

# **Grape King Bio Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 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, 2023 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

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Sheng-Lin Tseng  
Chairman

February 26, 2024

## 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, 2023 and 2022, 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 material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 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 the risk of loss on inventory due to damage or expiration. The estimation of loss on inventory is based on market conditions, historical sales experience of similar products, and the net realizable value of inventory. Refer to Notes 4, 5, and 11 to the

consolidated financial statements for details on the valuation of inventory. The net carrying amount of inventory as of December 31, 2023 for the Group amounted to NT\$688,191 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 material accounting estimates. Consequently, the valuation of inventory was identified as a key audit matter.

Our key audit procedures performed with respect to the above area included the following:

1. We understood and tested the design and tested the operating effectiveness of the key controls over the valuation of inventory;
2. We understood and assessed the reasonableness of the 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 the net realizable value of inventory as well as performed calculations of the validity period from the year-end subsidiary ledgers and aging report of inventories, to verify that the allowance for inventory loss was appropriately recognized based on the 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, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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 the audit committee, are responsible for overseeing the Group's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 26, 2024

Notice to Readers

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

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

## GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022		LIABILITIES AND EQUITY	2023		2022	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Note 6)	\$ 4,818,703	31	\$ 4,672,852	31	Contract liabilities (Note 23)	\$ 149,684	1	\$ 173,389	1
Financial assets at fair value through profit or loss (Note 7)	80,062	1	-	-	Notes and accounts payable	284,099	2	293,843	2
Financial assets at amortized cost (Note 9)	71,146	1	117,049	1	Accounts payable to related parties (Note 32)	6,002	-	-	-
Notes and accounts receivable, net (Notes 10 and 23)	197,231	1	196,680	1	Other payables (Note 19)	1,969,862	13	2,051,370	14
Accounts receivable from related parties (Notes 23 and 32)	93,580	1	72,967	1	Other payables to related parties (Note 32)	83,647	1	92,071	1
Other receivables (Note 10)	24,583	-	14,359	-	Current tax liabilities (Note 25)	1,068,680	7	1,026,091	7
Inventories (Note 11)	688,191	4	688,391	5	Lease liabilities (Notes 15 and 32)	56,560	-	46,943	-
Other current assets (Notes 18 and 32)	65,281	-	38,964	-	Other current liabilities (Notes 19 and 32)	28,850	-	28,704	-
Total current assets	6,038,777	39	5,801,262	39	Total current liabilities	3,647,384	24	3,712,411	25
<b>NON-CURRENT ASSETS</b>					<b>NON-CURRENT LIABILITIES</b>				
Financial assets at fair value through other comprehensive income (Note 8)	128	-	14,344	-	Provisions (Note 20)	9,739	-	9,652	-
Financial assets at amortized cost (Notes 9 and 33)	28,520	-	24,520	-	Deferred tax liabilities (Note 25)	77,647	-	69,702	-
Investments accounted for using the equity method (Note 13)	59,932	-	44,651	-	Lease liabilities (Notes 15 and 32)	136,360	1	110,809	1
Property, plant and equipment (Notes 14, 33 and 34)	7,538,682	49	7,360,082	49	Other non-current liabilities (Notes 19 and 32)	10,776	-	9,391	-
Right-of-use assets (Note 15)	217,740	1	186,268	1	Total non-current liabilities	234,522	1	199,554	1
Investment properties (Note 16)	1,408,374	9	1,416,269	10	Total liabilities	3,881,906	25	3,911,965	26
Intangible assets (Note 17)	125,087	1	43,757	-	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>				
Deferred tax assets (Note 25)	11,630	-	14,662	-	Share capital				
Other non-current assets (Notes 18, 21 and 32)	82,971	1	147,223	1	Ordinary shares	1,481,374	10	1,481,374	10
Total non-current assets	9,473,064	61	9,251,776	61	Capital surplus	2,876,346	18	2,874,232	19
					Retained earnings				
					Legal reserve	1,474,160	10	1,328,240	9
					Special reserve	70,828	-	92,205	-
					Unappropriated earnings	4,155,148	27	3,864,549	26
					Total retained earnings	5,700,136	37	5,284,994	35
					Other equity	(79,557)	(1)	(70,828)	-
					Total equity attributable to owners of the Company	9,978,299	64	9,569,772	64
					<b>NON-CONTROLLING INTERESTS (Notes 12 and 22)</b>				
						1,651,636	11	1,571,301	10
					Total equity	11,629,935	75	11,141,073	74
<b>TOTAL</b>	<b>\$ 15,511,841</b>	<b>100</b>	<b>\$ 15,053,038</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 15,511,841</b>	<b>100</b>	<b>\$ 15,053,038</b>	<b>100</b>

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

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 23 and 32)	\$ 10,635,464	100	\$ 10,391,231	100
COST OF GOODS SOLD (Notes 11 and 24)	<u>(2,099,450)</u>	<u>(20)</u>	<u>(1,909,186)</u>	<u>(18)</u>
GROSS PROFIT	8,536,014	80	8,482,045	82
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATE	<u>(2,476)</u>	<u>-</u>	<u>(1,096)</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>8,533,538</u>	<u>80</u>	<u>8,480,949</u>	<u>82</u>
OPERATING EXPENSES (Notes 21, 24 and 32)				
Selling and marketing	(5,045,611)	(47)	(4,999,836)	(48)
General and administrative	(701,717)	(7)	(639,492)	(6)
Research and development	<u>(289,545)</u>	<u>(3)</u>	<u>(289,884)</u>	<u>(3)</u>
Total operating expenses	<u>(6,036,873)</u>	<u>(57)</u>	<u>(5,929,212)</u>	<u>(57)</u>
INCOME FROM OPERATIONS	<u>2,496,665</u>	<u>23</u>	<u>2,551,737</u>	<u>25</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 32)				
Interest income	47,604	1	19,923	-
Other income	99,356	1	95,863	1
Other gains and losses	(337)	-	11,900	-
Finance costs	(2,538)	-	(2,367)	-
Share of profit of associate	<u>19,870</u>	<u>-</u>	<u>10,822</u>	<u>-</u>
Total non-operating income	<u>163,955</u>	<u>2</u>	<u>136,141</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	2,660,620	25	2,687,878	26
INCOME TAX EXPENSE (Note 25)	<u>(519,109)</u>	<u>(5)</u>	<u>(518,191)</u>	<u>(5)</u>
NET PROFIT FOR THE YEAR	<u>2,141,511</u>	<u>20</u>	<u>2,169,687</u>	<u>21</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	240	-	3,092	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(1,848)	-	2,954	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(48)	-	(619)	-

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## GRAPE KING BIO LTD. AND SUBSIDIARIES

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

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (20,898)	-	\$ 17,347	-
Exchange differences on translating the financial statements of foreign operations of associate	<u>(1,946)</u>	<u>-</u>	<u>1,071</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(24,500)</u>	<u>-</u>	<u>23,845</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,117,011</u>	<u>20</u>	<u>\$ 2,193,532</u>	<u>21</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,452,728	14	\$ 1,457,112	14
Non-controlling interests	<u>688,783</u>	<u>6</u>	<u>712,575</u>	<u>7</u>
	<u>\$ 2,141,511</u>	<u>20</u>	<u>\$ 2,169,687</u>	<u>21</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,428,561	13	\$ 1,480,575	14
Non-controlling interests	<u>688,450</u>	<u>7</u>	<u>712,957</u>	<u>7</u>
	<u>\$ 2,117,011</u>	<u>20</u>	<u>\$ 2,193,532</u>	<u>21</u>
EARNINGS PER SHARE (Note 26)				
Basic earnings per share	<u>\$ 9.81</u>		<u>\$ 9.84</u>	
Diluted earnings per share	<u>\$ 9.74</u>		<u>\$ 9.78</u>	

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

	Equity Attributable to Owners of the Company						Others		Statements of Total	Non-controlling Interests	Total Equity
	Share Capital - Ordinary Shares		Capital Surplus	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			
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	148,137	\$ 1,481,374	\$ 2,869,691	\$ 1,198,125	\$ 86,465	\$ 3,444,844	\$ (75,567)	\$ (16,638)	\$ 8,988,294	\$ 1,441,121	\$ 10,429,415
Appropriation of 2021 earnings											
Legal reserve	-	-	-	130,115	-	(130,115)	-	-	-	-	-
Special reserve	-	-	-	-	5,740	(5,740)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(903,638)	-	-	(903,638)	-	(903,638)
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(582,777)	(582,777)
Change from investments in associates accounted for using the equity method	-	-	2,809	-	-	-	-	-	2,809	-	2,809
Change in other capital surplus	-	-	1,732	-	-	-	-	-	1,732	-	1,732
Net profit for the year ended December 31, 2022	-	-	-	-	-	1,457,112	-	-	1,457,112	712,575	2,169,687
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	2,086	17,644	2,954	22,684	382	23,066
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	1,459,198	17,644	2,954	1,479,796	712,957	2,192,753
Disposal of subsidiary	-	-	-	-	-	-	779	-	779	-	779
BALANCE AT DECEMBER 31, 2022	148,137	1,481,374	2,874,232	1,328,240	92,205	3,864,549	(57,144)	(13,684)	9,569,772	1,571,301	11,141,073
Appropriation of 2022 earnings											
Legal reserve	-	-	-	145,920	-	(145,920)	-	-	-	-	-
Special reserve	-	-	-	-	(21,377)	21,377	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,022,148)	-	-	(1,022,148)	-	(1,022,148)
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(641,666)	(641,666)
Change in other capital surplus	-	-	2,114	-	-	-	-	-	2,114	-	2,114
Net profit for the year ended December 31, 2023	-	-	-	-	-	1,452,728	-	-	1,452,728	688,783	2,141,511
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	202	(22,521)	(1,848)	(24,167)	(333)	(24,500)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	1,452,930	(22,521)	(1,848)	1,428,561	688,450	2,117,011
Non-controlling interests increased	-	-	-	-	-	-	-	-	-	33,551	33,551
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(15,640)	-	15,640	-	-	-
BALANCE AT DECEMBER 31, 2023	148,137	\$ 1,481,374	\$ 2,876,346	\$ 1,474,160	\$ 70,828	\$ 4,155,148	\$ (79,665)	\$ 108	\$ 9,978,299	\$ 1,651,636	\$ 11,629,935

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

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,660,620	\$ 2,687,878
Adjustments for:		
Depreciation expenses	433,662	435,359
Amortization expenses	26,101	14,279
Expected credit loss recognized (reversed)	(773)	-
Net gain on financial assets at fair value through profit or loss	(420)	(631)
Finance costs	2,538	2,367
Interest income	(47,604)	(19,923)
Share of profit of associate	(19,870)	(10,822)
Loss on disposal of property, plant and equipment, net	1,070	408
Gain on disposal of investment properties	-	(4,943)
Loss on disposal of subsidiary	-	779
Loss (gain) on inventories on retirement and write-down (reversals)	(16,805)	21,273
Impairment loss on investments accounted for using equity method	-	2,538
Unrealized gain on transactions with associate	2,476	1,096
Unrealized gain on foreign currency exchange	(1,554)	-
Gain on modification of lease agreements	(14)	(106)
Changes in operating assets and liabilities		
Notes and accounts receivable, net	4,938	36,277
Accounts receivable from related parties	(21,431)	(5,228)
Other receivables	39	2,294
Inventories	17,357	9,452
Other current assets	9,401	15,821
Contract liabilities	(53,975)	44,215
Notes and accounts payable	(13,815)	24,879
Accounts payable to related parties	6,002	-
Other payables	(26,523)	150,477
Other payables to related parties	(8,424)	25,261
Provisions	-	(779)
Other current liabilities	(1,004)	(31,806)
Net defined benefit liabilities	(2,529)	(2,718)
Cash generated from operations	2,949,463	3,397,697
Interest received	39,820	16,395
Interest paid	(68)	(199)
Income tax paid	(469,813)	(423,456)
Net cash generated from operating activities	<u>2,519,402</u>	<u>2,990,437</u>

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## GRAPE KING BIO LTD. AND SUBSIDIARIES

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

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive (loss) income	\$ 12,368	\$ -
Acquisition of financial assets at amortized cost	(37,779)	(77,173)
Proceeds from sale of financial assets at amortized cost	-	8,940
Proceeds from redemption of financial assets at amortized cost	79,715	5,000
Acquisition of financial assets at fair value through profit or loss	(380,000)	(800,000)
Proceeds from sale of financial assets at fair value through profit or loss	300,358	1,001,010
Acquisition of investments accounted for using the equity method	-	(8,089)
Acquisition of subsidiary (net of cash acquired)	(29,903)	-
Acquisition of property, plant and equipment	(587,179)	(486,685)
Proceeds from disposal of property, plant and equipment	3	21
Increase in refundable deposits	(4,499)	(6,475)
Decrease in refundable deposits	6,806	6,948
Acquisition of intangible assets	(14,212)	(15,784)
Proceeds from disposal of investment properties	-	40,181
(Increase) decrease in other non-current assets	(410)	1,797
Net cash used in investing activities	<u>(654,732)</u>	<u>(330,309)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	50,000	205,000
Repayments of short-term borrowings	(50,000)	(205,000)
Proceeds from long-term borrowings	100	100
Repayments of long-term borrowings	(100)	(94,465)
Proceeds from guarantee deposits received	7,728	8,122
Refund of guarantee deposits received	(5,094)	(12,028)
Repayment of the principal portion of lease liabilities	(49,865)	(45,597)
Dividends paid to owners of the Company	(1,022,148)	(903,638)
Dividends paid to non-controlling interests	(641,666)	(582,777)
Other financing activities	2,114	1,732
Net cash used in financing activities	<u>(1,708,931)</u>	<u>(1,628,551)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(9,888)</u>	<u>6,078</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	145,851	1,037,655
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>4,672,852</u>	<u>3,635,197</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 4,818,703</u>	<u>\$ 4,672,852</u>

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

(Concluded)

# GRAPE KING BIO LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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### 1. GENERAL INFORMATION

Grape King Bio Ltd. (the “Company”) was incorporated as a listed company limited by shares under the provisions of the Company Act, the Securities and Exchange Act and other related regulations of the Republic of China (“ROC”). In April 1971, the Company was officially registered as Grape King Food Limited and started its 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.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s Board of Directors and issued on February 26, 2024.

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

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

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

#### Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refers 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. Moreover:

- 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 accounting policy information is likely to be considered 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 judgments or assumptions in applying an accounting policy, and the Group discloses those judgments 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.

Refer to Note 4 for related accounting policy information.

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

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

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact 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 MATERIAL ACCOUNTING POLICY INFORMATION**

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 IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit 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 12, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

f. 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).

g. 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.

h. 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.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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.

i. 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.

j. 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.

k. 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) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

l. Impairment of property, plant and equipment, right-of-use assets, investment properties 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 assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the 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.

m. 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 FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

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

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the 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.

n. 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.

o. 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, beverages and cosmetics. Sales of health food, beverages and cosmetics 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, beverages and cosmetics through its own retail outlets, revenue is recognized when the customer purchases the goods at the retail outlet. For internet sales of health food, beverages and cosmetics, revenue is recognized when the goods are delivered to the customer's specific location. When the customer initially purchases the goods online, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

2) Revenue from the rendering of services

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

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

p. 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.

q. 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.

r. 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.

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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



Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the 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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

When developing material accounting estimates, the Group considers the possible impact on other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. If the estimated revision only affects the current period, it will be recognized in the current period of the amendment. If the revision of the accounting estimate affects both the current period and the future period, it will be recognized in both the current period and the future period of the amendment.

### **Material 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 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

### b. Write-down of inventories

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

### c. Recognition and measurement of defined benefit plans

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

### d. Lessee's incremental borrowing rates

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

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 2,220	\$ 2,397
Checking accounts and demand deposits	2,005,051	2,298,134
Cash equivalents (investments with original maturities of less than 3 months)		
Repurchase agreements collateralized by commercial paper	1,588,615	1,892,432
Repurchase agreements collateralized by bonds	709,000	479,889
Time deposits	<u>513,817</u>	<u>-</u>
	<u>\$ 4,818,703</u>	<u>\$ 4,672,852</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
- Mutual funds	\$ <u>80,062</u>	\$ <u>-</u>

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

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current - investments in equity instruments at FVTOCI</u>		
Unlisted shares		
FU-Sheng International Inc. (Samoa)	\$ -	\$ 14,334
Hsin Tung Yang Co., Ltd.	<u>128</u>	<u>10</u>
	<u>\$ 128</u>	<u>\$ 14,344</u>

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.

FU-Sheng International Inc. (Samoa) completed the liquidation procedure in February 2023, and the unrealized gain or loss on financial assets at FVTOCI of \$15,640 thousand was transferred to retained earnings.

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ <u>71,146</u>	\$ <u>117,049</u>
<u>Non-current</u>		
Pledged time deposits	\$ <u>28,520</u>	\$ <u>24,520</u>

Refer to Note 31 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. NOTES AND ACCOUNTS RECEIVABLE, NET AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
Notes receivable - operating	\$ 15,334	\$ 13,813
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	182,726	186,046
Less: Loss allowance	<u>(829)</u>	<u>(3,179)</u>
	<u>181,897</u>	<u>182,867</u>
	<u>\$ 197,231</u>	<u>\$ 196,680</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 4,054	\$ -
Other receivables	22,104	14,359
Less: Loss allowance	<u>(1,575)</u>	<u>-</u>
	<u>\$ 24,583</u>	<u>\$ 14,359</u>

### a. Notes and accounts receivable

Some of the Group's customers use cash (or credit card) to settle payment; other than the customers who pay by cash (or credit card), the average credit period of sales of goods was 30-135 days. The 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 default.

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 3,179	\$ 3,179
Less: Amount written off	(2)	-
Less: Reversal of impairment loss	<u>(2,348)</u>	<u>-</u>
Balance at December 31	<u>\$ 829</u>	<u>\$ 3,179</u>

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

	<b>Neither Past Due nor Impaired</b>	<b>Past Due but not Impaired</b>			<b>Total</b>
		<b>Within 90 Days</b>	<b>91 to 180 Days</b>	<b>Over 180 Days</b>	
December 31, 2023	\$ 187,859	\$ 9,372	\$ -	\$ -	\$ 197,231
December 31, 2022	184,136	12,536	8	-	196,680

Notes and accounts receivable were not pledged.

b. Other receivables

The Group measures the loss allowance for other receivables at an amount equal to actual credit losses of customers; therefore, there is no uncertain recovery in addition to the amount as follows.

The movements of the loss allowance for other receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ -	\$ -
Add: Allowance for impairment loss	<u>1,575</u>	<u>-</u>
Balance at December 31	<u>\$ 1,575</u>	<u>\$ -</u>

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Finished goods	\$ 263,279	\$ 225,569
Semi-finished goods and work in progress	215,223	238,790
Raw materials	153,054	176,004
Supplies	48,312	47,682
Merchandise	<u>8,323</u>	<u>346</u>
	<u>\$ 688,191</u>	<u>\$ 688,391</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cost of inventories sold	\$ 2,099,450	\$ 1,909,186
Loss on retirement	\$ 11,212	\$ 11,596
Inventory write-downs (reversals)	\$ (16,805)	\$ 21,273
Gain from physical counts	\$ (2,708)	\$ (2,493)

Inventories were not pledged.

## 12. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership	
			December 31	
			2023	2022
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%
GKBVI	Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Manufacturing and Sales	100%	100%
GKBVI	Shanghai Rivershine Ltd. (Shanghai Rivershine)	Sales	100%	100%
Pro-partner	ELITE PROPARTNER HOLDINGS SDN. BHD.	Investment	100%	100%
Pro-partner	UVACO MY SDN. BHD.	Sales	100%	-
Shanghai Grape King	Shanghai Pujun Trading Co., Ltd. (Shanghai Pujun)	Sales	51%	-

### 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		
		2023	2022	
Pro-partner	Taiwan	40%	40%	
Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2023	2022	2023	2022
Pro-partner	\$ 688,507	\$ 712,575	\$ 1,618,104	\$ 1,571,301

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 3,389,008	\$ 3,285,873
Non-current assets	3,463,003	3,568,552
Current liabilities	(2,754,426)	(2,846,353)
Non-current liabilities	<u>(52,324)</u>	<u>(79,820)</u>
Equity	<u>\$ 4,045,261</u>	<u>\$ 3,928,252</u>
Equity attributable to:		
Owners of the Company	\$ 2,427,157	\$ 2,356,951
Non-controlling interests of Pro-partner	<u>1,618,104</u>	<u>1,571,301</u>
	<u>\$ 4,045,261</u>	<u>\$ 3,928,252</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue	<u>\$ 8,570,951</u>	<u>\$ 8,726,743</u>
Profit for the year	\$ 1,721,269	\$ 1,781,437
Other comprehensive income	<u>96</u>	<u>954</u>
Total comprehensive income	<u>\$ 1,721,173</u>	<u>\$ 1,782,391</u>
Profit attributable to:		
Owners of the Company	\$ 1,032,762	\$ 1,068,862
Non-controlling interests of Pro-partner	<u>688,507</u>	<u>712,575</u>
	<u>\$ 1,721,269</u>	<u>\$ 1,781,437</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 1,032,704	\$ 1,069,434
Non-controlling interests of Pro-partner	<u>688,469</u>	<u>712,957</u>
	<u>\$ 1,721,173</u>	<u>\$ 1,782,391</u>
Net cash inflow from:		
Operating activities	\$ 1,756,879	\$ 2,136,798
Investing activities	(33,615)	14,612
Financing activities	<u>(1,634,706)</u>	<u>(1,488,424)</u>
Net cash inflow	<u>\$ 88,558</u>	<u>\$ 662,986</u>
Dividends paid to non-controlling interests of:		
Pro-partner	<u>\$ 641,666</u>	<u>\$ 582,777</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Associates that are not individually material</u>		
GK BIO INTERNATIONAL SDN. BHD.	\$ 50,952	\$ 35,303
Shanghai Xinquan Biotechnology Co., Ltd.	8,980	9,348
Shanghai Changhong Biotechnology Co., Ltd.	<u>-</u>	<u>-</u>
	<u>\$ 59,932</u>	<u>\$ 44,651</u>

In September 2022, the Group increased its equity interest by MYR1,200 thousand in GK BIO INTERNATIONAL SDN. BHD, and the proportion of ownership increased from 30% to 35%.

Shanghai Changhong Biotechnology Co., Ltd is accounted for using the equity method., because the company is currently undergoing its liquidation procedures in November 2022, resulting in a recoverable amount less than the amount of the Group's investment, the Group recognized investment losses of \$2,538 thousand for the year ended December 31, 2022.

Aggregate information of associates that are not individually material.

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Company's share of:		
Net income	\$ 19,275	\$ 10,559
Other comprehensive income (loss)	<u>(2,113)</u>	<u>1,212</u>
Total comprehensive income	<u>\$ 17,162</u>	<u>\$ 11,771</u>

The Company had neither contingent liabilities nor capital commitments to the associates as of December 31, 2023 and 2022.

Investments in associates were not pledged.

### 14. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Assets used by the Group	<u>\$ 7,538,682</u>	<u>\$ 7,360,082</u>

#### a. Assets used by the Group

	<u>For the Year Ended December 31, 2023</u>					
	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassification</u>	<u>Effects of Foreign Currency Exchange Differences</u>	<u>Balance at End of Year</u>
<u>Cost</u>						
Land	\$ 2,964,746	\$ -	\$ -	\$ -	\$ -	\$ 2,964,746
Land improvements	3,264	-	-	-	-	3,264
Buildings	4,438,607	5,629	(14)	487,213	(8,337)	4,923,098
Machinery and equipment	1,914,790	23,270	(50,642)	89,239	(5,530)	1,971,127
Transportation equipment	21,006	1,434	-	-	(81)	22,359
Leasehold improvements	108,010	463	-	-	(45)	108,428
Other equipment	496,417	16,111	(75,017)	895	(438)	437,968
Construction in progress	448,181	399,883	-	(461,750)	(53)	386,261
	<u>10,395,021</u>	<u>\$ 446,790</u>	<u>\$ (125,673)</u>	<u>\$ 115,597</u>	<u>\$ (14,484)</u>	<u>10,817,251</u>

(Continued)



**For the Year Ended December 31, 2023**

	Balance at Beginning of Year	Additions	Disposals	Reclassification	Effects of Foreign Currency Exchange Differences	Balance at End of Year
<u>Accumulated depreciation</u>						
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	2,238	272	-	-	-	2,510
Buildings	1,292,056	176,955	(14)	-	(3,074)	1,465,923
Machinery and equipment	1,282,342	134,225	(49,608)	-	(3,430)	1,363,529
Transportation equipment	16,885	1,713	-	-	(70)	18,528
Leasehold improvements	65,879	15,399	-	-	(26)	81,252
Other equipment	375,539	46,646	(74,978)	-	(380)	346,827
	<u>3,034,939</u>	<u>\$ 375,210</u>	<u>\$ (124,600)</u>	<u>\$ -</u>	<u>\$ (6,980)</u>	<u>3,278,569</u>
Carrying amount at December 31, 2023	<u>\$ 7,360,082</u>					<u>\$ 7,538,682</u>

(Concluded)

**For the Year Ended December 31, 2022**

	Balance at Beginning of Year	Additions	Disposals	Reclassification	Effects of Foreign Currency Exchange Differences	Balance at End of Year
<u>Cost</u>						
Land	\$ 2,964,613	\$ 13	\$ -	\$ 120	\$ -	\$ 2,964,746
Land improvements	3,264	-	-	-	-	3,264
Buildings	4,413,064	9,252	(122)	9,866	6,547	4,438,607
Machinery and equipment	1,806,018	40,723	(4,231)	68,060	4,220	1,914,790
Transportation equipment	21,030	453	(535)	-	58	21,006
Leasehold improvements	85,804	22,519	(349)	-	36	108,010
Other equipment	513,146	26,482	(44,400)	900	289	496,417
Construction in progress	104,070	335,447	-	8,645	19	448,181
	<u>9,911,009</u>	<u>\$ 434,889</u>	<u>\$ (49,637)</u>	<u>\$ 87,591</u>	<u>\$ 11,169</u>	<u>10,395,021</u>
<u>Accumulated depreciation</u>						
Land	-	\$ -	\$ -	\$ -	\$ -	-
Land improvements	1,967	271	-	-	-	2,238
Buildings	1,113,608	176,510	(122)	-	2,060	1,292,056
Machinery and equipment	1,147,206	136,849	(3,808)	-	2,095	1,282,342
Transportation equipment	15,492	1,892	(535)	-	36	16,885
Leasehold improvements	52,425	13,784	(349)	-	19	65,879
Other equipment	372,656	47,028	(44,394)	-	249	375,539
	<u>2,703,354</u>	<u>\$ 376,334</u>	<u>\$ (49,208)</u>	<u>\$ -</u>	<u>\$ 4,459</u>	<u>3,034,939</u>
Carrying amount at December 31, 2022	<u>\$ 7,207,655</u>					<u>\$ 7,360,082</u>

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

<b>Significant Part of Buildings</b>	<b>Estimated Economic Lives</b>
Main plant	30 to 60 years
Air conditioning and electrical	5 to 22 years
Wastewater treatment equipment	10 to 15 years
Decoration	15 years

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

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 33.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Land	\$ 80,265	\$ 84,758
Buildings	129,022	95,001
Transportation equipment	7,498	5,178
Other equipment	<u>955</u>	<u>1,331</u>
	<u>\$ 217,740</u>	<u>\$ 186,268</u>
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 82,691</u>	<u>\$ 45,572</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,858	\$ 3,788
Buildings	41,827	41,017
Transportation equipment	4,152	5,472
Other equipment	<u>720</u>	<u>678</u>
	<u>\$ 50,557</u>	<u>\$ 50,955</u>

### b. Lease liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Current	<u>\$ 56,560</u>	<u>\$ 46,943</u>
Non-current	<u>\$ 136,360</u>	<u>\$ 110,809</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Land	1.02%	1.02%
Buildings	1.00% to 1.80%	1.00% to 1.60%
Transportation equipment	1.00% to 1.80%	1.00% to 1.35%
Other equipment	1.00% to 1.84%	1.00% to 1.02%

### 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 16, 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 and the lease agreement between two parties was terminated in August 2022. The movement schedule of prepaid rents is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance of prepaid rent	\$ -	\$ 36,743
Rental income recognized in current year	-	(2,702)
Refund of rent in current year	-	(34,602)
Effects of foreign currency exchange differences	<u>-</u>	<u>561</u>
Ending balance of prepaid rent	<u>\$ -</u>	<u>\$ -</u>

e. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term and low-value asset leases	<u>\$ 15,665</u>	<u>\$ 15,238</u>
Total cash outflow for leases	<u>\$ (65,530)</u>	<u>\$ (60,835)</u>

The Group leases certain land, transportation equipment and other equipment under leases 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.

**16. INVESTMENT PROPERTIES**

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2023	\$ 1,141,278	\$ 390,302	\$ 1,531,580
Disposals	<u>-</u>	<u>(45,573)</u>	<u>(45,573)</u>
Balance at December 31, 2023	<u>\$ 1,141,278</u>	<u>\$ 344,729</u>	<u>\$ 1,486,007</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 115,311	\$ 115,311
Depreciation expenses	-	7,895	7,895
Disposals	<u>-</u>	<u>(45,573)</u>	<u>(45,573)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 77,633</u>	<u>\$ 77,633</u>
Carrying amount at December 31, 2023	<u>\$ 1,141,278</u>	<u>\$ 267,096</u>	<u>\$ 1,408,374</u>

(Continued)

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ 1,173,821	\$ 395,223	\$ 1,569,044
Disposals	<u>(32,543)</u>	<u>(4,921)</u>	<u>(37,464)</u>
Balance at December 31, 2022	<u>\$ 1,141,278</u>	<u>\$ 390,302</u>	<u>\$ 1,531,580</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 109,467	\$ 109,467
Depreciation expenses	-	8,070	8,070
Disposals	<u>-</u>	<u>(2,226)</u>	<u>(2,226)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 115,311</u>	<u>\$ 115,311</u>
Carrying amount at December 31, 2022	<u>\$ 1,141,278</u>	<u>\$ 274,991</u>	<u>\$ 1,416,269</u> (Concluded)

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, 2023 and 2022 was as follows:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Year 1	\$ 16,662	\$ 12,957
Year 2	15,631	1,880
Year 3	12,380	930
Year 4	2,521	930
Year 5	1,934	930
Later than 5 years	<u>1,610</u>	<u>2,450</u>
	<u>\$ 50,738</u>	<u>\$ 20,077</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of investment properties during the years ended December 31, 2023 and 2022. 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.

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Fair value	<u>\$ 1,828,400</u>	<u>\$ 1,821,470</u>

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 guaranteed note amounting to NT\$5,600 thousand from Mr. Tseng for security purpose.

Investment properties were not pledged.

## 17. INTANGIBLE ASSETS

	<b>Computer Software</b>	<b>Trademarks</b>	<b>Customer Relations</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2023	\$ 93,128	\$ 16,136	\$ -	\$ 109,264
Additions	14,212	-	-	14,212
Acquired through business combination	-	-	59,255	59,255
Disposals	(1,492)	-	-	(1,492)
Reclassifications	34,450	-	-	34,450
Effects of foreign currency exchange differences	<u>(76)</u>	<u>(1)</u>	<u>(516)</u>	<u>(593)</u>
Balance at December 31, 2023	<u>\$ 140,222</u>	<u>\$ 16,135</u>	<u>\$ 58,739</u>	<u>\$ 215,096</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ 49,835	\$ 15,672	\$ -	\$ 65,507
Amortization expenses	20,902	229	4,970	26,101
Disposals	(1,492)	-	-	(1,492)
Effects of foreign currency exchange differences	<u>(32)</u>	<u>-</u>	<u>(75)</u>	<u>(107)</u>
Balance at December 31, 2023	<u>\$ 69,213</u>	<u>\$ 15,901</u>	<u>\$ 4,895</u>	<u>\$ 90,009</u>
Carrying amount at December 31, 2023	<u>\$ 71,009</u>	<u>\$ 234</u>	<u>\$ 53,844</u>	<u>\$ 125,087</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 68,680	\$ 16,135	\$ -	\$ 84,815
Additions	15,784	-	-	15,784
Disposals	(260)	-	-	(260)
Reclassifications	8,866	-	-	8,866
Effects of foreign currency exchange differences	<u>58</u>	<u>1</u>	<u>-</u>	<u>59</u>
Balance at December 31, 2022	<u>\$ 93,128</u>	<u>\$ 16,136</u>	<u>\$ -</u>	<u>\$ 109,264</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 36,032	\$ 15,443	\$ -	\$ 51,475
Amortization expenses	14,050	229	-	14,279
Disposals	(260)	-	-	(260)
Effects of foreign currency exchange differences	<u>13</u>	<u>-</u>	<u>-</u>	<u>13</u>
Balance at December 31, 2022	<u>\$ 49,835</u>	<u>\$ 15,672</u>	<u>\$ -</u>	<u>\$ 65,507</u>
Carrying amount at December 31, 2022	<u>\$ 43,293</u>	<u>\$ 464</u>	<u>\$ -</u>	<u>\$ 43,757</u>

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, 2023 and 2022. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-10 years
Trademarks	3-10 years
Customer Relations	5 years

	<u>For the Year Ended December 31</u>	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 410	\$ 410
Selling and marketing expenses	6,318	6,431
General and administrative expenses	18,962	7,408
Research and development expenses	<u>411</u>	<u>30</u>
	<u>\$ 26,101</u>	<u>\$ 14,279</u>

## 18. OTHER ASSETS

	<u>December 31</u>	
	2023	2022
<u>Current assets</u>		
Prepayments for purchases	\$ 45,376	\$ 15,647
Office supplies	3,619	3,474
Other prepaid expense	15,086	16,233
Other current assets	<u>1,200</u>	<u>3,610</u>
	<u>\$ 65,281</u>	<u>\$ 38,964</u>
<u>Non-current assets</u>		
Prepayments for equipment	\$ 38,895	\$ 103,946
Net defined benefit assets	22,600	19,900
Refundable deposits	16,079	18,390
Other non-current assets	<u>5,397</u>	<u>4,987</u>
	<u>\$ 82,971</u>	<u>\$ 147,223</u>

## 19. OTHER LIABILITIES

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Other payables		
Bonus to direct sellers	\$ 1,139,253	\$ 1,142,690
Bonus to employees	234,175	234,100
		(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Salaries and incentive bonus	\$ 159,072	\$ 159,770
Accrued VAT payable	89,082	81,333
Payables for purchases of equipment	80,572	135,965
Bonus to directors	34,032	34,032
Other accrued expenses	226,894	258,629
Others	<u>6,782</u>	<u>4,851</u>
	<u>\$ 1,969,862</u>	<u>\$ 2,051,370</u>
Other liabilities		
Unearned rent	\$ 1,447	\$ 1,205
Guarantee deposits received	1,150	-
Other current liabilities	<u>26,253</u>	<u>27,499</u>
	<u>\$ 28,850</u>	<u>\$ 28,704</u>
<u>Non-current</u>		
Guarantee deposits received	\$ 10,559	\$ 9,099
Net defined benefit liabilities	<u>217</u>	<u>292</u>
	<u>\$ 10,776</u>	<u>\$ 9,391</u>

(Concluded)

## 20. PROVISIONS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Decommissioning, restoration and rehabilitation	<u>\$ 9,739</u>	<u>\$ 9,652</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 9,652	\$ 7,362
Additional provisions recognized	-	2,919
Amount used	-	(779)
Discount rate adjustment and unwinding of discount from the passage of time	87	79
Unwinding of discounts	<u>-</u>	<u>71</u>
Balance at December 31	<u>\$ 9,739</u>	<u>\$ 9,652</u>

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, 2023 and 2022 were NT\$ 35,128 thousand and NT\$32,950 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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 18,326	\$ 19,191
Fair value of plan assets	<u>(40,709)</u>	<u>(38,798)</u>
Net defined benefit liabilities (assets)	<u>\$ (22,383)</u>	<u>\$ (19,607)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2023	<u>\$ 19,191</u>	<u>\$ (38,798)</u>	<u>\$ (19,607)</u>
Service cost			
Current service cost	127	-	127
Past service cost	514	-	514
Net interest expense (income)	<u>258</u>	<u>(551)</u>	<u>(293)</u>
Recognized in profit or loss	<u>899</u>	<u>(551)</u>	<u>348</u>

(Continued)



	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
<b>Remeasurement</b>			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (274)	\$ (274)
Actuarial (gain) loss			
Changes in financial assumptions	417	-	417
Experience adjustments	<u>(383)</u>	<u>-</u>	<u>(383)</u>
Recognized in other comprehensive income	<u>34</u>	<u>(274)</u>	<u>(240)</u>
Contributions from the employer	<u>-</u>	<u>(2,370)</u>	<u>(2,370)</u>
Benefits paid	<u>(1,284)</u>	<u>1,284</u>	<u>-</u>
Curtailment	<u>(514)</u>	<u>-</u>	<u>(514)</u>
 Balance at December 31, 2023	 <u>\$ 18,326</u>	 <u>\$ (40,709)</u>	 <u>\$ (22,383)</u>
 Balance at January 1, 2022	 <u>\$ 20,305</u>	 <u>\$ (34,345)</u>	 <u>\$ (14,040)</u>
<b>Service cost</b>			
Current service cost	130	-	130
Past service cost	227	-	227
Net interest expense (income)	<u>143</u>	<u>(250)</u>	<u>(107)</u>
Recognized in profit or loss	<u>500</u>	<u>(250)</u>	<u>250</u>
<b>Remeasurement</b>			
Return on plan assets (excluding amounts included in net interest)	-	(2,570)	(2,570)
Actuarial (gain) loss			
Changes in financial assumptions	234	-	234
Experience adjustments	<u>(756)</u>	<u>-</u>	<u>(756)</u>
Recognized in other comprehensive income	<u>(522)</u>	<u>(2,570)</u>	<u>(3,092)</u>
Contributions from the employer	<u>-</u>	<u>(2,401)</u>	<u>(2,401)</u>
Benefits paid	<u>(768)</u>	<u>768</u>	<u>-</u>
Curtailment	<u>(324)</u>	<u>-</u>	<u>(324)</u>
 Balance at December 31, 2022	 <u>\$ 19,191</u>	 <u>\$ (38,798)</u>	 <u>\$ (19,607)</u> (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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount rate	1.25%	1.25%-1.40%
Expected rate of salary increase	1.50%-3.00%	1.50%-3.00%

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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount rate		
0.25% increase	<u>\$ (451)</u>	<u>\$ (510)</u>
0.25% decrease	<u>\$ 467</u>	<u>\$ 530</u>
Expected rate of salary increase/decrease		
0.25%-1.00% increase	<u>\$ 788</u>	<u>\$ 872</u>
0.25%-1.00% decrease	<u>\$ (750)</u>	<u>\$ (825)</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Expected contributions to the plans for the next year	<u>\$ 2,448</u>	<u>\$ 2,539</u>
Average duration of the defined benefit obligation	11.5 years- 12 years	12.3 years- 13 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, 2023 and 2022 were NT\$348 thousand and NT\$250 thousand, respectively.

## 22. EQUITY

### a. Share capital

#### 1) Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Shares authorized (in thousands of shares)	<u>180,000</u>	<u>180,000</u>
Shares authorized, par value \$10 (in thousands of dollars)	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Shares issued and fully paid (in thousands of shares)	<u>148,137</u>	<u>148,137</u>
Shares issued through public issue	\$ 1,362,864	\$ 1,362,864
Shares issued through private placement	<u>118,510</u>	<u>118,510</u>
Shares issued and fully paid (in thousands of dollars)	<u>\$ 1,481,374</u>	<u>\$ 1,481,374</u>

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 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 the 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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital	\$ 2,850,440	\$ 2,850,440
Treasury share transactions	2,672	2,672
<u>May only be used to offset a deficit</u>		
Convertible bonds - expired share option	150	150
Treasury share transactions - share option	6,749	6,749
Arising from share of changes in capital surplus of associates	2,809	2,809
Others (2)	<u>13,526</u>	<u>11,412</u>
	<u>\$ 2,876,346</u>	<u>\$ 2,874,232</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Other is 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 after the amendment, refer to compensation of employees and remuneration of directors 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 shares 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.

The appropriations of earnings for 2022 and 2021 that were approved in the shareholders' meetings on May 31, 2023 and May 27, 2022 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 145,920	\$ 130,115
Special reserve	\$ (21,377)	\$ 5,740
Cash dividends	\$ 1,022,148	\$ 903,638
Cash dividends per share (NT\$)	\$ 6.9	\$ 6.1

The appropriation of earnings for 2023 that had been proposed by the Company's Board of Directors on February 26, 2024 was as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	\$ 145,293
Special reserve	\$ 8,729
Cash dividends	\$ 1,022,148
Cash dividends per share (NT\$)	\$ 6.9

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on May 30, 2024.

Pro-Partner's appropriations of earnings for 2022 and 2021 that were approved in the shareholders' meetings on April 13, 2023 and April 19, 2022, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 178,240	\$ 161,882
Cash dividends	\$ 1,604,164	\$ 1,456,942
Cash dividends per share (NT\$)	\$ 91.15	\$ 82.78

Pro-partner's appropriation of earnings for 2023 that had been proposed by the Pro-partner's Board of Directors on February 20, 2024 was as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	<u>\$ 172,124</u>
Cash dividends	<u>\$ 1,619,120</u>
Cash dividends per share (NT\$)	\$ 92.00

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on April 16, 2024.

d. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at beginning of year	\$ (57,144)	\$ (75,567)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>(22,521)</u>	<u>18,423</u>
Balance at end of year	<u>\$ (79,665)</u>	<u>\$ (57,144)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at beginning of year	\$ (13,684)	\$ (16,638)
Recognized for the year		
Unrealized (loss) gain - equity instruments	<u>(1,848)</u>	<u>2,954</u>
Other comprehensive loss for the period	<u>(1,848)</u>	<u>2,954</u>
Transfer of accumulated gain or loss on disposal of equity instruments to retained earnings	<u>15,640</u>	<u>-</u>
Balance at end of year	<u>\$ 108</u>	<u>\$ (13,684)</u>

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at beginning of year	\$ 1,571,301	\$ 1,441,121
Profit for the year	688,783	712,575
Other comprehensive income (loss) for the year		
Exchange differences on translating the financial statements of foreign operations	(323)	(5)
Remeasurement of defined benefit plans	(10)	387
Acquisition of increased non-controlling interests in subsidiaries	33,551	-
Dividends paid to non-controlling interests	<u>(641,666)</u>	<u>(582,777)</u>
Balance at end of year	<u>\$ 1,651,636</u>	<u>\$ 1,571,301</u>

## 23. REVENUE

	<u>For the Year Ended December 31</u>	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 9,661,530	\$ 9,470,021
Revenue from the rendering of services	<u>973,934</u>	<u>921,210</u>
	<u>\$ 10,635,464</u>	<u>\$ 10,391,231</u>

### a. Disaggregation of revenue

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

For the year ended December 31, 2023

	<u>Reportable Segments</u>				Total
	MLM	Distribution	ODM/OEM	Sales Channel	
<u>Type of goods or services</u>					
Sale of goods	\$ 8,570,951	\$ 842,476	\$ -	\$ 248,103	\$ 9,661,530
Rendering of services	<u>-</u>	<u>-</u>	<u>973,934</u>	<u>-</u>	<u>973,934</u>
	<u>\$ 8,570,951</u>	<u>\$ 842,476</u>	<u>\$ 973,934</u>	<u>\$ 248,103</u>	<u>\$ 10,635,464</u>

Timing of revenue recognition

Satisfied at a point in time	<u>\$ 8,570,951</u>	<u>\$ 842,476</u>	<u>\$ 973,934</u>	<u>\$ 248,103</u>	<u>\$ 10,635,464</u>
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For the year ended December 31, 2022

	<u>Reportable Segments</u>				Total
	MLM	Distribution	ODM/OEM	Sales Channel	
<u>Type of goods or services</u>					
Sale of goods	\$ 8,726,743	\$ 743,278	\$ -	\$ -	\$ 9,470,021
Rendering of services	<u>-</u>	<u>-</u>	<u>921,210</u>	<u>-</u>	<u>921,210</u>
	<u>\$ 8,726,743</u>	<u>\$ 743,278</u>	<u>\$ 921,210</u>	<u>\$ -</u>	<u>\$ 10,391,231</u>

Timing of revenue recognition

Satisfied at a point in time	<u>\$ 8,726,743</u>	<u>\$ 743,278</u>	<u>\$ 921,210</u>	<u>\$ -</u>	<u>\$ 10,391,231</u>
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#### 2) Type of goods

	<u>For the Year Ended December 31</u>	
	2023	2022
<u>Type of goods</u>		
Health food	\$ 8,787,716	\$ 8,822,937
ODM/OEM	973,934	921,210
Cosmetics	345,368	322,519
Sales Channel (Note 1)	248,103	-
Beverage	239,608	295,526
Others (Note 2)	<u>40,735</u>	<u>29,039</u>
	<u>\$ 10,635,464</u>	<u>\$ 10,391,231</u>

Note 1: Sales channel is the Group's business of selling products from other companies for the purpose of building its own brand channels.

Note 2: Others include general food and pet food.

b. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Notes and accounts receivable, net	<u>\$ 197,231</u>	<u>\$ 196,680</u>	<u>\$ 232,957</u>
Accounts receivable from related parties	<u>\$ 93,580</u>	<u>\$ 72,967</u>	<u>\$ 67,739</u>
Contract liabilities - current			
Sale of goods	\$ 89,325	\$ 87,383	\$ 37,682
Rendering of services	<u>60,359</u>	<u>86,006</u>	<u>91,492</u>
	<u>\$ 149,684</u>	<u>\$ 173,389</u>	<u>\$ 129,174</u>

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

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year was summarized as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
From contract liabilities at the start of the year		
Revenue from the sale of goods	\$ 87,385	\$ 37,682
Revenue from rendering of services	<u>81,663</u>	<u>84,675</u>
	<u>\$ 169,048</u>	<u>\$ 122,357</u>

## 24 NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Financial assets at amortized cost	<u>\$ 47,604</u>	<u>\$ 19,923</u>

b. Other income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Rental income	\$ 27,762	\$ 29,666
Others	<u>71,594</u>	<u>66,197</u>
	<u>\$ 99,356</u>	<u>\$ 95,863</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 420	\$ 631
Net foreign exchange gain	665	11,629
Gain on modification of lease agreements	14	106
Gain on disposal of investment properties	-	4,943
Loss on disposal of subsidiary	-	(779)
Impairment loss on investment accounted for using the equity method	-	(2,538)
Loss on disposal of property, plant and equipment	(1,070)	(408)
Others	<u>(366)</u>	<u>(1,684)</u>
	<u>\$ (337)</u>	<u>\$ 11,900</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 8	\$ 252
Interest on lease liabilities	2,383	2,150
Imputed interest on deposit	60	37
Unwinding of discount on provisions	87	79
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>(151)</u>
	<u>\$ 2,538</u>	<u>\$ 2,367</u>

Information about capitalized interest is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Capitalized interest amount	\$ -	\$ 151
Capitalization rate	-	1.02%

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Operating costs	\$ 231,384	\$ 227,224
Operating expenses	<u>202,278</u>	<u>208,135</u>
	<u>\$ 433,662</u>	<u>\$ 435,359</u>
An analysis of amortization by function		
Operating costs	\$ 410	\$ 410
Operating expenses	<u>25,691</u>	<u>13,869</u>
	<u>\$ 26,101</u>	<u>\$ 14,279</u>



Refer to Note 17 for information relating to the line item in which any amortization of intangible assets is included.

f. Operating expenses directly related to investment properties

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Direct operating expenses from investment properties generating rental income	\$ 4,305	\$ 3,663
Direct operating expenses from investment properties not generating rental income	<u>3,589</u>	<u>4,407</u>
	<u>\$ 7,894</u>	<u>\$ 8,070</u>

g. Employee benefits expense

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Short-term benefits	\$ <u>1,199,587</u>	\$ <u>1,164,246</u>
Post-employment benefits (Note 21)		
Defined contribution plan	35,128	32,950
Defined benefit plans	<u>348</u>	<u>250</u>
	<u>35,476</u>	<u>33,200</u>
Other employee benefits	<u>27,359</u>	<u>17,863</u>
Total employee benefits expense	<u>\$ 1,262,422</u>	<u>\$ 1,215,309</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 250,458	\$ 252,769
Operating expenses	<u>1,011,964</u>	<u>962,540</u>
	<u>\$ 1,262,422</u>	<u>\$ 1,215,309</u>

h. Compensation of employees and remuneration of directors

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. However, the Company has to first offset accumulated losses, if any. For the years ended December 31, 2023 and 2022, the compensation of employees and the remuneration of directors are as follows:

Accrual rate

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	8%	8%
Remuneration of directors	2%	2%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	\$ 136,129	\$ 136,129
Remuneration of directors	34,032	34,032

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 for 2023 and 2022 that were resolved by the Company's Board of Directors on February 26, 2024 and February 22, 2023, respectively, are as shown below:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 136,129	\$ 136,129
Remuneration of directors	34,032	34,032

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

## 25. INCOME TAXES

- a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 511,534	\$ 534,202
Income tax on unappropriated earnings	15,625	13,083
Adjustments for prior years	<u>(18,979)</u>	<u>(23,219)</u>
	508,180	524,066
Deferred tax		
In respect of the current year	<u>10,929</u>	<u>(5,875)</u>
Income tax expense recognized in profit or loss	<u>\$ 519,109</u>	<u>\$ 518,191</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax from continuing operations	<u>\$ 2,660,620</u>	<u>\$ 2,687,878</u>
Income tax expense calculated at the statutory rate	\$ 746,092	\$ 756,669
Income tax on unappropriated earnings	15,625	13,083
Others	(223,629)	(228,342)
Adjustments for prior years' tax	<u>(18,979)</u>	<u>(23,219)</u>
Income tax expense recognized in profit or loss	<u>\$ 519,109</u>	<u>\$ 518,191</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ 48</u>	<u>\$ 619</u>
Total income tax recognized in other comprehensive income	<u>\$ 48</u>	<u>\$ 619</u>

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, 2023

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Employee benefits payable	\$ 284	\$ -	\$ -	\$ 284
Allowance for uncollectible accounts	(52)	52	-	-
Allowance for inventory loss	3,234	(2,341)	-	893
Right-of-use assets	1,084	240	-	1,324
Defined benefit liabilities (assets) - subsidiary	54	(20)	6	40
Unrealized intragroup profits and losses	10,004	(1,029)	-	8,975
Investment loss under equity method	<u>54</u>	<u>60</u>	<u>-</u>	<u>114</u>
	<u>\$ 14,662</u>	<u>\$ (3,038)</u>	<u>\$ 6</u>	<u>\$ 11,630</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized revaluation	\$ (68,463)	\$ -	\$ -	\$ (68,463)
Defined benefit liabilities (assets) - the Company	(915)	-	(54)	(969)
Unrealized exchange gain	(324)	-	-	(324)
Investment gain under equity method	-	(7,891)	-	(7,891)
	<u>\$ (69,702)</u>	<u>\$ (7,891)</u>	<u>\$ (54)</u>	<u>\$ (77,647)</u>

For the year ended December 31, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Employee benefits payable	\$ 284	\$ -	\$ -	\$ 284
Allowance for uncollectible accounts	-	(52)	-	(52)
Allowance for inventory loss	-	3,234	-	3,234
Employee benefits	121	(121)	-	-
Right-of-use assets	1,034	50	-	1,084
Defined benefit liabilities (assets) - subsidiary	314	(18)	(242)	54
Unrealized intragroup profits and losses	6,952	3,052	-	10,004
Investment loss under equity method	-	54	-	54
	<u>\$ 8,705</u>	<u>\$ 6,199</u>	<u>\$ (242)</u>	<u>\$ 14,662</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized revaluation	\$ (68,463)	\$ -	\$ -	\$ (68,463)
Defined benefit liabilities (assets) - the Company	(538)	-	(377)	(915)
Unrealized exchange gain	-	(324)	-	(324)
	<u>\$ (69,001)</u>	<u>\$ (324)</u>	<u>\$ (377)</u>	<u>\$ (69,702)</u>

d. Income tax assessments

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

## 26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share	\$ 9.81	\$ 9.84
Diluted earnings per share	\$ 9.74	\$ 9.78

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic and diluted earnings per share	\$ 1,452,728	\$ 1,457,112

### Weighted average number of ordinary shares outstanding

Unit: In Thousands of Shares

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	148,137	148,137
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>985</u>	<u>925</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>149,122</u>	<u>149,062</u>

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. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Shanghai Pujun	Selling food	August 16, 2023	51%	<u>\$ 34,920</u>

Shanghai Pujun was acquired on August 16, 2023, in order to continue the expansion of the Group's business scale in China.

b. Consideration transferred

**Shanghai Pujun**

Cash	<u>\$ 34,920</u>
------	------------------

c. Assets acquired and liabilities assumed at the date of acquisition

**Shanghai Pujun**

Current assets and non-current assets	
Cash	\$ 5,017
Accounts receivable, net	3,316
Inventories	174
Other current assets	35,718
Intangible assets	59,255
Current liabilities	
Contract liabilities	(30,270)
Accounts payable	(4,071)
Other payables	(506)
Current tax liabilities	<u>(162)</u>
	<u>\$ 68,471</u>

d. Non-controlling interests

The non-controlling interest (a 49% ownership interest in Shanghai Pujun Limited) recognized at the acquisition date was measured in proportion to its share of the identifiable net assets on the acquisition date.

e. Net cash outflow on the acquisition of subsidiaries

**Shanghai Pujun**

Considerations paid in cash	\$ 34,920
Less: Cash balances acquired	<u>(5,017)</u>
	<u>\$ 29,903</u>

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

**Shanghai Pujun**

Revenue	<u>\$ 248,103</u>
Profit	<u>\$ 5,532</u>

Had Shanghai Pujun concluded the acquisition at the beginning of 2023, the Group's revenue would have been \$10,640,009 thousand, and the profit would have been \$2,141,997 thousand for the year ended December 31, 2023, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2023, nor is it intended to be a projection of future results.

## 28. DISPOSAL OF SUBSIDIARIES

On June 25, 2021, the Company resolved to liquidate Dongpu Biotech Corporation, and the Company completed the liquidation procedure in March 2022 and lost control over the said subsidiary.

### a. Consideration received from disposals

	<b>Dongpu Biotech Corporation</b>
Cash	\$ 27,586
Total consideration received	<u>\$ 27,586</u>

### b. Analysis of assets and liabilities on the date control was lost

	<b>Dongpu Biotech Corporation</b>
Current assets	
Cash	\$ 27,586
Net assets disposed of	<u>\$ 27,586</u>

### c. Loss on disposal of subsidiaries

	<b>Dongpu Biotech Corporation</b>
Consideration received	\$ 27,586
Net assets disposed of	(27,586)
Reclassification of other comprehensive income in respect of subsidiaries	<u>(779)</u>
Loss on disposals	<u>\$ (779)</u>

### d. Net cash inflow on disposals of subsidiaries

	<b>Dongpu Biotech Corporation</b>
Consideration received in cash	\$ 27,586
Less: Cash balances disposed of	<u>(27,586)</u>
	<u>\$ -</u>

## 29. 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, 2023 and 2022:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions of property, plant and equipment	\$ (446,790)	\$ (434,889)
Changes in prepayments for purchases	(84,996)	(135,190)
Changes in payables for purchases of equipment	<u>(55,393)</u>	<u>83,394</u>
Payments for acquisition of property, plant and equipment	<u>\$ (587,179)</u>	<u>\$ (486,685)</u>

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	January 1, 2023	Cash Flows	Non-cash Changes			December 31, 2023
			Lease Change	Finance Costs	Exchange Rate Impact	
Guarantee deposits received	\$ 9,099	\$ 2,634	\$ -	\$ -	\$ (24)	\$ 11,709
Lease liabilities	<u>157,752</u>	<u>(49,865)</u>	<u>82,650</u>	<u>2,383</u>	<u>-</u>	<u>192,920</u>
	<u>\$ 166,851</u>	<u>\$ (47,231)</u>	<u>\$ 82,650</u>	<u>\$ 2,383</u>	<u>\$ (24)</u>	<u>\$ 204,629</u>

For the year ended December 31, 2022

	January 1, 2022	Cash Flows	Non-cash Changes			December 31, 2022
			Lease Change	Finance Costs	Exchange Rate Impact	
Long-term borrowings	\$ 94,365	\$ (94,365)	\$ -	\$ -	\$ -	\$ -
Guarantee deposits received	13,011	(3,906)	-	-	(6)	9,099
Lease liabilities	<u>177,393</u>	<u>(45,597)</u>	<u>23,806</u>	<u>2,150</u>	<u>-</u>	<u>157,752</u>
	<u>\$ 284,769</u>	<u>\$ (143,868)</u>	<u>\$ 23,806</u>	<u>\$ 2,150</u>	<u>\$ (6)</u>	<u>\$ 166,851</u>

### 30. 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 shareholders and the interests of other related parties, while maintaining an optimal 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.

### 31. FINANCIAL INSTRUMENTS

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

The Group's management considers that book value of financial instruments that are not measured at fair value in the consolidated financial statements approximate the fair values.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	<u>\$ 80,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,062</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
- unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>	<u>\$ 128</u>



December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
- unlisted shares	\$ _____ -	\$ _____ -	\$ 14,344	\$ 14,344

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, 2023

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at beginning of year	\$ 14,344
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	(1,848)
Disposals	<u>(12,368)</u>
Balance at end of year	<u>\$ 128</u>

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at beginning of year	\$ 11,390
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>2,954</u>
Balance at end of year	<u>\$ 14,344</u>

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.

	<u>December 31</u>	
	2023	2022
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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount for lack of marketability		
1% increase	\$ <u>(2)</u>	\$ <u>-</u>
1% decrease	\$ <u>2</u>	\$ <u>-</u>

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 80,062	\$ -
Financial assets at amortized cost		
Cash and cash equivalents	4,818,703	4,672,852
Financial assets at amortized cost	99,666	141,569
Notes and accounts receivable, net	197,231	196,680
Accounts receivable from related parties	93,580	72,967
Other receivables	24,583	14,359
Financial assets at FVTOCI		
Equity instruments	<u>128</u>	<u>14,344</u>
	<u>\$ 5,313,953</u>	<u>\$ 5,112,771</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Notes and accounts payable	\$ 284,099	\$ 293,843
Accounts payable to related parties	6,002	-
Other payables	1,969,862	2,051,370
Other payables to related parties	<u>83,647</u>	<u>92,071</u>
	<u>\$ 2,343,610</u>	<u>\$ 2,437,284</u>

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 activities. The Group identifies, measures and manages the aforementioned risks based on the Group's policies 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 35.

#### 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.

	<b>Currency USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss	\$ 13,670	\$ 11,323

### 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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 598,283	\$ 130,369
Financial liabilities	192,920	157,752
Cash flow interest rate risk		
Financial assets	4,313,366	4,676,736

#### 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, 2023 and 2022 would change by NT\$4,313 thousand and NT\$4,677 thousand, respectively, which was mainly due to fluctuations in 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 consolidated 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. Credit risk of certain customers is also managed by carrying out credit enhancement 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, equity investments and bank loans. 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, 2023 and 2022, 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, 2023

	<b>On Demand or Less than 6 Months</b>	<b>6-12 Months</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
Notes and accounts payable	\$ 284,099	\$ -	\$ -	\$ -	\$ -	\$ 284,099
Other payables (related parties included)	1,821,294	232,215	-	-	-	2,053,509
Lease liabilities	<u>31,617</u>	<u>24,487</u>	<u>38,953</u>	<u>64,823</u>	<u>44,043</u>	<u>203,923</u>
	<u>\$ 2,137,246</u>	<u>\$ 256,702</u>	<u>\$ 38,953</u>	<u>\$ 64,823</u>	<u>\$ 44,043</u>	<u>\$ 2,541,531</u>

Additional information about the maturity analysis for financial liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 56,104</u>	<u>\$ 103,776</u>	<u>\$ 9,860</u>	<u>\$ 9,860</u>	<u>\$ 9,860</u>	<u>\$ 14,463</u>

December 31, 2022

	<b>On Demand or Less than 6 Months</b>	<b>6-12 Months</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
Notes and accounts payable	\$ 293,843	\$ -	\$ -	\$ -	\$ -	\$ 293,843
Other payables (related parties included)	1,914,214	229,227	-	-	-	2,143,441
Lease liabilities	<u>28,936</u>	<u>16,843</u>	<u>31,581</u>	<u>44,001</u>	<u>46,015</u>	<u>167,376</u>
	<u>\$ 2,236,993</u>	<u>\$ 246,070</u>	<u>\$ 31,581</u>	<u>\$ 44,001</u>	<u>\$ 46,015</u>	<u>\$ 2,604,660</u>

Additional information about the maturity analysis for financial liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 45,779</u>	<u>\$ 75,582</u>	<u>\$ 9,861</u>	<u>\$ 9,860</u>	<u>\$ 9,860</u>	<u>\$ 16,434</u>

b) Financing facilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term borrowings amount		
Amount unused	<u>\$ 1,738,000</u>	<u>\$ 1,738,000</u>

### 32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides 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

<u>Related Party Name</u>	<u>Related Party Category</u>	<u>Relationship with the Group</u>
Sheng-Lin Tseng	Substantive related party	Chairman of the Company
Pu Hsing Enterprise Co., Ltd. (Pu Hsing)	Other related party	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
Laser Solution Technology Co., Ltd. (Laser Solution)	Other related party	Supervisor of Pro-partner (from June 3, 2021 to June 2, 2024)
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
Uni-President Enterprises Corp. (Uni-President)	Other related party	Director of the Company
Tung-Ju Enterprise Corp. (Tung-Ju)	Other related party	Subsidiary of a director of the Company
Tung Hsyung Co., Ltd. (Tung Hsyung)	Other related party	Subsidiary of a director of the Company
Uni-President Vender Corp. (Uni-President Vender)	Other related party	Subsidiary of a director of the Company
Tong-Yo Co., Ltd. (Tong-Yo)	Other related party	Subsidiary of a director of the Company
RSI, Retail Support International Corp. (Retail Support)	Other related party	Subsidiary of a director of the Company
Sheng-Miao Industrial Corp. (Sheng-Miao)	Other related party	Subsidiary of a director of the Company
Tung-Bo Enterprise Corp. (Tung-Bo)	Other related party	Subsidiary of a director of the Company
Xin-Tung Enterprise Corp. (Xin-Tung)	Other related party	Subsidiary of a director of the Company
Tong-Yeen Enterprise Corp. (Tong-Yeen)	Other related party	Subsidiary of a director of the Company
Wei-Tong Enterprise Corp. (Wei-Tong)	Other related party	Subsidiary of a director of the Company
President Pharmaceutical Corp. (President Pharmaceutical)	Other related party	Subsidiary of a director of the Company
President Chain Store Corp. (President Chain Store)	Other related party	Subsidiary of a director of the Company

(Continued)

<b>Related Party Name</b>	<b>Related Party Category</b>	<b>Relationship with the Group</b>
President Transnet Corp. (President Transnet)	Other related party	Subsidiary of a director of the Company
President Collect Services Corp. (President Collect Services)	Other related party	Subsidiary of a director of the Company
Presco Netmarketing, Inc. (Presco Netmarketing)	Other related party	Subsidiary of a director of the Company
President (Shanghai) Health Product Trading Company Ltd. (President (Shanghai) Health Product Trading)	Other related party	Subsidiary of a director of the Company
Uni-President Shanghai Management Consulting Co., Ltd. (Uni-President Shanghai Management Consulting)	Other related party	Subsidiary of a director of the Company
Kunshan President Enterprises Food Co., Ltd. (Kunshan President)	Other related party	Subsidiary of a director of the Company
President Enterprises (Inner Mongolia) Co., Ltd. (Inner Mongolia President)	Other related party	Subsidiary of a director of the Company
President (Shanghai) Trading Co., Ltd. (President (Shanghai) Trading)	Other related party	Subsidiary of a director of the Company
Uni-President Trading (Kunshan) Co., Ltd. (Uni-President Trading (Kunshan))	Other related party	Subsidiary of a director of the Company
Guangzhou President Enterprises Co., Ltd. (Guangzhou President)	Other related party	Subsidiary of a director of the Company
Henan President Enterprises Co., Ltd. (Henan President)	Other related party	Subsidiary of a director of the Company
Zhengzhou President Enterprises Co., Ltd. (Zhengzhou President)	Other related party	Subsidiary of a director of the Company
Jinan President Enterprises Co., Ltd. (Jinan President)	Other related party	Subsidiary of a director of the Company
Chengdu President Enterprises Food Co., Ltd. (Chengdu President)	Other related party	Subsidiary of a director of the Company
Xinjiang President Enterprises Food Co., Ltd. (Xinjiang President)	Other related party	Subsidiary of a director of the Company
Hefei President Enterprises Co., Ltd. (Hefei President)	Other related party	Subsidiary of a director of the Company
Nanchang President Enterprises Co., Ltd. (Nanchang President)	Other related party	Subsidiary of a director of the Company
Shaanxi President Enterprises Co., Ltd. (Shaanxi President)	Other related party	Subsidiary of a director of the Company
Changsha President Enterprises Co., Ltd. (Changsha President)	Other related party	Subsidiary of a director of the Company
Uni-President Enterprises (China) Investment Corp. (Uni-President Enterprises (China) Investment)	Other related party	Subsidiary of a director of the Company
GK BIO INTERNATIONAL SDN. BHD.	Associate	Investee of the Company accounted for using the equity method (Concluded)

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales	Other related party	\$ 236,648	\$ 232,074
	Associate	<u>36,516</u>	<u>28,163</u>
		<u>\$ 273,164</u>	<u>\$ 260,237</u>

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. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Purchases of goods	Other related party	<u>\$ 230,197</u>	<u>\$ 34,231</u>

Purchases for the related parties 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.

d. Contract liabilities

Line Item	Related Party Category/Name	December 31	
		2023	2022
Contract liabilities	Other related party	<u>\$ 196</u>	<u>\$ 662</u>

e. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable from related parties	Tung Hsyng	\$ 37,995	\$ 37,365
	GK BIO INTERNATIONAL SDN. BHD.	22,259	7,785
	Tung-Ju	13,449	18,597
	Retail Support	12,566	8,038
	Other related party	<u>7,311</u>	<u>1,182</u>
		<u>\$ 93,580</u>	<u>\$ 72,967</u>

f. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Account payables to related parties	Changsha President	\$ 3,050	\$ -
	Nanchang President	1,151	-
	Hefei President	834	-
	Other related party	<u>967</u>	<u>-</u>
		<u>\$ 6,002</u>	<u>\$ -</u>

(Continued)



Line Item	Related Party Category/Name	December 31	
		2023	2022
Other payables to related parties	Tung Hsyng	\$ 22,081	\$ 25,769
	Pu Hsing	19,734	20,419
	Laser Solution	19,703	20,388
	Tung-Ju	10,785	16,560
	Other related party	<u>11,344</u>	<u>8,935</u>
		<u>\$ 83,647</u>	<u>\$ 92,071</u> (Concluded)

g. Prepayments

Line Item	Related Party Category/Name	December 31	
		2023	2022
Prepayments	Changsha President	\$ 13,287	\$ -
	Nanchang President	8,993	-
	Associate	450	-
	Other related party	<u>4,663</u>	<u>145</u>
		<u>\$ 27,393</u>	<u>\$ 145</u>

h. Lease arrangements

Related Party Category	For the Year Ended December 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Substantive related party	\$ <u>-</u>	\$ <u>5,852</u>

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities	Pu-Lin	\$ 6,419	\$ 6,419
	Substantive related party	<u>4,513</u>	<u>5,662</u>
		<u>\$ 10,932</u>	<u>\$ 12,081</u>

Related Party Category	For the Year Ended December 31	
	2023	2022
<u>Interest expense</u>		
Other related party	\$ -	\$ 303
Substantive related party	<u>51</u>	<u>10</u>
	<u>\$ 51</u>	<u>\$ 313</u>

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

i. Other transactions with related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Refundable deposits	Other related party	<u>\$ 2,095</u>	<u>\$ 1,619</u>
Guarantee deposits received	Other related party	<u>\$ 346</u>	<u>\$ 355</u>
Advance receipts (classified as other current liabilities)	Other related party	<u>\$ 25</u>	<u>\$ 25</u>
Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating costs - inspection expense	Other related party	<u>\$ 169</u>	<u>\$ 250</u>
Operating costs - freight expense	Other related party	<u>\$ 35</u>	<u>\$ 14</u>
Selling and marketing expenses - advertisement expense	Other related party	<u>\$ 24,558</u>	<u>\$ 15,873</u>
Selling and marketing expenses - freight expense	Other related party	<u>\$ 20,867</u>	<u>\$ 17,622</u>
Selling and marketing expenses - commissions expense	Other related party	<u>\$ 15,278</u>	<u>\$ 22,271</u>
Selling and marketing expenses - inspection expense	Other related party	<u>\$ 142</u>	<u>\$ 137</u>
Selling and marketing expenses - entertainment expense	Other related party	<u>\$ -</u>	<u>\$ 5</u>
Selling and marketing expenses - other expense	Other related party	<u>\$ 42</u>	<u>\$ 118</u>
General and administrative expenses - donations	Other related party	<u>\$ 600</u>	<u>\$ 650</u>
General and administrative expenses - freight expense	Other related party	<u>\$ 10</u>	<u>\$ 7</u>
General and administrative expenses - other expense	Other related party	<u>\$ 9</u>	<u>\$ -</u>

(Continued)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Research and development expenses - inspection expense	Other related party	\$ <u>273</u>	\$ <u>24</u>
Research and development expenses - freight expense	Other related party	\$ <u>85</u>	\$ <u>84</u>
Rental income	Other related party	\$ <u>11</u>	\$ <u>11</u>
Other income	Other related party	\$ <u>49</u>	\$ <u>34</u>

(Concluded)

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

j. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 257,428	\$ 255,417
Post-employment benefits	<u>285</u>	<u>285</u>
	\$ <u>257,713</u>	\$ <u>255,702</u>

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

### 33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Property, plant and equipment - land	\$ 3,004,762	\$ 3,004,762
Property, plant and equipment - building	941,731	994,544
Pledged time deposits (classified as financial assets at amortized cost - non-current)	<u>28,520</u>	<u>24,520</u>
	\$ <u>3,975,013</u>	\$ <u>4,023,826</u>

Secured bank facilities used in response to operating funds by the Group's property, plant and equipment - land/building as of December 31, 2023 and 2022 are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term financing facilities	\$ 1,238,000	\$ 1,238,000
Medium and long-term financing facilities	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 2,238,000</u>	<u>\$ 2,238,000</u>

### 34. 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, 2023.
- b. Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2023 were as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Plant and machinery	<u>\$ 616,003</u>	<u>\$ 244,772</u>	<u>\$ 371,231</u>

- c. For operational needs, Pro-partner established operational bases in Taoyuan, Hsinchu, Taichung, Hualien, Tainan and Kaohsiung. The information concerning the operating leases as of December 31, 2023 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	280-300
Hsinchu City	Lin, Zhuang-Long, Wu, Yi-Wan	2021.11.01-2026.10.31	350-368
Taichung City	Pu-Lin Ltd.	2007.11.01-2027.11.01 (Note)	220
Taichung City	Pu-Lin Ltd.	2010.04.01-2030.03.31 (Note)	129
Taichung City	Nan Shan Life Insurance Co., Ltd.	2022.05.01-2027.04.30	555-572
Hualien City	Liou, Chuen-Hou, Liou, Chuen-Lung	2023.09.01-2024.08.31	130
Tainan City	Cathay Life Insurance Co., Ltd.	2021.08.01-2026.07.31	418-444
Kaohsiung City	Kazu Kuwae Trading Co., Ltd.	2021.12.01-2025.03.31	71

Note: In order to improve Pro-partner's operational efficiency, the quality of member's services and the operational needs, and leasing of new base for relocation in response to the cross-border merger and the expansion of business, the board of directors resolved on September 22, 2022 to end the lease early, and the relevant termination conditions will be handled in accordance with the contract specifications or subsequent agreements.

### 35. 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, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,208	30.705(USD:NTD)	<u>\$ 129,207</u>
USD	467	7.097(USD:CNY)	<u>\$ 14,339</u>
<u>Financial liabilities</u>			
Monetary items			
USD	188	30.705(USD:NTD)	<u>\$ 5,773</u>
USD	35	7.097(USD:CNY)	<u>\$ 1,075</u>

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,811	30.71(USD:NTD)	<u>\$ 117,036</u>
USD	446	6.965(USD:CNY)	<u>\$ 13,697</u>
<u>Financial liabilities</u>			
Monetary items			
USD	29	30.71(USD:NTD)	<u>\$ 891</u>
USD	541	6.965(USD:CNY)	<u>\$ 16,614</u>

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were NT\$665 thousand and NT\$11,629 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.

### 36. 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 jointly controlled entities): 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: None;
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
  - 7) Total purchases from or sales to related parties of at least to NT\$100 million or 20% of the paid-in capital: Table 2;
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3;
  - 9) Trading in derivative instruments: None;
  - 10) Others: intercompany relationships and significant intercompany transactions: Table 4;
- b. Information on investees: Table 5;
- 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 6.
  - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment and unrealized gain or loss: None;
- d. Information on major shareholders:
- List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7;

### **37. 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 September 30, 2023 and 2022, the Group had the following segments: MLM (Multi-level marketing), Distributors, ODM/OEM (Original Design Manufacturer/Original Equipment Manufacturer) and Sales channel.

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 an 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 includes GRAPE KING BIO's self-owned brand products, ODM/OEM includes ODM/OEM in Taiwan and Shanghai, and Sales channel is the Group's business of selling products from other companies for the purpose of building its own brand channels.

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

Segment profit (loss) is profit from operation, 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, 2023

	MLM	Distribution	ODM/OEM	Sales Channel	Adjustment/ Elimination	Total
Revenue from external customers	\$ 8,570,951	\$ 842,476	\$ 973,934 (Note)	\$ 248,103	\$ -	\$ 10,635,464
Inter-segment revenue	<u>1,674,644</u>	<u>286,631</u>	<u>26,536</u>	-	<u>(1,987,811)</u>	-
Segment revenue	<u>\$ 10,245,595</u>	<u>\$ 1,129,107</u>	<u>\$ 1,000,470</u>	<u>\$ 248,103</u>	<u>\$ (1,987,811)</u>	<u>\$ 10,635,464</u>
Segment income	<u>\$ 2,171,399</u>	<u>\$ 84,826</u>	<u>\$ 156,476</u>	<u>\$ 5,679</u>	<u>\$ 78,285</u>	<u>\$ 2,496,665</u>

Note: ODM/OEM revenues from external customers in Taiwan and Shanghai amounted to NT\$406,524 thousand and NT\$567,410 thousand, respectively.

For the year ended December 31, 2022

	MLM	Distribution	ODM/OEM	Sales Channel	Adjustment/ Elimination	Total
Revenue from external customers	\$ 8,726,743	\$ 743,278	\$ 921,210 (Note)	\$ -	\$ -	\$ 10,391,231
Inter-segment revenue	<u>1,756,949</u>	<u>406,111</u>	<u>34,157</u>	-	<u>(2,197,217)</u>	-
Segment revenue	<u>\$ 10,483,692</u>	<u>\$ 1,149,389</u>	<u>\$ 955,367</u>	<u>\$ -</u>	<u>\$ (2,197,217)</u>	<u>\$ 10,391,231</u>
Segment income	<u>\$ 2,308,436</u>	<u>\$ 25,479</u>	<u>\$ 131,827</u>	<u>\$ -</u>	<u>\$ 85,995</u>	<u>\$ 2,551,737</u>

Note: ODM/OEM revenues from external customers in Taiwan and Shanghai amounted to NT\$366,909 thousand and NT\$554,301 thousand, respectively.

b. Total segment assets and liabilities

December 31, 2023

	MLM	Distribution	ODM/OEM	Sales Channel	Adjustment/ Elimination	Total
Segment assets	\$ 16,569,348	\$ 1,238,080	\$ 2,786,522	\$ 47,224	\$ (5,129,333)	\$ 15,511,841
Segment liabilities	\$ 3,813,564	\$ 314,460	\$ 150,840	\$ 32,636	\$ (429,594)	\$ 3,881,906

December 31, 2022

	MLM	Distribution	ODM/OEM	Sales Channel	Adjustment/ Elimination	Total
Segment assets	\$ 16,328,002	\$ 1,059,206	\$ 2,757,475	\$ -	\$ (5,091,645)	\$ 15,053,038
Segment liabilities	\$ 3,908,278	\$ 274,978	\$ 189,575	\$ -	\$ (460,866)	\$ 3,911,965

c. Other segment information

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

For the year ended December 31, 2023

	MLM	Distribution	ODM/OEM	Sales Channel	Adjustment/ Elimination	Total
Depreciation and amortization	\$ 378,213	\$ 26,934	\$ 52,108	\$ 6	\$ 2,502	\$ 459,763
Interest expense	\$ 2,443	\$ 135	\$ 58	\$ -	\$ (98)	\$ 2,538
Amounts of additions to non-current assets (Note)	\$ 516,822	\$ 49,574	\$ 35,270	\$ 132	\$ -	\$ 601,798

For the year ended December 31, 2022

	MLM	Distribution	ODM/OEM	Sales Channel	Adjustment/ Elimination	Total
Depreciation and amortization	\$ 378,925	\$ 23,160	\$ 50,021	\$ -	\$ (2,468)	\$ 449,638
Interest expense	\$ 2,407	\$ 69	\$ 28	\$ -	\$ (137)	\$ 2,367
Amounts of additions to non-current assets (Note)	\$ 425,846	\$ 34,451	\$ 40,446	\$ -	\$ (92)	\$ 500,651

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:

	<u>For the Year Ended December 31</u>	
	2023	2022
Health food	\$ 8,787,716	\$ 8,822,937
ODM/OEM	973,934	921,210
Cosmetics	345,368	322,519
Sales Channel (Note 1)	248,103	-
Beverage	239,608	295,526
Others (Note 2)	40,735	29,039
	<u>\$ 10,635,464</u>	<u>\$ 10,391,231</u>



Note 1: Sales channel is the Group's business of selling products from other companies for the purpose of building its own brand channels.

Note 2: Others include 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:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Taiwan	\$ 9,781,184	\$ 9,721,833	\$ 8,849,624	\$ 8,649,192
China	817,764	597,652	500,630	484,507
Others	<u>36,516</u>	<u>71,746</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,635,464</u>	<u>\$ 10,391,231</u>	<u>\$ 9,350,254</u>	<u>\$ 9,133,699</u>

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

f. Information about major customers

There was no individual customer whose sales accounted for at least 10% of the Group's revenue for the year ended December 31, 2023.

**GRAPE KING BIO LTD. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2023**

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Units/Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Grape King Bio Ltd.	<u>Shares</u> Hsin Tung Yang Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	\$ 128	-	\$ 128	-
Rivershine Ltd.	<u>Mutual funds</u> Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,393,504.00	40,031	-	40,031	-
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,413,418.60	40,031	-	40,031	-

**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, 2023**

**(Amounts 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	\$ 1,674,644	58.67	30 days after monthly closing	By contract	-	\$ 199,438	46.43	Note 2
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	286,629	10.04	120 days after monthly closing	By contract	-	144,574	33.65	Note 2
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,674,644	97.47	30 days after monthly closing	By contract	-	(199,438)	99.71	Note 2
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	286,629	100.00	120 days after monthly closing	By contract	-	(144,574)	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.

**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, 2023**

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Days	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Grape King Bio Ltd.	Pro-partner Inc. Rivershine Ltd.	Subsidiary Subsidiary	\$ 199,438	7.71	\$ -	-	\$ 199,438	\$ -
			144,574	2.17	-	-	44,630	-

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, 2023**

(Amounts 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	\$ 1,674,644	By contract	15.75%
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts receivable	199,438	By contract	1.29%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Net revenue from sale of goods	286,629	By contract	2.70%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Accounts receivable	144,574	By contract	0.93%

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 amounts reaching NTS100 million or over 20% of the paid-in capital of the parent company.

**GRAPE KING BIO LTD. AND SUBSIDIARIES**

**INFORMATIONS ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts 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, 2023			Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				December 31, 2023	December 31, 2022	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	\$ 1,128,498	\$ 26,650	\$ 26,978	Notes 1, 2 and 3
	Pro-partner Inc.	Taoyuan, Taiwan	Importing and selling of health food, drink, cosmetics, sports apparatus, cleaning products, etc.	15,000	15,000	10,560,000	60	2,405,596	1,721,269	1,031,404	Notes 1 and 2
	Rivershine Ltd.	Taoyuan, Taiwan	Importing and selling of health food, drinks, daily cosmetics, appliances, etc.	30,000	30,000	3,000,000	100	49,381	14,431	14,431	Note 2
Pro-partner Inc.	GK BIO INTERNATIONAL SDN. BHD.	Malaysia	Importing and selling of health products	14,899	14,899	2,100,000	35	50,952	55,645	20,070	Note 1
	ELITE PROPARTNER HOLDINGS SDN. BHD.	Malaysia	Investment activities	2,017	2,017	300,000	100	1,365	(298)	Note 4	Note 2
	UVACO MY SDN. BHD.	Malaysia	Selling of health products	Note 5	-	Note 5	100	-	-	Note 4	Notes 2 and 5

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT\$ (435) 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.

Note 4: The share of profits/losses of the investee company is not reflected herein, as such amounts are already included in the share of profits/losses of the investor company.

Note 5: The subsidiary Pro-partner Inc. invested in MY one dollar of UVACO MY SDN. BHD. in Malaysia in December 2023. The shareholding ratio was 100%.

## GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts 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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsule, tablet, related products and services.(Warehousing services)	USD 28,900	Note 1(2) Note 3	\$ 847,672 (USD 27,350)	\$ -	\$ -	\$ 847,672 (USD 27,350)	\$ 25,723 Note2(2)B	100%	\$ 26,051 Note2(2)B	\$ 1,083,438	\$ -
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 4	- Note 2(3)	-	- Note 2(3)	- Note 2(3)	-
Shanghai Rivershine Ltd.	Food distribution (except grain), food packaging materials, cosmetics wholesale, import and export, commission agents (except auction), related products and services.	USD 650	Note 1(2) Note 5	18,290 (USD 650)	-	-	18,290 (USD 650)	(21) Note 2(2)B	100%	(21) Note 2(2)B	18,178	-
Shanghai Pujun Trading Co., Ltd.	Sale of food; transporting road cargo (excluding dangerous goods); wholesale of edible agricultural products; retail of edible agricultural products; sale of agricultural and sideline products; marketing planning; brand management; project planning and public relations services; information consulting services (excluding licensing information consulting services), etc	RMB 2,000	Note 1(2) Note 8	-	-	-	-	6,018 Note 2(2)B	51%	2,821 Note 2(2)B	34,901	-

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Shanghai Changhong Biotechnology Co., Ltd.	Biotechnology consultation, biotechnology R&D and transfer, import and export of goods or transfers of technology, brand planning, corporate image and marketing planning, conference services, social and economic consulting services, business information consulting, self-owned equipment leasing, domestic cargo transportation agent, sales and online retail of knitted textiles, etc.	USD 700	Note 1(1) Note 6	\$ 7,273 (USD 246)	\$ -	\$ -	\$ 7,273 (USD 246)	\$ - Note 2(2)B	35.1%	\$ - Note 2(2)B	\$ -	\$ -
Shanghai Xinquan Biotechnology Co., Ltd.	Biotechnology technical technology development, consultation, service and transfer, sales of cosmetic and daily necessities, etc.	RMB 5,000	Note 1(2) Note 7	-	-	-	-	(446) Note 2(2)B	45%	(200) Note 2(2)B	8,980	-

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 873,235	\$ 873,235	\$ 6,977,961

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

- 1) Direct investment in mainland China.
- 2) Indirect investment in mainland China through companies registered in a third region (specify the name of the company in third region).
- 3) Other methods.

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

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

(Continued)



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

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

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

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

Note 3: The Company invested in Shanghai Grape King Enterprise Co., Ltd. through subsidiary GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI), and Shanghai Grape King Enterprise Co., Ltd. transferred its surplus to capital by US\$1,000 thousand in July 2022.

Note 4: The Company invested in Shanghai Yusong Co., Ltd. through Fu-Sheng International Inc. (SAMOA). Shanghai Yusong Co., Ltd. had been liquidated in December 2022, and the proceeds were remitted into Taiwan in March 2023.

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 Shanghai Changhong Biotechnology Co., Ltd. Shanghai Changhong Biotechnology Co., Ltd is currently undergoing its liquidation procedures in November 2022, resulting in a recoverable amount less than the amount of the Company's investment, the Company recognized investment losses of \$2,538 thousand for the year ended December 31, 2022.

Note 7: The Company invested in Shanghai Xinquan Biotechnology Co., Ltd. through subsidiary Shanghai Rivershine Ltd.

Note 8: The Company invested in Shanghai Pujun Trading Co., Ltd. through subsidiary Shanghai Grape King Enterprise Co., Ltd.

(Concluded)

**GRAPE KING BIO LTD.****INFORMATION ON MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Uni-President Enterprises Corp.	11,851,000	8.00%
Fubon Life Assurance Co., Ltd.	8,942,000	6.03%

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