Grape King Bio Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Grape King Bio Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Grape King Bio Ltd. and subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

GRAPE KING BIO LTD.

By

Sheng-Lin Tseng
Chairman

February 25, 2021

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Grape King Bio Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Grape King Bio Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

Valuation of Inventory

The products of the Group 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 10 to the consolidated financial statements for the details on the valuation of inventory. The net carrying value of inventory as of December 31, 2020 for the Group amounted to NT$689,464 thousand, which was significant to the consolidated 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 and tested the design and operating effectiveness of 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 Group'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 calculation of 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.

Other Matter

We have also audited the parent company only financial statements of Grape King Bio Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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.

Yu Feng Huang   Mingyuan Chung

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

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

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

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 2,927,029	22	$ 2,146,207	19
Financial assets at amortized cost (Note 8)	77,662	1	85,818	1
Notes and accounts receivable, net (Notes 9 and 23)	199,448	1	199,453	2
Accounts receivable from related parties (Notes 23 and 31)	2,248	-	2,603	-
Other receivables	3,533	-	2,141	-
Other receivables from related parties (Note 31)	12	-	-	-
Inventories (Note 10)	689,464	5	546,444	5
Other current assets (Note 17)	72,028	1	83,667	-
Total current assets	3,971,424	30	3,066,333	27
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	9,338	-	11,782	-
Financial assets at amortized cost (Notes 8 and 32)	13,320	-	11,460	-
Investments accounted for using the equity method (Note 12)	7,115	-	5,591	-
Property, plant and equipment (Notes 13, 32 and 33)	7,307,695	56	6,453,533	57
Right-of-use assets (Note 14)	202,113	2	207,298	2
Investment properties (Note 15)	1,467,018	11	1,475,868	13
Intangible assets (Note 16)	38,341	-	34,786	-
Deferred tax assets (Note 25)	10,872	-	9,337	-
Other non-current assets (Notes 17, 21 and 31)	76,885	1	83,083	1
Total non-current assets	9,132,697	70	8,292,738	73
TOTAL	$ 13,104,121	100	$ 11,359,071	100

	2020		2019	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 32)	$ 500,000	4	$ 350,000	3
Contract liabilities (Note 23)	96,240	1	65,014	1
Notes and accounts payable	255,318	2	222,626	2
Other payables (Note 19)	1,753,884	14	1,745,424	15
Other payables to related parties (Note 31)	37,641	-	38,130	-
Current tax liabilities (Note 25)	723,261	6	277,737	3
Lease liabilities (Notes 14 and 31)	41,796	-	43,636	-
Other current liabilities (Notes 19 and 31)	43,323	-	60,446	1
Current portion of long-term borrowings (Notes 18 and 32)	49,111	-	7,304	-
Total current liabilities	3,500,574	27	2,810,317	25
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 32)	1,372,150	10	819,241	7
Provisions (Note 20)	7,322	-	5,317	-
Deferred tax liabilities (Note 25)	68,804	1	68,675	1
Lease liabilities (Notes 14 and 31)	120,933	1	122,034	1
Other non-current liabilities (Notes 19, 21 and 31)	55,884	-	62,635	-
Total non-current liabilities	1,625,093	12	1,077,902	9
Total liabilities	5,125,667	39	3,888,219	34
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital				
Ordinary shares	1,362,864	11	1,362,864	12
Capital surplus	971,717	8	968,724	8
Retained earnings				
Legal reserve	1,070,880	8	939,947	8
Special reserve	100,752	1	74,671	1
Unappropriated earnings	3,204,726	24	2,973,497	26
Total retained earnings	4,376,358	33	3,988,115	35
Other equity	(86,465)	(1)	(100,752)	(1)
Treasury stock	-	-	(45,530)	-
Total equity attributable to owners of the Company	6,624,474	51	6,173,421	54
NON-CONTROLLING INTERESTS (Notes 11 and 22)	1,353,980	10	1,297,431	12
Total equity	7,978,454	61	7,470,852	66
TOTAL	$ 13,104,121	100	$ 11,359,071	100

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 23 and 31)	$ 9,168,195	100	$ 9,239,070	100
COST OF GOODS SOLD (Notes 10 and 24)	(1,631,457)	(18)	(1,673,182)	(18)
GROSS PROFIT	7,536,738	82	7,565,888	82
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATE	53	-	-	-
ADJUSTED GROSS PROFIT	7,536,791	82	7,565,888	82
OPERATING EXPENSES (Notes 21, 24, 27 and 31)				
Selling and marketing	(4,424,840)	(48)	(4,505,253)	(49)
General and administrative	(554,312)	(6)	(535,543)	(6)
Research and development	(252,857)	(3)	(190,091)	(2)
Total operating expenses	(5,232,009)	(57)	(5,230,887)	(57)
INCOME FROM OPERATIONS	2,304,782	25	2,335,001	25
NON-OPERATING INCOME AND EXPENSES (Notes 12, 24 and 31)				
Interest income	4,633	-	5,039	-
Other income	88,365	1	124,378	1
Other gains and losses	(6,930)	-	(5,873)	-
Finance costs	(14,341)	-	(17,690)	-
Share of profit or loss of associate	1,681	-	(749)	-
Total non-operating income	73,408	1	105,105	1
PROFIT BEFORE INCOME TAX	2,378,190	26	2,440,106	26
INCOME TAX EXPENSE (Note 25)	(483,095)	(5)	(501,540)	(5)
NET PROFIT FOR THE YEAR	1,895,095	21	1,938,566	21
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	462	-	491	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(2,444)	-	890	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(93)	-	(98)	-

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GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ 16,941	-	$ (33,078)	-
Exchange differences on translating the financial statements of foreign operations of associate	(210)	-	(470)	-
Other comprehensive income (loss) for the year, net of income tax	14,656	-	(32,265)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,909,751	21	$ 1,906,301	21
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,272,025	14	$ 1,309,020	14
Non-controlling interests	623,070	7	629,546	7
	$ 1,895,095	21	$ 1,938,566	21
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,286,740	14	$ 1,276,673	14
Non-controlling interests	623,011	7	629,628	7
	$ 1,909,751	21	$ 1,906,301	21
EARNINGS PER SHARE (Note 26)				
Basic earnings per share	$ 9.34		$ 9.63	
Diluted earnings per share	$ 9.29		$ 9.58	

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
							Others					
	Share Capital - Ordinary Shares			Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Share (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings			Treasury Stock	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	136,286	$ 1,362,864	$ 965,244	$ 810,407	$ 74,671	$ 2,676,265	$ (50,958)	$ (17,136)	$ (91,062)	$ 5,730,295	$ 1,202,975	$ 6,933,270
Appropriation of 2018 earnings												
Legal reserve	-	-	-	129,540	-	(129,540)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(882,559)	-	-	-	(882,559)	-	(882,559)
Share-based payment arrangements	-	-	3,480	-	-	-	-	-	45,532	49,012	-	49,012
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	(535,172)	(535,172)
Net profit for the year ended December 31, 2019	-	-	-	-	-	1,309,020	-	-	-	1,309,020	629,546	1,938,566
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	311	(33,548)	890	-	(32,347)	82	(32,265)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	1,309,331	(33,548)	890	-	1,276,673	629,628	1,906,301
BALANCE AT DECEMBER 31, 2019	136,286	1,362,864	968,724	939,947	74,671	2,973,497	(84,506)	(16,246)	(45,530)	6,173,421	1,297,431	7,470,852
Appropriation of 2019 earnings												
Legal reserve	-	-	-	130,933	-	(130,933)	-	-	-	-	-	-
Special reserve	-	-	-	-	26,081	(26,081)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(884,210)	-	-	-	(884,210)	-	(884,210)
Share-based payment arrangements	-	-	1,578	-	-	-	-	-	45,530	47,108	-	47,108
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	(566,462)	(566,462)
Change in other capital surplus	-	-	1,415	-	-	-	-	-	-	1,415	-	1,415
Net profit for the year ended December 31, 2020	-	-	-	-	-	1,272,025	-	-	-	1,272,025	623,070	1,895,095
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	428	16,731	(2,444)	-	14,715	(59)	14,656
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,272,453	16,731	(2,444)	-	1,286,740	623,011	1,909,751
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	$ 1,353,980	$ 7,978,454

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,378,190	$ 2,440,106
Adjustments for:		
Depreciation expenses	403,854	308,790
Amortization expenses	11,151	10,299
Expected credit loss recognized	4,841	2,845
Finance costs	14,341	17,690
Interest income	(4,633)	(5,039)
Dividend income	(2)	(2)
Compensation costs of share-based payment agreements	2,489	4,394
Share of profit (loss) of associate	(1,681)	749
Loss on disposal of property, plant and equipment, net	484	6,597
Realized gain on transactions with associate	(53)	-
Reversal of provisions	(267)	-
Loss arising from lease modifications	-	444
Changes in operating assets and liabilities		
Notes and accounts receivable, net	14	(28,208)
Accounts receivable from related parties	355	(2,603)
Other receivables	(1,254)	(1,320)
Other receivable from related parties	(12)	-
Inventories	(143,020)	16,387
Other current assets	11,639	(17,616)
Contract liabilities	31,226	(41,303)
Notes and accounts payable	32,692	(39,609)
Other payables	38,124	35,253
Other payables to related parties	(489)	2,508
Provisions	(490)	-
Other current liabilities	(6,753)	2,878
Net defined benefit liabilities	(5,209)	(2,732)
Cash generated from operations	2,765,537	2,710,508
Interest received	4,495	5,191
Interest paid	(11,736)	(15,308)
Income tax paid	(39,106)	(528,952)
Net cash generated from operating activities	2,719,190	2,171,439
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(3,720)	(56,908)
Proceeds from sale of financial assets at amortized cost	5,900	-
Repayment of financial assets at amortized cost	1,860	8,970
Acquisition of investments accounted for using the equity method	-	(6,810)
Acquisition of property, plant and equipment	(1,213,735)	(630,310)
Proceeds from disposal of property, plant and equipment	964	594
Increase in refundable deposits	(9,476)	(10,998)
Decrease in refundable deposits	10,287	11,554

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GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Acquisition of intangible assets	$ (12,382)	$ (25,006)
(Increase) decrease in other non-current assets	(7,067)	19,397
Dividends received	2	2
Net cash used in investing activities	(1,227,367)	(689,515)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,350,000	3,450,000
Repayments of short-term borrowings	(2,200,000)	(3,900,000)
Proceeds from long-term borrowings	873,000	1,150,000
Repayments of long-term borrowings	(278,284)	(642,262)
Proceeds from guarantee deposits received	5,890	2,645
Refund of guarantee deposits received	(19,810)	(14,905)
Repayment of the principal portion of lease liabilities	(48,957)	(40,972)
Dividends paid to owners of the Company	(884,210)	(882,559)
Proceeds from reissuance of treasury stock	44,619	44,618
Dividends paid to non-controlling interests	(566,462)	(535,172)
Other financing activities	1,415	-
Net cash used in financing activities	(722,799)	(1,368,607)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	11,798	(17,334)
NET INCREASE IN CASH AND CASH EQUIVALENTS	780,822	95,983
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,146,207	2,050,224
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,927,029	$ 2,146,207

The accompanying notes are an integral part of the consolidated 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 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 operation. 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 publicly traded 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 sales of pharmaceutical preparation, patent medicine, liquid tonic, drink, 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.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's Board of Directors and issued on February 25, 2021.

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)

   Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company and its subsidiaries' (collectively referred to as the "Group") accounting policies:

   Amendments to IAS 1 and IAS 8 "Definition of Material"

   The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to "could reasonably be expected to influence". Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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 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 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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 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 3: 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 4: 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: 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.

Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group 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 Group 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 Group 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 Group 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 Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group 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 Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in 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 consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit 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.

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 Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-company transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 11, Table 6 and Table 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

For the purpose of presenting the consolidated financial statements, the functional currencies of its foreign operations are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. 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.

g. Investments in associates

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

The Group 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 Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group'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 Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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 and intangible assets

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset 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 Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to 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 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.

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

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

For internal credit risk management purposes, the Group 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 Group).

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

c) Derecognition of financial assets

The Group derecognizes a financial asset 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 Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the 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 Group 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).

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

o. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group 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 consolidated 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 Group'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 arrangements - employee share options

<u>Employee share options granted</u>

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.

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences 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 Group 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 Group 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 Group's accounting policies, management is required to make judgments, estimations, and assumptions about 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 Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements

a. Lease terms

In determining a lease term, the Group 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 Group 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 9. 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	
	2020	**2019**
Cash on hand	$ 1,887	$ 2,888
Checking accounts and demand deposits	1,595,306	1,581,990
Cash equivalents(investments with original maturities of less than 3 months)		
Repurchase agreements collateralized by commercial paper	1,167,799	203,967
Repurchase agreements collateralized by bonds	162,037	357,362
	$ 2,927,029	$ 2,146,207

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	**2019**
Non-current - investments in equity instruments at FVTOCI		
Unlisted shares		
FU-Sheng International Inc. (Samoa)	$ 9,330	$ 11,748
Hsin Tung Yang Co., Ltd.	8	34
	$ 9,338	$ 11,782

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.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	**2019**
Current		
Time deposits with original maturities of more than 3 months	$ 77,662	$ 85,818
Non-current		
Pledged time deposits	$ 13,320	$ 11,460

Refer to Note 30 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2020	2019
Notes receivable		
Notes receivable - operating	$ 17,732	$ 5,482
Accounts receivable		
At amortized cost		
Gross carrying amount	184,895	197,302
Less: Loss allowance	(3,179)	(3,331)
	181,716	193,971
	$ 199,448	$ 199,453

The average credit period of sales of goods was 30-135 days. The Group 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 Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group 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 experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group'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 Group's different customer base.

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 3,331	$ 3,331
Less: Net remeasurement of loss allowance	(9)	-
Less: Amount written off	(143)	-
Balance at December 31	$ 3,179	$ 3,331

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

	Neither Past Due nor Impaired	Past Due but not Impaired			Total
		Within 90 Days	91 to 180 Days	Over 180 Days	
December 31, 2020	$ 189,899	$ 9,074	$ 475	$ -	$ 199,448
December 31, 2019	189,587	9,838	28	-	199,453

Notes and accounts receivable were not pledged.

10. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 206,040	$ 183,461
Semi-finished goods and work in progress	276,903	182,574
Raw materials	162,529	152,038
Supplies	43,865	27,800
Merchandise	127	571
	$ 689,464	$ 546,444

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

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 1,631,457	$ 1,673,182
Loss on retirement	$ 10,342	$ 17,028
Gain from physical counts	$ (2,543)	$ (1,501)

Inventories were not pledged.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2020	Proportion of Ownership December 31 2019
The Company	Pro-partner Inc. (Pro-partner)	Sales	60%	60%
The Company	GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI) (GKBVI)	Investment	100%	100%
The Company	Rivershine Ltd. (Rivershine)	Sales	100%	100%
The Company	Dongpu Biotech Corporation	Sales	100%	100%
GKBVI	Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Manufacturing and Sales	100%	100%
GKBVI	Shanghai Rivershine Ltd. (Shanghai Rivershine)	Sales	100%	100%

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31 2020	2019
Pro-partner	Taiwan, Republic of China	40%	40%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31 2020	2019	Accumulated Non-controlling Interests December 31 2020	2019
Pro-partner	$ 623,070	$ 629,546	$ 1,353,980	$ 1,297,431

Summarized financial information of the Group's subsidiary that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Pro-partner

	December 31 2020	2019
Current assets	$ 2,133,273	$ 1,532,322
Non-current assets	3,729,824	3,747,434
Current liabilities	(2,292,051)	(1,864,138)
Non-current liabilities	(186,095)	(172,041)
Equity	$ 3,384,951	$ 3,243,577
Equity attributable to:		
Owners of the Company	$ 2,030,971	$ 1,946,146
Non-controlling interests of Pro-partner	1,353,980	1,297,431
	$ 3,384,951	$ 3,243,577

	For the Year Ended December 31 2020	2019
Revenue	$ 7,718,865	$ 7,791,039
Profit for the year	$ 1,556,783	$ 1,573,278
Other comprehensive (loss) income for the year	(147)	203
Total comprehensive income for the year	$ 1,556,636	$ 1,573,481
Profit and total comprehensive income attributable to:		
Owners of the Company	$ 933,713	$ 943,732
Non-controlling interests of Pro-partner	623,070	629,546
	$ 1,556,783	$ 1,573,278

(Continued)

	For the Year Ended December 31	
	2020	2019
Total comprehensive income attributable to:		
Owners of the Company	$ 933,625	$ 943,853
Non-controlling interests of Pro-partner	623,011	629,628
	$ 1,556,636	$ 1,573,481
Net cash inflow (outflow) from:		
Operating activities	$ 2,141,579	$ 1,725,150
Investing activities	(48,952)	(16,177)
Financing activities	(1,469,948)	(1,567,651)
Net cash inflow	$ 622,679	$ 141,322
Dividends paid to non-controlling interests of:		
Pro-partner	$ 566,462	$ 535,172

(Concluded)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Associate that is not individually material		
GK BIO INTERNATIONAL SDN. BHD.	$ 7,115	$ 5,591

In January 2019, the Company invested NT$6,810 thousand in GK BIO INTERNATIONAL SDN. BHD. and acquired 30% ownership of the aforementioned company.

Aggregate information of associates that are not individually material.

	For the Year Ended December 31	
	2020	2019
The Company's share of:		
Net income (loss)	$ 1,694	$ (749)
Other comprehensive loss	(210)	(470)
Total comprehensive income (loss)	$ 1,484	$ (1,219)

The Company had neither contingent liabilities nor capital commitments to the associate as of December 31, 2020 and 2019.

Associate was not pledged.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	**2019**
Assets used by the Group	$ 7,307,695	$ 6,453,533

a. Assets used by the Group

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2020	$ 2,067,958	$ 3,264	$ 3,179,557	$ 1,284,693	$ 18,714	$ 48,277	$ 424,351	$ 1,496,235	$ 8,523,049
Additions	896,655	-	24,203	42,246	1,467	37,207	27,770	66,686	1,096,234
Disposals	-	-	(19,028)	(13,934)	(525)	-	(7,651)	-	(41,138)
Reclassified	-	-	1,129,567	371,241	1,175	-	48,876	(1,455,435)	95,424
Effects of foreign currency exchange differences	-	-	7,023	3,777	58	45	327	248	11,478
Balance at December 31, 2020	2,964,613	3,264	4,321,322	1,688,023	20,889	85,529	493,673	107,734	9,685,047
Accumulated depreciation									
Balance at January 1, 2020	-	1,340	791,071	929,987	11,166	21,459	314,493	-	2,069,516
Depreciation expense	-	355	168,592	113,069	2,492	13,742	44,515	-	342,765
Disposals	-	-	(18,980)	(12,895)	(272)	-	(7,543)	-	(39,690)
Effects of foreign currency exchange differences	-	-	2,227	2,189	36	23	286	-	4,761
Balance at December 31, 2020	-	1,695	942,910	1,032,350	13,422	35,224	351,751	-	2,377,352
Carrying amount at December 31, 2020	$ 2,964,613	$ 1,569	$ 3,378,412	$ 655,673	$ 7,467	$ 50,305	$ 141,922	$ 107,734	$ 7,307,695
Cost									
Balance at January 1, 2019	$ 2,067,958	$ 1,974	$ 3,134,148	$ 1,254,331	$ 16,523	$ 48,083	$ 417,443	$ 856,968	$ 7,797,428
Additions	-	1,290	44,436	54,053	2,731	299	10,386	522,600	635,795
Disposals	-	-	-	(47,820)	(461)	-	(5,736)	-	(54,017)
Reclassified	-	-	15,790	31,636	-	-	2,975	117,261	167,662
Effects of foreign currency exchange differences	-	-	(14,817)	(7,507)	(79)	(105)	(717)	(594)	(23,819)
Balance at December 31, 2019	2,067,958	3,264	3,179,557	1,284,693	18,714	48,277	424,351	1,496,235	8,523,049
Accumulated depreciation									
Balance at January 1, 2019	-	973	663,177	902,083	8,669	12,128	283,743	-	1,870,773
Depreciation expense	-	367	132,467	74,168	2,561	9,379	36,808	-	255,750
Disposals	-	-	-	(41,339)	-	-	(5,487)	-	(46,826)
Effects of foreign currency exchange differences	-	-	(4,573)	(4,925)	(64)	(48)	(571)	-	(10,181)
Balance at December 31, 2019	-	1,340	791,071	929,987	11,166	21,459	314,493	-	2,069,516
Carrying amount at December 31, 2019	$ 2,067,958	$ 1,924	$ 2,388,486	$ 354,706	$ 7,548	$ 26,818	$ 109,858	$ 1,496,235	$ 6,453,533

(Concluded)

The significant parts of the Group'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, 2020 and 2019 as there was no indication of impairment.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 84,382	$ 100,226
Buildings	107,418	99,060
Transportation equipment	8,008	7,359
Other equipment	2,305	653
	$ 202,113	$ 207,298

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 59,796	$ 5,318
Depreciation charge for right-of-use assets		
Land	$ 3,239	$ 3,631
Buildings	42,138	34,911
Transportation equipment	6,256	4,308
Other equipment	606	130
	$ 52,239	$ 42,980

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 41,796	$ 43,636
Non-current	$ 120,933	$ 122,034

Range of discount rates for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.02% to 4.75%	1.00% to 4.75%
Buildings	1.00% to 4.75%	1.00% to 4.75%
Transportation equipment	1.00% to 1.35%	1.00% to 4.75%
Other equipment	1.00%	1.00%

c. Material lease-in activities and terms

The Group leases certain land, buildings and transportation equipment with lease terms of 3 to 50 years. Lease payments for the lease contract of land will be adjusted on the basis of changes in announced land value prices. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Subleases

In addition to the sublease transactions described in Note 15, other sublease transactions are set out below.

Sublease of right-of-use assets

Shanghai Grape King entered into an operating lease agreement for a term from June 2014 to May 2034 with a non-related party. As of December 31, 2020 and 2019, Shanghai Grape King had received prepaid rents, recorded under the advances received for the period of nine years and one month and ten years and one month. The movement schedule of prepaid rents is listed as follows:

	For the Year Ended December 31	
	2020	2019
Beginning balance of prepaid rent	$ 45,423	$ 51,865
Rental income recognized in the current year	(4,480)	(4,679)
Effects of foreign currency exchange differences	660	(1,763)
Ending balance of prepaid rent	$ 41,603	$ 45,423

Advances received for operating leases are as follows:

	December 31	
	2020	2019
Other current liabilities	$ 4,580	$ 4,505
Other non-current liabilities	37,023	40,918
Ending balance of prepaid rent	$ 41,603	$ 45,423

e. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term and low-value asset leases	$ 14,258	$ 22,099
Total cash outflow for leases	$ (63,215)	$ (63,071)

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

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1 and December 31, 2020	$ 1,173,942	$ 394,499	$ 1,568,441
Accumulated depreciation			
Balance at January 1, 2020	$ -	$ 92,573	$ 92,573
Depreciation expense	-	8,850	8,850
Balance at December 31, 2020	$ -	$ 101,423	$ 101,423
Carrying amount at December 31, 2020	$ 1,173,942	$ 293,076	$ 1,467,018
Cost			
Balance at January 1 and December 31, 2019	$ 1,173,942	$ 394,499	$ 1,568,441
Accumulated depreciation			
Balance at January 1, 2019	$ -	$ 82,513	$ 82,513
Depreciation expense	-	10,060	10,060
Balance at December 31, 2019	$ -	$ 92,573	$ 92,573
Carrying amount at December 31, 2019	$ 1,173,942	$ 301,926	$ 1,475,868

The investment properties are leased out for 3 to 10 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, 2020 and 2019 is as follows:

	December 31	
	2020	2019
Year 1	$ 13,921	$ 17,116
Year 2	13,253	16,421
Year 3	9,966	15,635
Year 4	108	12,348
Year 5	108	2,490
Later than 5 years	-	13,724
	$ 37,356	$ 77,734

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of investment properties during the years ended December 31, 2020 and 2019. Investment properties are depreciated using the straight-line method over their estimated useful lives of 5 to 50 years.

Investment properties held by the Group are not measured at fair value while its fair value is disclosed. 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	
	2020	2019
Fair value	$ 1,686,593	$ 1,747,009

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	Trademark	Total
Cost			
Balance at January 1, 2020	$ 49,002	$ 15,049	$ 64,051
Additions	11,361	1,021	12,382
Reclassified	2,990	-	2,990
Effects of foreign currency exchange differences	45	-	45
Balance at December 31, 2020	$ 62,698	$ 16,070	$ 78,768
Accumulated amortization			
Balance at January 1, 2020	$ 15,197	$ 14,068	$ 29,265
Amortization expenses	10,003	1,148	11,151
Effects of foreign currency exchange differences	11	-	11
Balance at December 31, 2020	$ 25,211	$ 15,216	$ 40,427
Carrying amounts at December 31, 2020	$ 37,487	$ 854	$ 38,341
Cost			
Balance at January 1, 2019	$ 24,070	$ 15,049	$ 39,119
Additions	25,006	-	25,006
Effects of foreign currency exchange differences	(74)	-	(74)
Balance at December 31, 2019	$ 49,002	$ 15,049	$ 64,051
Accumulated amortization			
Balance at January 1, 2019	$ 8,836	$ 10,142	$ 18,978
Amortization expenses	6,373	3,926	10,299
Effects of foreign currency exchange differences	(12)	-	(12)
Balance at December 31, 2019	$ 15,197	$ 14,068	$ 29,265
Carrying amounts at December 31, 2019	$ 33,805	$ 981	$ 34,786

Except for the aforementioned addition and recognized amortization, the Group did not have disposal or impairment of other intangible assets during the year ended December 31, 2020 and 2019. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-10 years
Trademark	4-5 years

	For the Year Ended December 31	
	2020	**2019**
An analysis of depreciation by function		
Selling and marketing expenses	$ 5,243	$ 2,595
General and administrative expenses	5,908	7,704
	$ 11,151	$ 10,299

17. OTHER ASSETS

	December 31	
	2020	**2019**
Current assets		
Prepayments for purchases	$ 30,314	$ 43,334
Office supplies	1,274	2,572
Other prepaid expenses	34,270	32,180
Other current assets	6,170	5,581
	$ 72,028	$ 83,667
Non-current assets		
Prepayments for equipment	$ 22,044	$ 39,207
Refundable deposits	25,050	26,808
Net defined benefit assets	12,160	6,504
Overdue receivables	2,244	2,267
Less: loss allowance	(2,244)	(2,267)
Other non-current assets	17,631	10,564
	$ 76,885	$ 83,083

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

18. BORROWINGS

a. Short-term borrowings

	Interest Rates (%)	December 31 2020	December 31 2019
Unsecured borrowings			
Line of credit borrowings	1.00-1.04	$ 262,000	$ 150,000
Secured borrowings			
Bank loans	1.00-1.02	238,000	200,000
		$ 500,000	$ 350,000

Refer to Note 32 for property, plant and equipment pledged as collateral for short-term borrowings.

b. Long-term borrowings

Details of long-term borrowings are as follows:

Lenders	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 Taiwan Cooperative Bank	119,028	1.19	Effective from May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due on a monthly basis.
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.
	1,421,261		
Less: Current portion	(49,111)		
	$ 1,372,150		

Lender	December 31, 2019	Interest Rates (%)	Maturity and Terms
Unsecured borrowings			
Credit loans from Hua Nan Commercial Bank	$ 250,000	1.40	Effective from July 22, 2019 to July 22, 2022. Interest is repayable monthly; principal is repayable at maturity.
Secured borrowings			
Secured Long-Term Loan from Hua Nan Commercial Bank	350,000	1.30	Effective from July 22, 2019 to July 22, 2022. Interest is repayable monthly; principal is repayable at maturity.
Secured Long-Term Loan from Taiwan Cooperative Bank	126,545	1.44	Effective from May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Hua Nan Commercial Bank	100,000	1.30	Effective from May 10, 2019 to May 10, 2022. Interest is repayable monthly; principal is repayable at maturity.
	826,545		
Less: Current portions	(7,304)		
	$ 819,241		

Certain land and buildings were pledged as collateral for secured bank loans. Refer to Note 32 for the details.

19. OTHER LIABILITIES

	December 31	
	2020	2019
Current		
Other payables		
Bonus to direct sellers	$ 1,043,099	$ 1,003,837
Bonus to employees	204,120	209,680
Salaries and incentive bonus	140,903	157,976
Accrued VAT payable	82,255	72,051
Bonus to directors and supervisors	29,633	30,741
Payables for purchases of equipment	18,426	48,336
Other accrued expenses	232,284	220,379
Others	3,164	2,424
	$ 1,753,884	$ 1,745,424
Other liabilities		
Unearned rent	$ 6,006	$ 5,708
Guarantee deposits received	1,743	12,858
Other current liabilities	35,574	41,880
	$ 43,323	$ 60,446

(Continued)

	December 31	
	2020	2019
Non-current		
Guarantee deposits received	$ 17,283	$ 20,088
Net defined benefit liabilities	1,578	1,629
Other non-current liabilities - others	37,023	40,918
	$ 55,884	$ 62,635

(Concluded)

20. PROVISIONS

	December 31	
	2020	2019
Non-current		
Decommissioning, restoration and rehabilitation	$ 7,322	$ 5,317

The movements of the provision for decommissioning, restoration and rehabilitation activities were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 5,317	$ -
Adjustments on initial application of IFRS 16	-	4,571
Balance at January 1 (adjusted)	5,317	4,571
Additional provisions recognized	2,660	670
Amount used	(490)	-
Reversal of unused balance	(267)	-
Discount rate adjustment and unwinding of discount from the passage of time	102	76
Balance at December 31	$ 7,322	$ 5,317

The Group recognized provision for decommissioning of a factory site according to a contract.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company and its domestic subsidiaries make 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, 2020 and 2019 were NT$21,519 thousand and NT$32,830 thousand, respectively.

b. Defined benefit plans

The defined benefit plans adopted by the Company and its domestic subsidiaries in accordance with the Labor Standards Act 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 and its domestic subsidiaries 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 Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 23,635	$ 27,751
Fair value of plan assets	(34,217)	(32,626)
Net defined benefit liabilities (assets)	$ (10,582)	$ (4,875)

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

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2020	$ 27,751	$ (32,626)	$ (4,875)
Service cost			
Current service cost	233	-	233
Past service cost	1,061	-	1,061
Net interest expense (income)	231	(277)	(46)
Recognized in profit or loss	1,525	(277)	1,248
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(719)	(719)
Actuarial (gain) loss			
Changes in financial assumptions	830	-	830
Experience adjustments	(573)	-	(573)
Recognized in other comprehensive income	257	(719)	(462)
Contributions from the employer	-	(2,907)	(2,907)
Benefits paid	(4,837)	2,312	(2,525)
Curtailment	(1,061)	-	(1,061)
Balance at December 31, 2020	$ 23,635	$ (34,217)	$ (10,582)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	$ 28,122	$ (29,825)	$ (1,703)
Service cost			
Current service cost	307	-	307
Past service cost	278	-	278
Net interest expense (income)	291	323	(32)
Recognized in profit or loss	876	(323)	553
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,095)	(1,095)
Actuarial (gain) loss			
Changes in demographic assumptions	4	-	4
Changes in financial assumptions	681	-	681
Experience adjustments	(80)	-	(80)
Recognized in other comprehensive income	605	(1,095)	(490)
Contributions from the employer	-	(2,941)	(2,941)
Benefits paid	(1,404)	1,404	-
Curtailment	(448)	154	(294)
Balance at December 31, 2019	$ 27,751	$ (32,626)	$ (4,875)

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets 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	
	2020	2019
Discount rate	0.40%-0.80%	0.75%-1.00%
Expected rate of salary increase	1.50%-2.00%	1.50%-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	
	2020	**2019**
Discount rate		
0.25% increase	$ (676)	$ (785)
0.25% decrease	$ 706	$ 821
Expected rate of salary increase		
0.25%~1.00% increase	$ 1,302	$ 1,411
0.25%~1.00% decrease	$ (1,188)	$ (1,289)

The sensitivity analysis previously 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	
	2020	**2019**
Expected contributions to the plans for the next year	$ 2,972	$ 3,314
Average duration of the defined benefit obligation	14 years- 14.8 years	13 years- 14.1 years

Employee benefit expenses in respect of the Group’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, 2020 and 2019 were NT$1,248 thousand and NT$553 thousand, respectively.

22. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2020	**2019**
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)	136,286	136,286
Shares issued and fully paid (in thousands of dollars)	$ 1,362,864	$ 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	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Additional paid-in capital	$ 954,280	$ 954,280
Treasury share transactions	2,672	3,583
May only be used to offset a deficit		
Convertible bonds - expired share options	150	150
Treasury share transactions - share options	6,749	4,260
Others (2)	7,866	6,451
	$ 971,717	$ 968,724

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 dividend.

c. Retained earnings and dividends policy

According to the Company's Articles of Incorporation, both the Company and Pro-partner Inc. 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 24-h.

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 shareholder dividends 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.

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.

Items referred to under Rule No. 1010012865 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to the special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements in the preceding point, it shall set aside a supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The appropriations of earnings for 2019 and 2018 that were approved in the shareholders' meetings on May 28, 2020 and May 29, 2019 were as follows:

	For the Year Ended December 31	
	2019	**2018**
Legal reserve	$ 130,933	$ 129,540
Special reserve	$ 26,081	$ -
Cash dividends	$ 884,210	$ 882,559
Cash dividends per share (NT$)	$ 6.5	$ 6.5

The appropriation of earnings for 2020 that had been proposed by the Company's Board of Directors on February 25, 2021, was as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 127,245
Special reserve	$ (14,287)
Cash dividends	$ 948,079
Cash dividends per share (NT$)	$ 6.4

The appropriation of earnings for 2020 will be resolved by the shareholders in their meeting to be held on May 28, 2021.

Pro-Partner's appropriations of earnings for 2019 and 2018 that were approved in the shareholders' meetings on April 14, 2020 and April 25, 2019, respectively, were as follows:

	For the Year Ended December 31	
	2019	2018
Legal reserve	$ 157,328	$ 148,670
Cash dividends	$ 1,416,153	$ 1,337,931
Cash dividends per share (NT$)	$ 80.463	$ 76.02

Pro-partner's appropriation of earnings for 2020 that had been proposed by the Pro-partner's Board of Directors on February 18, 2021, was as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 155,664
Cash dividends	$ 1,400,972
Cash dividends per share (NT$)	$ 79.60

The appropriation of earnings for 2020 will be resolved by the shareholders in their meeting to be held on April 20, 2021.

d. Other equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at beginning of year	$ (84,506)	$ (50,958)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	16,731	(33,548)
Balance at end of year	$ (67,775)	$ (84,506)

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

	For the Year Ended December 31	
	2020	2019
Balance at beginning of year	$ (16,246)	$ (17,136)
Recognized for the year		
Unrealized gain (loss) - equity instruments	(2,444)	890
Balance at end of year	$ (18,690)	$ (16,246)

e. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at beginning of year	$ 1,297,431	$ 1,202,975
Profit for the year	623,070	629,546
Comprehensive income (loss) for the year		
Dividends paid to non-controlling interests	(566,462)	(535,172)
Remeasurement of defined benefit plans	(59)	82
Balance at end of year	$ 1,353,980	$ 1,297,431

f. 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 as of December 31, 2020 and 2019 was $0 and $45,530 thousand, respectively.

	Shares Transferred to Employees
Number of shares at January 1, 2020	254,000
Transferred during the year	(254,000)
Number of shares at December 31, 2020	-
Number of shares at January 1, 2019	508,000
Transferred during the year	(254,000)
Number of shares at December 31, 2019	254,000

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.

23. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	$ 8,388,148	$ 8,329,563
Revenue from the rendering of services	780,047	909,507
	$ 9,168,195	$ 9,239,070

a. Disaggregation of revenue

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

For the year ended December 31, 2020

	Reportable Segments			
	MLM	Distribution	ODM/OEM	Total
Type of goods or services				
Sale of goods	$ 7,718,865	$ 532,439	$ 136,844	$ 8,388,148
Rendering of services	-	-	780,047	780,047
	$ 7,718,865	$ 532,439	$ 916,891	$ 9,168,195
Timing of revenue recognition				
Satisfied at a point in time	$ 7,718,865	$ 532,439	$ 916,891	$ 9,168,195

For the year ended December 31, 2019

	Reportable Segments			
	MLM	Distribution	ODM/OEM	Total
Type of goods or services				
Sale of goods	$ 7,791,039	$ 412,980	$ 125,444	$ 8,329,563
Rendering of services	-	-	909,507	909,507
	$ 7,791,039	$ 421,980	$ 1,035,051	$ 9,239,070
Timing of revenue recognition				
Satisfied at a point in time	$ 7,791,039	$ 412,980	$ 1,035,051	$ 9,239,070

2) Type of goods

	For the Year Ended December 31	
	2020	2019
Type of goods		
Health food	$ 7,653,183	$ 7,717,633
ODM/OEM	916,891	930,391
Beverage	211,868	206,692
Others (Note)	386,253	384,354
	$ 9,168,195	$ 9,239,070

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

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable, net	$ 199,448	$ 199,453	$ 171,245
Accounts receivable from related parties	$ 2,248	$ 2,603	$ -
Contract liabilities - current			
Sale of goods	$ 4,801	$ 9,503	$ 48,238
Rendering of services	91,439	55,511	58,079
	$ 96,240	$ 65,014	$ 106,317

The changes in the balance of contract liabilities primarily resulted from the timing difference between the Group's performance and the respective customer's payment.

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2020	2019
Financial assets at amortized cost	$ 4,633	$ 5,039

b. Other income

	For the Year Ended December 31	
	2020	2019
Rental income	$ 29,895	$ 32,093
Others	58,470	92,285
	$ 88,365	$ 124,378

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange loss	$ (6,166)	$ (357)
Loss on disposal of property, plant and equipment	(455)	(966)
Loss arising from lease modifications	-	(444)
Others	(309)	(4,106)
	$ (6,930)	$ (5,873)

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 17,454	$ 15,022
Interest on lease liabilities	2,257	2,320
Imputed interest on deposits	141	272
Unwinding of discount on provisions	102	76
Less: Amounts included in the cost of qualifying assets	(5,613)	-
	$ 14,341	$ 17,690

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest amount	$ 5,613	$ -
Capitalization rate	1.06%	-

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ 200,140	$ 137,629
Operating expenses	203,714	171,161
	$ 403,854	$ 308,790
An analysis of amortization by function		
Operating costs	$ -	$ -
Operating expenses	11,151	10,299
	$ 11,151	$ 10,299

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2020	2019
Direct operating expenses from investment properties generating rental income	$ 4,249	$ 5,725
Direct operating expenses from investment properties not generating rental income	4,600	4,336
	$ 8,849	$ 10,061

g. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Short-term benefits	$ 1,023,991	$ 1,006,405
Post-employment benefits (Note 21)		
Defined contribution plan	21,519	32,830
Defined benefit plans	1,248	553
	22,767	33,383
Share-based payments		
Equity-settled	2,489	4,394
Other employee benefits	17,256	17,599
Total employee benefits expense	$ 1,066,503	$ 1,061,781
An analysis of employee benefits expense by function		
Operating costs	$ 251,519	$ 261,595
Operating expenses	814,984	800,186
	$ 1,066,503	$ 1,061,781

h. 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, 2020 and 2019, the compensation of employees and the remuneration of directors and supervisors are as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	8%	8%
Remuneration of directors and supervisors	2%	2%

Amount

	For the Year Ended December 31	
	2020	2019
Compensation of employees	$ 118,532	$ 122,964
Remuneration of directors and supervisors	29,633	30,741

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

The appropriations of earnings for the compensation of employees and remuneration of directors and supervisors for 2020 and 2019 that were resolved by the Company's Board of Directors on February 25, 2021 and February 24, 2020, respectively, are as shown below:

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	$ 118,532	$ 122,964
Remuneration of directors and supervisors	29,633	30,741

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.

25. 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	
	2020	**2019**
Current tax		
In respect of the current year	$ 484,735	$ 493,667
Income tax on unappropriated earnings	13,405	14,199
Adjustments for prior years	(13,546)	(5,515)
	484,594	502,351
Deferred tax		
In respect of the current year	(1,499)	(811)
Income tax expense recognized in profit or loss	$ 483,095	$ 501,540

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

	For the Year Ended December 31	
	2020	**2019**
Profit before tax from continuing operations	$ 2,378,190	$ 2,440,106
Income tax expense calculated at the statutory rate	$ 687,200	$ 706,759
Income tax on unappropriated earnings	13,405	14,199
Others	(203,964)	(213,903)
Adjustments for prior years' tax	(13,546)	(5,515)
Income tax expense recognized in profit or loss	$ 483,095	$ 501,540

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	**2019**
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ 93	$ 98
Total income tax recognized in other comprehensive income	$ 93	$ 98

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, 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	383	(141)	-	242
Unrealized scrap value of inventory	4	1	-	5
Right-of-use assets	600	139	-	739
Defined benefit liabilities (assets) - subsidiary	320	(47)	36	309
Unrealized intragroup profits and losses	7,264	1,528	-	8,792
	$ 9,337	$ 1,499	$ 36	$ 10,872

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) - the Company	(212)	-	(129)	(341)
	$ (68,675)	$ -	$ (129)	$ (68,804)

For the year ended December 31, 2019

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	566	(84)	-	482
Employee benefits	524	(141)	-	383
Unrealized scrap value of inventory	10	(6)	-	4
Right-of-use assets	-	600	-	600
Defined benefit liabilities (assets) - subsidiary	399	(28)	(51)	320
Unrealized intragroup profits and losses	6,249	1,015	-	7,264
	$ 8,032	$ 1,356	$ (51)	$ 9,337

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) - the Company	(165)	-	(47)	(212)
	$ (68,628)	$ -	$ (47)	$ (68,675)

d. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $40,517 thousand and $19,121 thousand, respectively.

e. Income tax assessments

The tax authorities have assessed the income tax returns of the Company through 2018.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	**2019**
Basic earnings per share	$ 9.34	$ 9.63
Diluted earnings per share	$ 9.29	$ 9.58

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	
	2020	**2019**
Earnings used in the computation of basic earnings and diluted earnings per share	$ 1,272,025	$ 1,309,020

Weighted average number of ordinary shares outstanding

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares used in the computation of basic earnings per share	136,132	135,876
Effect of potentially dilutive ordinary shares		
Compensation of employees	755	722
Weighted average number of ordinary shares used in the computation of diluted earnings per share	136,887	136,598

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.

27. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

Qualified employees of the Group were granted 254 options and 254 options in August 2020 and July 2019, respectively. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options are granted to the specific employees of the Group that meet the vesting conditions.

Information on employee share options is as follows:

	For the Year Ended December 31			
	2020		2019	
Employee share options	Number of Options	Weighted -average Exercise Price (Share/$)	Number of Options	Weighted -average Exercise Price (Share/$)
Balance at January 1	-	$ -	-	$ -
Options granted	254	176.19	254	176.19
Options exercised	(254)	176.19	(254)	176.19
Balance at December 31	-		-	
Options exercisable, end of year	-		-	
Weighted-average fair value of options granted (share/$)	$ 9.8		$ 17.3	

Options granted in August 2020 and July 2019 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	August 2020	July 2019
Grant-date share price	$ 186.00	$ 193.50
Exercise price per share	$ 176.19	$ 176.19
Expected volatility	2.14%	22.71%
Expected life (in years)	0.0384 year	0.0356 year
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	0.2679%	0.7080%

The amounts of compensation cost recognized were NT$2,489 thousand and NT$4,394 thousand for the years ended December 31, 2020 and 2019, respectively.

28. CASH FLOW INFORMATION

a. Non-cash transactions

The Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2020 and 2019:

	For the Year Ended December 31	
	2020	2019
Additions of property, plant and equipment	$ (1,096,234)	$ (635,795)
Changes in prepayments for purchases	(88,551)	(18,235)
Changes in payables for purchases of equipment	(29,910)	23,720
Changes in other financial assets	960	-
Payments for acquisition of property, plant and equipment	$ (1,213,735)	$ (630,310)

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

	January 1, 2020	Cash Flows	Non-cash Changes: Lease Change	Non-cash Changes: Finance Costs	Non-cash Changes: Exchange Rate Impact	December 31, 2020
Short-term borrowings	$ 350,000	$ 150,000	$ -	$ -	$ -	$ 500,000
Long-term borrowings	826,545	594,716	-	-	-	1,421,261
Guarantee deposits received	32,946	(13,920)	-	-	-	19,026
Lease liabilities	165,670	(48,957)	43,755	2,257	4	162,729
	$ 1,375,161	$ 681,839	$ 43,755	$ 2,257	$ 4	$ 2,103,016

For the year ended December 31, 2019

	January 1, 2019	Cash Flows	Non-cash Changes: Lease Change	Non-cash Changes: Finance Costs	Non-cash Changes: Exchange Rate Impact	December 31, 2019
Short-term borrowings	$ 800,000	$ (450,000)	$ -	$ -	$ -	$ 350,000
Long-term borrowings	318,807	507,738	-	-	-	826,545
Guarantee deposits received	45,206	(12,260)	-	-	-	32,946
Lease liabilities	205,070	(40,972)	(569)	2,320	(179)	165,670
	$ 1,369,083	$ 4,506	$ (569)	$ 2,320	$ (179)	$ 1,375,161

29. CAPITAL MANAGEMENT

The objective of the Group’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 primal capital structure to reduce costs of capital. The Group’s capital structure management strategies were based on the industry size of the Company and its subsidiaries, industry’s future growth, product roadmaps, and changes in the external environment and other factors. The Group plans the required capacity and the necessary plant and equipment to achieve this capacity and the corresponding capital expenditure according to those strategies. The Group 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 Group takes into consideration cyclical fluctuations in industrial, product life cycle and other risk factors.

30. FINANCIAL INSTRUMENTS

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

The Group's management considers the book value of financial instruments that are not measured at fair value in the consolidated 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, 2020

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

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments - unlisted shares	$ -	$ -	$ 11,782	$ 11,782

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, 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

For the year ended December 31, 2019

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at beginning of year	$ 10,892
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	890
Balance at end of year	$ 11,782

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	
	2020	**2019**
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	
	2020	**2019**
Discount for lack of marketability		
1% increase	$ (133)	$ (168)
1% decrease	$ 133	$ 168

c. Categories of financial instruments

	December 31	
	2020	**2019**
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 2,927,029	$ 2,146,207
Financial assets at amortized cost	90,982	97,278
Notes and accounts receivable, net	199,448	199,453
Accounts receivable from related parties	2,248	2,603
Other receivables	3,533	2,141
Other receivables from related parties	12	-
Financial assets at FVTOCI		
Equity instruments	9,338	11,782
	$ 3,232,590	$ 2,459,464
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 500,000	$ 350,000
Notes and accounts payable	255,318	222,626
Other payables	1,753,884	1,745,424
Other payables to related parties	37,641	38,130
Long-term borrowings (current portion included)	1,421,261	826,545
	$ 3,968,104	$ 3,182,725

d. Financial risk management objectives and policies

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

The Group 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 Group 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 Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

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

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 34.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group'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	
	2020	**2019**
Profit or loss	$ 13,702	$ 11,090

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 Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The Group is also exposed to interest rate risk related to its investments in floating rate debt instruments. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 90,982	$ 97,278
Financial liabilities	2,083,989	1,342,215
Cash flow interest rate risk		
Financial assets	2,921,465	2,139,988

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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 Group's pre-tax profit for the years ended December 31, 2020 and 2019 would change by NT$2,921 thousand and NT$2,140 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 Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group 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 Group'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 Group's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

The Group 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 Group's treasury in accordance with the Group's policy. The Group 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 Group'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 Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group 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 Group'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 Group 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, 2020

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Short-term borrowings	$ 500,356	$ -	$ -	$ -	$ -	$ 500,356
Notes and accounts payable	255,318	-	-	-	-	255,318
Other payables (related parties included)	1,591,625	199,900	-	-	-	1,791,525
Long-term borrowings (current portion included)	28,326	28,267	513,155	423,303	500,089	1,493,140
Lease liabilities	25,700	17,780	29,702	45,576	54,761	173,519
	$ 2,401,325	$ 245,947	$ 54,857	$ 468,879	$ 554,850	$ 4,213,858

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 43,480	$ 75,278	$ 18,966	$ 8,802	$ 8,802	$ 18,191

December 31, 2019

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Short-term borrowings	$ 350,483	$ -	$ -	$ -	$ -	$ 350,483
Notes and accounts payable	222,626	-	-	-	-	222,626
Other payables (related parties included)	1,578,199	205,355	-	-	-	1,783,554
Long-term borrowings (current portion included)	4,576	4,656	9,345	751,700	97,341	867,618
Lease liabilities	21,176	19,467	30,603	34,073	73,513	178,832
	$ 2,177,060	$ 229,478	$ 39,948	$ 785,773	$ 170,854	$ 3,403,113

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 40,643	$ 64,676	$ 25,590	$ 11,232	$ 11,232	$ 25,459

b) Financing facilities

	December 31	
	2020	2019
Short-term borrowings amount		
Amount unused	$ 1,188,000	$ 1,300,000

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category	Relationship with the Group
Pu Hsing Enterprise Co., Ltd. (Pu Hsing)	Other Related Party	A director of Pro-partner
Taipei City Pro-partner Technology and Human Development Foundation (Pro-partner Foundation)	Other Related Party	Pro-partner is its sole founder
Gongju Co., Ltd. (Gongju)	Other Related Party	Supervisor of Pro-partner (from June 3, 2018 to June 2, 2021)
Pu-Lin Ltd. (Pu-Lin)	Other Related Party	Related party in substance of Pro-partner
Xinlin Enterprise Co., Ltd. (Xinlin)	Other Related Party	Related party in substance of Pro-partner
Xinlin Investment Co., Ltd. (Xinlin Investment)	Other Related Party	Related party in substance of Pro-partner
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	
		2020	2019
Sales	Other related party	$ 1,503	$ 1,538
	Associate	11,877	3,257
		$ 13,380	$ 4,795

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 for the third parties.

c. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2020	December 31 2019
Accounts receivable from related parties	GK BIO INTERNATIONAL SDN. BHD.	$ 2,248	$ 2,603
Other receivables from related parties	Xinlin Investment	$ 12	$ -

d. Payables to related parties

Line Item	Related Party Category/Name	December 31 2020	December 31 2019
Other payables to related parties	Pu Hsing	$ 17,848	$ 18,041
	Gongju	19,793	20,089
		$ 37,641	$ 38,130

e. Lease arrangements

Line Item	Related Party Category/Name	December 31 2020	December 31 2019
Lease liabilities	Pu-Lin	$ 29,466	$ 33,206

Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Interest expense		
Other related party	$ 454	$ 508

The rental paid to the above related party is similar to general market rental prices, and rental is paid once every six months.

f. Other transactions with related parties

Line Item	Related Party Category/Name	December 31 2020	December 31 2019
Refundable deposits	Other related party	$ 1,068	$ 1,068
Guarantee deposits received	Other related party	$ 2	$ 2
Temporary credits (classified as other current liabilities)	Associate	$ -	$ 11
Advance receipts (classified as other current liabilities)	Other related party	$ 29	$ 10

Line Item	Related Party Category/Name	For the Year Ended December 31 2020	2019
Selling and marketing expenses - commissions expense	Other related party	$ 5,595	$ 6,010
General and administrative expenses - donations	Other related party	$ 650	$ 600
Rental income	Other related party	$ 17	$ 32
Other income	Other related party	$ 31	$ 34

Pu Hsing and Gongju are MLM members of subsidiary. The calculation and payment terms are the same as the general membership in accordance with the regulations of Business Manual.

The rental from the above related parties and normal rental prices were similar and comparable. The term of collection was either in a monthly installment or in full at the beginning of each year.

g. Remuneration of key management personnel

	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 228,883	$ 234,622
Post-employment benefits	363	380
	$ 229,246	$ 235,002

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

32. 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 2020	2019
Property, plant and equipment - land	$ 3,004,629	$ 2,107,974
Property, plant and equipment - buildings	1,050,018	1,077,499
Pledged time deposits (classified as financial assets at amortized cost - non-current)	13,320	11,460
	$ 4,067,967	$ 3,196,933

Secured bank facilities used in response to operating funds by the Group's property, plant and equipment - land/building as of December 31, 2020 and 2019 are as follows:

	December 31	
	2020	2019
Short-term financing facilities	$ 1,238,000	$ 1,200,000
Medium and long-term financing facilities	1,219,028	576,545
	$ 2,457,028	$ 1,776,545

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group 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, 2020.

b. Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2020 were as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Plant and machinery	$ 1,067,616	$ 984,559	$ 83,057

c. For operational needs, Pro-partner established operational bases in Taoyuan, Hsinchu, Fengyuan, Taichung, Hualien, Tainan and Kaohsiung. The information concerning the operating leases as of December 31, 2020 is listed below:

Operating Location	Lessor	Lease Periods	Monthly Rental
Taoyuan City	Taoyuan Irrigation Association	2020.02.01-2025.01.31	$ 360
Taoyuan City	Passion Technology Co., Ltd.	2020.05.01-2025.04.30	280
Hsinchu City	Lin, Zhuang-Long, Wu, Yi-Wan	2016.11.01-2021.10.31	335
Fengyuan Dist.	Lin, Fen-Ling	2020.06.01-2023.05.31	70
Taichung City	Pu-Lin Ltd.	2007.11.01-2027.11.01	220
Taichung City	Pu-Lin Ltd.	2010.04.01-2030.03.31	129
Hualien City	Liou, Chuen-Hou, Liou, Chuen-Lung	2019.09.01-2021.08.31	130
Tainan City	Cathay Life Insurance Co., Ltd.	2016.03.21-2021.07.31	873
Kaohsiung City	Global Intelligence Network Co., Ltd.	2020.03.01-2025.03.31	71

34. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 3,276	28.48 (USD:NTD)	$ 93,300
USD	1,896	6.525 (USD:CNY)	$ 53,998
Financial liabilities			
Monetary items			
USD	361	6.525 (USD:CNY)	$ 10,281

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,958	29.98 (USD:NTD)	$ 58,701
USD	1,741	6.964 (USD:CNY)	$ 52,195

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were NT$(6,166) thousand and NT$(357) 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 Group.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing 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: None;

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: Table 2;

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 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 derivative instruments: None;

10) Intercompany relationships and significant intercompany transactions: Table 5;

b. Information on investees: Table 6;

c. Information on investments 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 7.

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 8;

36. SEGMENTS INFORMATION

The Group determined its operating segments based on business activities with discrete financial information regularly reported through the Group’s internal reporting protocols to the Group’s chief operating decision maker. The Group is organized into several business units based on its marketing channels and services. As of December 31, 2020 and 2019, the Group had the following segments: MLM (Multi-Level Marketing), Distributors, and ODM/OEM (Original Design Manufacturer/Original Equipment Manufacturer).

Management monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, non-operating income and expenses and income taxes are managed on a company basis and are not allocated to operating segments.

Transfer prices between operating segments are determined at arm’s length basis in a manner similar to transactions with third parties.

Segment’s description: MLM is a direct seller of Pro-partner Inc., including the Company’s development and manufacturing products for Pro-partner Inc., Distributors include GRAPE KING BIO’s self-owned brand products and ODM/OEM includes ODM/OEM in Taiwan and Shanghai.

Inter-segment revenues refer to transactions between segments that have been eliminated in the consolidated financial statements.

Segment profit (loss) is profit from operations, segment gross margin, segment operating revenue minus segment operating costs, minus directly attributable segment operating expense and distributable common expenses of the Group.

Adjustment/elimination: Inter-segment revenues are eliminated on consolidation and recorded under the "adjustment and elimination" column. Other adjustments and eliminations which have no significant influence, are not disclosed.

a. Segment revenue and results

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

For the year ended December 31, 2020

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Revenue from external customers	$ 7,718,865	$ 532,439	$ 916,891 (Note)	$ -	$ 9,168,195
Inter-segment revenue	1,510,101	169,956	152,200	(1,832,257)	-
Segment revenue	$ 9,228,966	$ 702,395	$ 1,069,091	$ (1,832,257)	9,168,195
Segment income	$ 1,981,961	$ 75,625	$ 171,006	$ 76,190	$ 2,304,782

Note: ODM/OEM revenues come from external customers in Taiwan and Shanghai amounted to NT$136,844 thousand and NT$780,047 thousand, respectively.

For the year ended December 31, 2019

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Revenue from external customers	$ 7,791,039	$ 412,980	$ 1,035,051 (Note)	$ -	$ 9,239,070
Inter-segment revenue	1,515,466	194,148	21,119	(1,730,733)	-
Segment revenue	$ 9,306,505	$ 607,128	$ 1,056,170	$ (1,730,733)	9,239,070
Segment income	$ 2,016,778	$ 74,458	$ 166,652	$ 77,113	$ 2,335,001

Note: ODM/OEM revenues come from external customers in Taiwan and Shanghai amounted to NT$125,544 thousand and NT$909,507 thousand, respectively.

b. Total segment assets and liabilities

December 31, 2020

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Segment assets	$ 14,372,269	$ 734,726	$ 2,336,862	$ (4,339,736)	$ 13,104,121
Segment liabilities	$ 4,891,408	$ 243,001	$ 303,185	$ (311,927)	$ 5,125,667

December 31, 2019

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Segment assets	$ 12,932,772	$ 510,523	$ 1,998,196	$ (4,082,420)	$ 11,359,071
Segment liabilities	$ 3,824,445	$ 181,361	$ 222,677	$ (340,264)	$ 3,888,219

c. Other segment information

Other information reviewed by the chief operating decision maker or regularly provided to the chief operating decision maker was as following:

For the year ended December 31, 2020

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Depreciation and amortization	$ 363,411	$ 17,214	$ 36,907	$ (2,527)	$ 415,005
Interest expense	$ 13,297	$ 796	$ 267	$ (19)	$ 14,341
Amounts of additions to non-current assets (Note)	$ 1,102,967	$ 72,606	$ 56,647	$ -	$ 1,232,220

For the year ended December 31, 2019

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Depreciation and amortization	$ 282,744	$ 7,733	$ 31,405	$ (2,793)	$ 319,089
Interest expense	$ 16,828	$ 705	$ 216	$ (59)	$ 17,690
Amounts of additions to non-current assets (Note)	$ 549,270	$ 22,510	$ 63,545	$ -	$ 635,325

Note: Non-current assets exclude financial instruments, deferred tax assets and net defined benefit assets.

d. Revenue from major products and services

The following is an analysis of the Group’s revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2020	2019
Health food	$ 7,653,183	$ 7,717,633
ODM/OEM	916,891	930,391
Beverage	211,868	206,692
Others (Note)	386,253	384,354
	$ 9,168,195	$ 9,239,070

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

e. Geographical information

The Group operates in three principal geographical areas - Taiwan, China and Others.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2020	**2019**	**2020**	**2019**
Taiwan	$ 8,335,001	$ 8,303,071	$ 8,572,421	$ 7,749,263
China	821,317	932,742	507,471	498,801
Others	11,877	3,257	-	-
	$ 9,168,195	$ 9,239,070	$ 9,079,892	$ 8,248,064

Non-current assets exclude financial instruments, deferred tax assets and net defined benefit assets.

f. Information about major customers

There were no individual customer whose sales accounted for at least 10% of the Group's revenue for the year ended December 31, 2020.

GRAPE KING BIO LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type And Name	Relationship with the Company	Financial Statement Account	December 31, 2020				Note
				Shares (In Thousands)	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	917,700	$ 9,330	18.77	$ 9,330	
	Hsin Tung Yang Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	8	-	8	

TABLE 2

GRAPE KING BIO LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Grape King Bio Ltd.	Land	2020.2.24	$890,000	Pay according to the contract.	Onano Industrial Corp.	-	Not applicable	Not applicable	Not applicable	Not applicable	The price based on valuation report issued by an external independent professional valuation company is estimated to be higher than the transaction price.	In order to provide more stable production capacity to meet market demand.	None

TABLE 3

GRAPE KING BIO LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		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	$ 1,510,097	69.40	30 days after monthly closing	By contract	-	$ 188,165	65.69	Note 2
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	169,780	7.80	60 days after monthly closing	By contract	-	44,776	15.63	Note 2
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,510,097	100.00	30 days after monthly closing	By contract	-	(188,165)	96.25	Note 2
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	169,780	100.00	60 days after monthly closing	By contract	-	(44,776)	100.00	Note 2

Note 1: 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.

Note 2: The transactions have been eliminated in the consolidated financial statements.

TABLE 4

GRAPE KING BIO LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified 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	$ 188,165	8.01	$ -	-	$ 188,165	$ -

Note: The transactions have been eliminated in the consolidated financial statements.

GRAPE KING BIO LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Net revenue from sale of goods	$ 1,510,097	By contract	16.47%
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts receivable	188,165	By contract	1.44%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Net revenue from sale of goods	169,780	By contract	1.85%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Accounts receivable	44,766	By contract	0.34%

Note 1: 0 is for the parent company. Subsidiaries are numbered from Arabic numerals 1.

Note 2: There are three types of relations between the parent company and the subsidiaries. Only categories should be identified (there is no need to declare the same interaction between the parent company and the subsidiary, or the same transaction among subsidiaries repeatedly. For example, if the parent company has declared the transaction from parent company to subsidiary, the subsidiary does not need to repeatedly declare the same transaction. If the transaction is between subsidiaries, when one subsidiary has declared the transaction, the other subsidiary does not need to declare the same transaction)

1) Represents the transactions from parent company to subsidiary.

2) Represents the transactions from subsidiary company to parent.

3) Represents the transactions between subsidiaries.

Note 3: When calculating the amount of transaction as a proportion of the consolidated revenue or assets, if it is recognized as items of assets or liabilities, the ending balance should be divided by the consolidated assets; if it is recognized as income or loss, the midterm accumulated amount should be divided by the consolidated assets.

Note 4: The so-called significant transaction refers to those amount reaching NT$100 million or over 20% of the paid-in capital of the parent company.

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATIONS ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership (%)	Carrying Amount			
Grape King Bio Ltd.	GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI)	BVI	Investment activities	$ 1,198,018	$ 1,198,018	24,890,000	100	$ 978,947	$ 90,463	$ 91,165	Notes 1, 2 and 3
	Pro-partner Inc.	Taoyuan, Taiwan	Import and selling of health food, drinks, cosmetics, sports apparatus, cleaning products, etc.	15,000	15,000	10,560,000	60	2,009,206	1,556,783	934,798	Notes 1 and 2
	Rivershine Ltd.	Taoyuan, Taiwan	Import and selling of health food, drinks, daily cosmetics, appliances, etc.	30,000	30,000	3,000,000	100	38,428	5,457	5,457	Note 2
	GK BIO INTERNATIONAL SDN. BHD.	Malaysia	Import and selling of health products	6,810	6,810	900,000	30	7,115	5,645	1,681	Note 1

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT$1,794 thousand has been adjusted.

Note 2: The book value at the end of the period and the current investment gain (loss) recognized have been eliminated in the consolidated financial statements.

Note 3: The current investment gain (loss) recognized by BVI includes the current profit of Shanghai Grape King and Shanghai Rivershine.

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					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)	$ 93,199 Note 2(2)B	100%	$ 93,901 Note 2(2)B	$ 936,605	$ -
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)	9,330 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 150	Note 1(2) Note 5	4,060 (USD 150)	-	-	4,060 (USD 150)	(461) Note 2(2)B	100%	(461) Note 2(2)B	4,303	-
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)	(1,908) Note 2(2)B	100%	(2,187) Note 2(2)B	28,503	-
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 7	Note 1(1) Note 7	-	7,273	-	7,273 (USD 246)	Note 7	35.1%	Note 7	Note 7	-

(Continued)

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 908,999	$ 908,999	$ 4,787,072

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.

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

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

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

(C) Others.

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.

Note 7: The Company prepaid NT$7,273 thousand (US$246 thousand) to invest in Shanghai Changhong Biotechnology Co., Ltd., which has been approved by the Investment Commission, Ministry of Economic Affairs on December 17, 2020.

(Concluded)

TABLE 8

GRAPE KING BIO LTD.

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Fubon Life Assurance Co., Ltd.	9,939,000	7.29
Nan Shan Life Insurance Company, Ltd.	7,468,000	5.47

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.