remuneration of supervisors, the actual allocation rate and amount will be reviewed by the Remuneration Committee and will be submitted to the Board of Directors for resolution.

C. Employees

The Company's assessment of salaries is determined based on the interview evaluation results at each stage, based on the rank of the employee. The compensation and bonus system is handled in accordance with the "Performance Appraisal Management Measures", which includes: performance bonuses, year-end bonuses, and mid-year bonuses (compensation of employees). The performance bonus of the sales team is handled in accordance with the "performance bonus distribution method", and monthly bonuses and quarterly bonuses are issued based on the performance goals; employee year-end bonuses and mid-year bonuses (compensation of employees) are issued based on the Company's previous year's profit status, The number of employees and the results of the annual appraisal will be considered and distributed after being reviewed by the Remuneration Committee.

Note 2: The aforementioned depreciation included the depreciation of investment properties, which was recognized by the Company in other gains and losses of NT$266 thousand and NT$266 thousand, for the years ended December 31, 2021 and 2020, respectively.

Note 3: The company has established an audit committee in accordance with the law to replace the supervisory authority in July 2021.

(Concluded)