

Grape King Bio Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Grape King Bio Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Grape King Bio Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

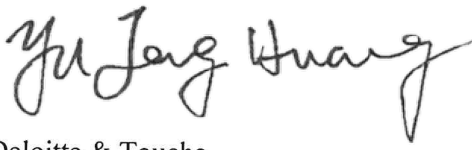
Scope of Review

We conducted our review in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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



Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2022

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)		LIABILITIES AND EQUITY	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 3,511,183	25	\$ 3,635,197	26	\$ 2,981,897	22	Contract liabilities (Note 24)	\$ 85,864	1	\$ 129,174	1	\$ 98,654	1
Financial assets at fair value through profit or loss (Note 7)	250,516	2	200,379	1	300,094	2	Notes and accounts payable	250,670	2	268,964	2	239,395	2
Financial assets at amortized cost (Note 9)	58,152	-	61,858	-	57,713	-	Other payables (Note 20)	1,457,564	10	1,817,560	13	1,376,496	10
Notes and accounts receivable, net (Notes 10 and 24)	239,474	2	232,957	2	200,614	2	Other payables to related parties (Note 31)	78,913	1	66,810	1	43,530	1
Accounts receivable from related parties (Notes 24 and 31)	71,335	1	67,739	1	3,293	-	Current tax liabilities (Note 26)	996,281	7	925,723	7	791,689	6
Other receivables	41,439	-	13,125	-	3,503	-	Lease liabilities (Notes 15 and 31)	51,330	-	48,311	-	39,267	-
Inventories (Note 11)	705,048	5	719,257	5	727,185	5	Other current liabilities (Notes 20 and 31)	21,757	-	30,766	-	40,831	-
Other current assets (Note 18)	67,488	-	54,785	-	72,502	1	Current portion of long-term borrowings (Notes 19 and 32)	-	-	6,990	-	14,536	-
Total current assets	4,944,635	35	4,985,297	35	4,346,801	32	Total current liabilities	2,942,379	21	3,294,298	24	2,644,398	20
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through other comprehensive income (Note 8)	10,316	-	11,390	-	10,090	-	Long-term borrowings (Notes 19 and 32)	-	-	87,375	1	202,186	1
Financial assets at amortized cost (Notes 9 and 32)	13,320	-	13,320	-	13,320	-	Provisions (Note 21)	6,596	-	7,362	-	7,345	-
Investments accounted for using the equity method (Note 13)	28,606	-	25,353	-	6,873	-	Deferred tax liabilities (Note 26)	69,001	1	69,001	-	68,804	1
Property, plant and equipment (Notes 14, 32 and 33)	7,206,302	52	7,207,655	51	7,257,279	54	Lease liabilities (Notes 15 and 31)	120,968	1	129,082	1	112,576	1
Right-of-use assets (Note 15)	204,192	2	209,768	2	189,213	2	Other non-current liabilities (Notes 20 and 31)	42,112	-	44,346	-	54,836	-
Investment properties (Note 16)	1,457,545	10	1,459,577	11	1,465,022	11	Total non-current liabilities	238,677	2	337,166	2	445,747	3
Intangible assets (Note 17)	33,823	-	33,340	-	35,602	-	Total liabilities	3,181,056	23	3,631,464	26	3,090,145	23
Deferred tax assets (Note 26)	7,520	-	8,705	-	10,040	-	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Other non-current assets (Notes 18, 22 and 31)	106,488	1	106,474	1	92,252	1	(Note 23)						
Total non-current assets	9,068,112	65	9,075,582	65	9,079,691	68	Share capital						
TOTAL	\$ 14,012,747	100	\$ 14,060,879	100	\$ 13,426,492	100	Ordinary shares	1,481,374	11	1,481,374	11	1,481,374	11
							Capital surplus	2,869,691	20	2,869,691	20	2,867,877	22
							Retained earnings						
							Legal reserve	1,198,125	8	1,198,125	9	1,070,880	8
							Special reserve	86,465	1	86,465	1	100,752	1
							Unappropriated earnings	3,680,574	26	3,444,844	24	3,437,264	25
							Total retained earnings	4,965,164	35	4,729,434	34	4,608,896	34
							Other equity	(51,459)	-	(92,205)	(1)	(93,531)	(1)
							Total equity attributable to owners of the Company	9,264,770	66	8,988,294	64	8,864,616	66
							NON-CONTROLLING INTERESTS (Notes 12 and 23)	1,566,921	11	1,441,121	10	1,471,731	11
							Total equity	10,831,691	77	10,429,415	74	10,336,347	77
							TOTAL	\$ 14,012,747	100	\$ 14,060,879	100	\$ 13,426,492	100

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
NET REVENUE (Notes 24 and 31)	\$ 2,052,580	100	\$ 1,972,200	100
COST OF GOODS SOLD (Notes 11 and 25)	<u>(417,896)</u>	<u>(20)</u>	<u>(390,565)</u>	<u>(20)</u>
GROSS PROFIT	1,634,684	80	1,581,635	80
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATE	<u>(195)</u>	<u>-</u>	<u>(68)</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>1,634,489</u>	<u>80</u>	<u>1,581,567</u>	<u>80</u>
OPERATING EXPENSES (Notes 22, 25 and 31)				
Selling and marketing	(1,028,952)	(50)	(979,252)	(50)
General and administrative	(121,748)	(6)	(122,384)	(6)
Research and development	<u>(61,993)</u>	<u>(3)</u>	<u>(66,123)</u>	<u>(3)</u>
Total operating expenses	<u>(1,212,693)</u>	<u>(59)</u>	<u>(1,167,759)</u>	<u>(59)</u>
INCOME FROM OPERATIONS	<u>421,796</u>	<u>21</u>	<u>413,808</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 25 and 31)				
Interest income	2,382	-	1,679	-
Other income	19,861	1	25,240	1
Other gains and losses	1,859	-	328	-
Finance costs	(593)	-	(1,617)	-
Share of profit or loss of associate	<u>2,543</u>	<u>-</u>	<u>55</u>	<u>-</u>
Total non-operating income	<u>26,052</u>	<u>1</u>	<u>25,685</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	447,848	22	439,493	22
INCOME TAX EXPENSE (Note 26)	<u>(86,318)</u>	<u>(4)</u>	<u>(89,204)</u>	<u>(4)</u>
NET PROFIT FOR THE PERIOD	<u>361,530</u>	<u>18</u>	<u>350,289</u>	<u>18</u>

(Continued)

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 23)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (1,074)	-	\$ 752	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	41,268	2	(7,590)	(1)
Exchange differences on translating the financial statements of foreign operations of associate	<u>552</u>	<u>-</u>	<u>(228)</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>40,746</u>	<u>2</u>	<u>(7,066)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 402,276</u>	<u>20</u>	<u>\$ 343,223</u>	<u>17</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 235,730	12	\$ 232,538	12
Non-controlling interests	<u>125,800</u>	<u>6</u>	<u>117,751</u>	<u>6</u>
	<u>\$ 361,530</u>	<u>18</u>	<u>\$ 350,289</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 276,476	14	\$ 225,472	11
Non-controlling interests	<u>125,800</u>	<u>6</u>	<u>117,751</u>	<u>6</u>
	<u>\$ 402,276</u>	<u>20</u>	<u>\$ 343,223</u>	<u>17</u>
EARNINGS PER SHARE (Note 27)				
Basic earnings per share	<u>\$ 1.59</u>		<u>\$ 1.60</u>	
Diluted earnings per share	<u>\$ 1.58</u>		<u>\$ 1.59</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
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	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, 2021	136,286	\$ 1,362,864	\$ 971,717	\$ 1,070,880	\$ 100,752	\$ 3,204,726	\$ (67,775)	\$ (18,690)	\$ 6,624,474	\$ 1,353,980	\$ 7,978,454
Net profit for the three months ended March 31, 2021	-	-	-	-	-	232,538	-	-	232,538	117,751	350,289
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	(7,818)	752	(7,066)	-	(7,066)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	232,538	(7,818)	752	225,472	117,751	343,223
Issuance of ordinary shares for cash	11,851	118,510	1,896,160	-	-	-	-	-	2,014,670	-	2,014,670
BALANCE AT MARCH 31, 2021	148,137	\$ 1,481,374	\$ 2,867,877	\$ 1,070,880	\$ 100,752	\$ 3,437,264	\$ (75,593)	\$ (17,938)	\$ 8,864,616	\$ 1,471,731	\$ 10,336,347
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
Net profit for the three months ended March 31, 2022	-	-	-	-	-	235,730	-	-	235,730	125,800	361,530
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	41,041	(1,074)	39,967	-	39,967
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	235,730	41,041	(1,074)	275,697	125,800	401,497
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	779	-	779	-	779
BALANCE AT MARCH 31, 2022	148,137	\$ 1,481,374	\$ 2,869,691	\$ 1,198,125	\$ 86,465	\$ 3,680,574	\$ (33,747)	\$ (17,712)	\$ 9,264,770	\$ 1,566,921	\$ 10,831,691

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 447,848	\$ 439,493
Adjustments for:		
Depreciation expenses	107,286	103,522
Amortization expenses	3,008	2,720
Net gain on financial assets at fair value through profit or loss	(137)	(94)
Finance costs	593	1,617
Interest income	(2,382)	(1,679)
Share of profit of associate	(2,543)	(55)
Loss on disposal of subsidiary	779	-
Unrealized gain on transactions with associate	195	68
Changes in operating assets and liabilities		
Notes and accounts receivable, net	(6,517)	(1,166)
Accounts receivable from related parties	(3,596)	(1,045)
Other receivables	(28,493)	286
Other receivables from related parties	-	12
Inventories	14,209	(37,721)
Other current assets	(12,703)	(474)
Contract liabilities	(43,310)	2,414
Notes and accounts payable	(18,294)	(15,923)
Other payables	(349,072)	(373,953)
Other payables to related parties	12,103	5,889
Provisions	(779)	-
Other current liabilities	(9,804)	(3,908)
Net defined benefit liabilities	(535)	(790)
Cash generated from operations	<u>107,856</u>	<u>119,213</u>
Interest received	2,561	1,423
Interest paid	(134)	(1,688)
Income tax paid	<u>(14,575)</u>	<u>(19,944)</u>
Net cash generated from operating activities	<u>95,708</u>	<u>99,004</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	-	19,926
Proceeds from redemption of financial assets at amortized cost	5,000	-
Acquisition of financial assets at fair value through profit or loss	(50,000)	(300,000)
Acquisition of property, plant and equipment	(90,784)	(48,611)
Increase in refundable deposits	(1,700)	-
Decrease in refundable deposits	3,775	8
Acquisition of intangible assets	(430)	-
Increase in other non-current assets	<u>(441)</u>	<u>(10,245)</u>
Net cash used in investing activities	<u>(134,580)</u>	<u>(338,922)</u>

(Continued)

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended	
	March 31	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	\$ -	\$ (500,000)
Repayments of long-term borrowings	(94,365)	(1,204,539)
Proceeds from guarantee deposits received	2,783	504
Refund of guarantee deposits received	(4,199)	(102)
Repayment of the principal portion of lease liabilities	(10,194)	(11,910)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>2,014,670</u>
Net cash (used in) generated from financing activities	<u>(105,975)</u>	<u>298,623</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>20,833</u>	<u>(3,837)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(124,014)	54,868
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>3,635,197</u>	<u>2,927,029</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 3,511,183</u>	<u>\$ 2,981,897</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 THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise) (Reviewed, Not Audited)

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 May 11, 2022.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company and its subsidiaries’ (collectively referred to as the “Group”) accounting policies.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)
	(Concluded)

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

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

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

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

Amendments to IAS 1 “Disclosure of Accounting Policies”

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

- accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- the Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

- 1) the Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- 2) the Group chose the accounting policy from options permitted by the standards;
- 3) the accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

- 4) the accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- 5) the accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

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

See Note 12, Tables 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to Note 4 to the consolidated financial statements for the year ended December 31, 2021.

1) 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 30.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods. For other-related information, refer to Note 5 to the statements of critical accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 3,698	\$ 3,028	\$ 2,835
Checking accounts and demand deposits	2,442,156	1,858,713	1,914,182
Cash equivalents (investments with original maturities of 3 months or less)			
Repurchase agreements collateralized by commercial paper	965,263	1,508,038	848,767
Repurchase agreements collateralized by bonds	<u>100,066</u>	<u>265,418</u>	<u>216,113</u>
	<u>\$ 3,511,183</u>	<u>\$ 3,635,197</u>	<u>\$ 2,981,897</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
<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>\$ 250,516</u>	<u>\$ 200,379</u>	<u>\$ 300,094</u>

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Non-current - investments in equity instruments at FVTOCI</u>			
Unlisted shares			
FU-Sheng International Inc. (Samoa)	\$ 10,306	\$ 11,380	\$ 10,081
Hsin Tung Yang Co., Ltd.	<u>10</u>	<u>10</u>	<u>9</u>
	<u>\$ 10,316</u>	<u>\$ 11,390</u>	<u>\$ 10,090</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.

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 58,152</u>	<u>\$ 61,858</u>	<u>\$ 57,713</u>
<u>Non-current</u>			
Pledged time deposits	<u>\$ 13,320</u>	<u>\$ 13,320</u>	<u>\$ 13,320</u>

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

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

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 15,054</u>	<u>\$ 14,808</u>	<u>\$ 10,437</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	227,599	221,328	193,356
Less: Loss allowance	<u>(3,179)</u>	<u>(3,179)</u>	<u>(3,179)</u>
	<u>224,420</u>	<u>218,149</u>	<u>190,177</u>
	<u>\$ 239,474</u>	<u>\$ 232,957</u>	<u>\$ 200,614</u>

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:

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1 and March 31	<u>\$ 3,179</u>	<u>\$ 3,179</u>

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

	Neither Past Due nor Impaired	Past Due but not Impaired			Total
		Within 90 Days	91 to 180 Days	Over 180 Days	
March 31, 2022	\$ 200,954	\$ 38,520	\$ -	\$ -	\$ 239,474
December 31, 2021	219,795	13,162	-	-	232,957
March 31, 2021	191,330	8,912	372	-	200,614

Notes and accounts receivable were not pledged.

11. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Finished goods	\$ 243,105	\$ 217,620	\$ 245,633
Semi-finished goods and work in progress	235,765	263,448	259,596
Raw materials	184,637	198,266	174,133
Supplies	41,409	39,766	47,671
Merchandise	<u>132</u>	<u>157</u>	<u>152</u>
	<u>\$ 705,048</u>	<u>\$ 719,257</u>	<u>\$ 727,185</u>

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

	For the Three Months Ended March 31	
	2022	2021
Cost of inventories sold	<u>\$ 417,896</u>	<u>\$ 390,565</u>
Loss on retirement	<u>\$ 999</u>	<u>\$ 3,213</u>
Gain from physical counts	<u>\$ (389)</u>	<u>\$ (204)</u>

Inventories were not pledged.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership		
			March 31, 2022	December 31, 2021	March 31, 2021
The Company	Pro-partner Inc. (Pro-partner)	Sales	60%	60%	60%
The Company	GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI) (GKBVI)	Investment	100%	100%	100%
The Company	Rivershine Ltd. (Rivershine)	Sales	100%	100%	100%
The Company	Dongpu Biotech Corporation (Note)	Sales	(Note)	100%	100%
GKBVI	Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Manufacturing and Sales	100%	100%	100%
GKBVI	Shanghai Rivershine Ltd. (Shanghai Rivershine)	Sales	100%	100%	100%
Pro-partner	ELITE PROPARNER HOLDINGS SDN. BHD.	Investment	100%	100%	-

Note: In March 2022, the Company resolved to liquidate Dongpu Biotech Corporation.

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		
		March 31, 2022	December 31, 2021	March 31, 2021
Pro-partner	Taiwan	40%	40%	40%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Three Months Ended March 31		Accumulated Non-controlling Interests		
	2022	2021	March 31, 2022	December 31, 2021	March 31, 2021
Pro-partner	\$ 125,800	\$ 117,751	\$ 1,556,921	\$ 1,441,121	\$ 1,471,731

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

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 2,619,279	\$ 2,591,126	\$ 2,145,852
Non-current assets	3,649,929	3,674,703	3,713,578
Current liabilities	(2,255,876)	(2,560,262)	(1,988,483)
Non-current liabilities	<u>(96,031)</u>	<u>(102,764)</u>	<u>(191,619)</u>
Equity	<u>\$ 3,917,301</u>	<u>\$ 3,602,803</u>	<u>\$ 3,679,328</u>
Equity attributable to:			
Owners of the Company	\$ 2,350,380	\$ 2,161,682	\$ 2,207,597
Non-controlling interests of Pro-partner	<u>1,556,921</u>	<u>1,441,121</u>	<u>1,471,731</u>
	<u>\$ 3,917,301</u>	<u>\$ 3,602,803</u>	<u>\$ 3,679,328</u>
		For the Three Months Ended March 31	
		2022	2021
Revenue		\$ 1,691,366	\$ 1,597,609
Profit and comprehensive income for the period		<u>\$ 314,499</u>	<u>\$ 294,377</u>
Profit and total comprehensive income attributable to:			
Owners of the Company		\$ 188,699	\$ 176,626
Non-controlling interests of Pro-partner		<u>125,800</u>	<u>117,751</u>
		<u>\$ 314,499</u>	<u>\$ 294,377</u>

(Continued)

	For the Three Months Ended March 31	
	2022	2021
Net cash (outflow) inflow from:		
Operating activities	\$ 35,109	\$ 8,864
Investing activities	(3,904)	(2,144)
Financing activities	<u>(5,401)</u>	<u>(10,077)</u>
Net cash inflow	<u>\$ 25,804</u>	<u>\$ (3,357)</u> (Concluded)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Associates that are not individually material</u>			
GK BIO INTERNATIONAL SDN. BHD.	\$ 14,938	\$ 11,767	\$ 6,873
Shanghai Changhong Biotechnology Co., Ltd.	3,898	4,114	-
Shanghai Xinquan Biotechnology Co., Ltd.	<u>9,770</u>	<u>9,472</u>	<u>-</u>
	<u>\$ 28,606</u>	<u>\$ 25,353</u>	<u>\$ 6,873</u>

Aggregate information of associates that are not individually material:

	For the Three Months Ended March 31	
	2022	2021
The Company's share of:		
Net income	\$ 2,497	\$ 38
Other comprehensive income (loss)	<u>905</u>	<u>(228)</u>
Total comprehensive income (loss)	<u>\$ 3,402</u>	<u>\$ (190)</u>

The Company had neither contingent liabilities nor capital commitments to the associates as of March 31, 2022 and 2021.

Investments in associates were not pledged.

14. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2022	December 31, 2021	March 31, 2021
Assets used by the Group	<u>\$ 7,206,302</u>	<u>\$ 7,207,655</u>	<u>\$ 7,257,279</u>

a. Assets used by the Group

For the Three Months Ended March 31, 2022						
	Balance at Beginning of Period	Additions	Disposals	Reclassification	Effects of Foreign Currency Exchange Differences	Balance at End of Period
<u>Cost</u>						
Land	\$ 2,964,613	\$ -	\$ -	\$ -	\$ -	\$ 2,964,613
Land improvements	3,264	-	-	-	-	3,264
Buildings	4,413,064	3,690	-	-	16,572	4,433,326
Machinery and equipment	1,806,018	9,624	-	29,600	10,653	1,855,895
Transportation equipment	21,030	-	-	-	146	21,176
Leasehold improvements	85,804	194	-	-	90	86,088
Other equipment	513,146	5,780	(96)	-	728	519,558
Construction in progress	104,070	60,833	-	(33,854)	50	131,009
	<u>9,911,009</u>	<u>\$ 80,121</u>	<u>\$ (96)</u>	<u>\$ (4,254)</u>	<u>\$ 28,239</u>	<u>10,015,019</u>
<u>Accumulated depreciation</u>						
Land	-	\$ -	\$ -	\$ -	\$ -	-
Land improvements	1,967	67	-	-	-	2,034
Buildings	1,113,608	43,985	-	-	5,381	1,162,974
Machinery and equipment	1,147,206	33,822	-	-	5,572	1,186,600
Transportation equipment	15,492	466	-	-	101	16,059
Leasehold improvements	52,425	3,991	-	-	47	56,463
Other equipment	372,656	11,378	(96)	-	649	384,587
Construction in progress	-	-	-	-	-	-
	<u>2,703,354</u>	<u>\$ 93,709</u>	<u>\$ (96)</u>	<u>\$ -</u>	<u>\$ 11,750</u>	<u>2,808,717</u>
Carrying amount at March 31, 2022	<u>\$ 7,207,655</u>					<u>\$ 7,206,302</u>
For the Three Months Ended March 31, 2021						
	Balance at Beginning of Period	Additions	Disposals	Reclassification	Effects of Foreign Currency Exchange Differences	Balance at End of Period
<u>Cost</u>						
Land	\$ 2,964,613	\$ -	\$ -	\$ -	\$ -	\$ 2,964,613
Land improvements	3,264	-	-	-	-	3,264
Buildings	4,321,322	1,183	(670)	101	(3,349)	4,318,587
Machinery and equipment	1,688,023	9,455	-	17,206	(1,978)	1,712,706
Transportation equipment	20,889	-	-	-	(29)	20,860
Leasehold improvements	85,529	600	-	-	(21)	86,108
Other equipment	493,673	1,659	(21,079)	6,229	(144)	480,338
Construction in progress	107,734	13,200	-	(8,268)	(58)	112,608
	<u>9,685,047</u>	<u>\$ 26,097</u>	<u>\$ (21,749)</u>	<u>\$ 15,268</u>	<u>\$ (5,579)</u>	<u>9,699,084</u>
<u>Accumulated depreciation</u>						
Land	-	\$ -	\$ -	\$ -	\$ -	-
Land improvements	1,695	68	-	-	-	1,763
Buildings	942,910	42,585	(670)	-	(1,016)	983,809
Machinery and equipment	1,032,350	29,359	-	-	(1,009)	1,060,700
Transportation equipment	13,422	572	-	-	(16)	13,978
Leasehold improvements	35,224	4,380	-	-	(11)	39,593
Other equipment	351,751	11,411	(21,079)	-	(121)	341,962
Construction in progress	-	-	-	-	-	-
	<u>2,377,352</u>	<u>\$ 88,375</u>	<u>\$ (21,749)</u>	<u>\$ -</u>	<u>\$ (2,173)</u>	<u>2,441,805</u>
Carrying amount at March 31, 2021	<u>\$ 7,307,695</u>					<u>\$ 7,257,279</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:

Significant Part of Buildings	Estimated Economic Lives
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 three months ended March 31, 2022 and 2021 as there was no indication of impairment.

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Land	\$ 81,587	\$ 81,121	\$ 83,298
Buildings	112,521	117,490	96,788
Transportation equipment	8,244	9,148	6,974
Other equipment	<u>1,840</u>	<u>2,009</u>	<u>2,153</u>
	<u>\$ 204,192</u>	<u>\$ 209,768</u>	<u>\$ 189,213</u>
		For the Three Months Ended March 31	
		2022	2021
Additions to right-of-use assets		<u>\$ 4,593</u>	<u>\$ 547</u>
Depreciation charge for right-of-use assets			
Land		\$ 908	\$ 792
Buildings		9,127	10,626
Transportation equipment		1,340	1,581
Other equipment		<u>170</u>	<u>152</u>
		<u>\$ 11,545</u>	<u>\$ 13,151</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 51,330</u>	<u>\$ 48,311</u>	<u>\$ 39,267</u>
Non-current	<u>\$ 120,968</u>	<u>\$ 129,082</u>	<u>\$ 112,576</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	1.02%-4.75%	1.02%-4.75%	1.02%-4.75%
Buildings	1.00%-1.44%	1.00%-1.44%	1.00%-4.75%
Transportation equipment	1.00%-1.35%	1.00%-1.35%	1.00%-1.35%
Other equipment	1.00%-1.02%	1.00%-1.02%	1.00%

c. Material lease-in activities and terms

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

d. Subleases

In addition to the sublease transactions described in Note 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. As of March 31, 2022, December 31, 2021 and March 31, 2021 Shanghai Grape King had received prepaid rents, recorded under the advances received for the period of seven years and ten months, eight years and one month and eight years and ten months, respectively. The movement schedule of prepaid rents is listed as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Beginning balance of prepaid rent	\$ 36,743	\$ 41,603	\$ 41,603
Rental income recognized in current period	(1,153)	(4,543)	(1,145)
Effects of foreign currency exchange differences	<u>1,345</u>	<u>(317)</u>	<u>(305)</u>
Ending balance of prepaid rent	<u>\$ 36,935</u>	<u>\$ 36,743</u>	<u>\$ 40,153</u>

Advances received for operating leases are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Other current liabilities	\$ 4,715	\$ 4,545	\$ 4,546
Other non-current liabilities	<u>32,220</u>	<u>32,198</u>	<u>35,607</u>
Ending balance of prepaid rent	<u>\$ 36,935</u>	<u>\$ 36,743</u>	<u>\$ 40,153</u>

e. Other lease information

	For the Three Months Ended March 31	
	2022	2021
Expenses relating to short-term and low-value asset leases	<u>\$ 4,312</u>	<u>\$ 3,847</u>
Total cash outflow for leases	<u>\$ (14,506)</u>	<u>\$ (15,757)</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

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and March 31, 2022	<u>\$ 1,173,821</u>	<u>\$ 395,223</u>	<u>\$ 1,569,044</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 109,467	\$ 109,467
Depreciation expenses	<u>-</u>	<u>2,032</u>	<u>2,032</u>
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 111,499</u>	<u>\$ 111,499</u>
Carrying amount at January 1, 2022	<u>\$ 1,173,821</u>	<u>\$ 285,756</u>	<u>\$ 1,459,577</u>
Carrying amount at March 31, 2022	<u>\$ 1,173,821</u>	<u>\$ 283,724</u>	<u>\$ 1,457,545</u>
<u>Cost</u>			
Balance at January 1, 2021 and March 31, 2021	<u>\$ 1,173,942</u>	<u>\$ 394,499</u>	<u>\$ 1,568,441</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 101,423	\$ 101,423
Depreciation expenses	<u>-</u>	<u>1,996</u>	<u>1,996</u>
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 103,419</u>	<u>\$ 103,419</u>
Carrying amount at March 31, 2021	<u>\$ 1,173,942</u>	<u>\$ 291,080</u>	<u>\$ 1,465,022</u>

The investment properties were 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 March 31, 2022 and December 31, 2021 and March 31, 2021 was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Year 1	\$ 15,820	\$ 15,753	\$ 14,096
Year 2	9,288	12,476	13,253
Year 3	1,256	1,690	6,680
Year 4	948	948	108
Year 5	948	948	108
Over 5 years	<u>3,080</u>	<u>3,290</u>	<u>-</u>
	<u>\$ 31,340</u>	<u>\$ 35,105</u>	<u>\$ 34,245</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of investment properties during the three months ended March 31, 2022 and 2021. Investment properties are depreciated using the straight-line method over their estimated useful lives of 5 of 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.

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value	<u>\$ 1,760,892</u>	<u>\$ 1,782,657</u>	<u>\$ 1,671,509</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

	Computer Software	Trademarks	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 68,680	\$ 16,135	\$ 84,815
Additions	430	-	430
Reclassified	2,952	-	2,952
Effects of foreign currency exchange differences	<u>146</u>	<u>2</u>	<u>148</u>
Balance at March 31, 2022	<u>\$ 72,208</u>	<u>\$ 16,137</u>	<u>\$ 88,345</u>

(Continued)

	Computer Software	Trademarks	Total
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 36,032	\$ 15,443	\$ 51,475
Amortization expenses	2,951	57	3,008
Effects of foreign currency exchange differences	<u>39</u>	<u>-</u>	<u>39</u>
Balance at March 31, 2022	<u>\$ 39,022</u>	<u>\$ 15,500</u>	<u>\$ 54,522</u>
Carrying amount at January 1, 2022	<u>\$ 32,648</u>	<u>\$ 692</u>	<u>\$ 33,340</u>
Carrying amount at March 31, 2022	<u>\$ 33,186</u>	<u>\$ 637</u>	<u>\$ 33,823</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 62,698	\$ 16,070	\$ 78,768
Effects of foreign currency exchange differences	<u>(24)</u>	<u>-</u>	<u>(24)</u>
Balance at March 31, 2021	<u>\$ 62,674</u>	<u>\$ 16,070</u>	<u>\$ 78,744</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 25,211	\$ 15,216	\$ 40,427
Amortization expenses	2,664	56	2,720
Effects of foreign currency exchange differences	<u>(5)</u>	<u>-</u>	<u>(5)</u>
Balance at March 31, 2021	<u>\$ 27,870</u>	<u>\$ 15,272</u>	<u>\$ 43,142</u>
Carrying amount at March 31, 2021	<u>\$ 34,804</u>	<u>\$ 798</u>	<u>\$ 35,602</u> (Concluded)

Except for the aforementioned addition and recognized amortization, the Group did not have disposal or impairment of other intangible assets during the three months ended March 31, 2022 and 2021. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-10 years
Trademark	4-10 years

	For the Three Months Ended March 31	
	<u>2022</u>	<u>2021</u>
An analysis of depreciation by function		
Operating costs	\$ 102	\$ -
Selling and marketing expenses	1,520	1,325
General and administrative expenses	<u>1,386</u>	<u>1,395</u>
	<u>\$ 3,008</u>	<u>\$ 2,720</u>

18. OTHER ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current assets</u>			
Prepayments for purchases	\$ 34,242	\$ 21,107	\$ 27,804
Office supplies	2,836	3,101	1,851
Other prepaid expense	27,344	28,382	36,452
Other current assets	<u>3,066</u>	<u>2,195</u>	<u>6,395</u>
	<u>\$ 67,488</u>	<u>\$ 54,785</u>	<u>\$ 72,502</u>
<u>Non-current assets</u>			
Prepayments for equipment	\$ 66,315	\$ 65,213	\$ 26,430
Refundable deposits	16,805	18,846	25,030
Net defined benefit assets	16,143	15,631	12,916
Overdue receivables	-	-	2,244
Less: Loss allowance	-	-	(2,244)
Other non-current assets	<u>7,225</u>	<u>6,784</u>	<u>27,876</u>
	<u>\$ 106,488</u>	<u>\$ 106,474</u>	<u>\$ 92,252</u>

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

19. BORROWINGS

Details of long-term borrowings are as follows:

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

Lender	March 31, 2021	Interest Rate (%)	Maturity and Terms
<u>Secured borrowings</u>			
Secured Long-Term Loan from Taiwan Cooperative Bank	\$ 117,114	1.19	Effective from May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Hua Nan Commercial Bank	<u>99,608</u>	1.02	Effective from June 8, 2020 to June 8, 2035. Principal is repaid with interest payments due on a monthly basis.
	216,722		
Less: Current portions	<u>(14,536)</u>		
	<u>\$ 202,186</u>		

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

20. OTHER LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Other payables			
Bonus to direct sellers	\$ 696,863	\$ 1,058,365	\$ 653,991
Salaries and incentive bonus	146,969	156,128	144,899
Bonus to employees	246,844	208,321	241,320
Payables for purchases of equipment	41,708	52,571	15,566
Bonus to directors and supervisors	35,129	29,824	34,870
Accrued VAT payable	31,110	79,242	34,462
Other accrued expenses	252,527	228,569	245,402
Others	<u>6,414</u>	<u>4,540</u>	<u>5,986</u>
	<u>\$ 1,457,564</u>	<u>\$ 1,817,560</u>	<u>\$ 1,376,496</u>
Other liabilities			
Unearned rent	\$ 6,200	\$ 5,996	\$ 6,136
Guarantee deposits received	3,271	2,454	1,743
Other current liabilities	<u>12,286</u>	<u>22,316</u>	<u>32,952</u>
	<u>\$ 21,757</u>	<u>\$ 30,766</u>	<u>\$ 40,831</u>
			(Continued)

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Non-current</u>			
Guarantee deposits received	\$ 8,324	\$ 10,557	\$ 17,685
Net defined benefit liabilities	1,568	1,591	1,544
Other non-current liabilities - other	<u>32,220</u>	<u>32,198</u>	<u>35,607</u>
	<u>\$ 42,112</u>	<u>\$ 44,346</u>	<u>\$ 54,836</u> (Concluded)

21. PROVISIONS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Non-current</u>			
Decommissioning, restoration and rehabilitation	<u>\$ 6,596</u>	<u>\$ 7,362</u>	<u>\$ 7,345</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 7,362	\$ 7,322
Amount used	(779)	-
Discount rate adjustment and unwinding of discount from the passage of time	<u>13</u>	<u>23</u>
Balance at March 31	<u>\$ 6,596</u>	<u>\$ 7,345</u>

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

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

Expenses under the defined contribution plan for the three months ended March 31, 2022 and 2021 were NT\$8,114 thousand and NT\$7,911 thousand, respectively.

b. Defined benefit plans

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 three months ended March 31, 2022 and 2021 were NT\$64 thousand and NT\$49 thousand, respectively.

23. EQUITY

a. Share capital

1) Ordinary shares

	March 31, 2022	December 31, 2021	March 31, 2021
Shares authorized (in thousands of shares)	<u>180,000</u>	<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>	<u>\$ 1,800,000</u>
Shares issued and fully paid (in thousands of shares)	<u>148,137</u>	<u>148,137</u>	<u>148,137</u>
Shares issued through public issue	\$ 1,362,864	\$ 1,362,864	\$ 1,362,864
Shares issued through private placement	<u>118,510</u>	<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>	<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

	March 31, 2022	December 31, 2021	March 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Additional paid-in capital	\$ 2,850,440	\$ 2,850,440	\$ 2,850,440
Treasury share transactions	2,672	2,672	2,672
<u>May only be used to offset a deficit</u>			
Convertible bonds - expired share options	150	150	150
Treasury share transactions - share options	6,749	6,749	6,749
Other (2)	<u>9,680</u>	<u>9,680</u>	<u>7,866</u>
	<u>\$ 2,869,691</u>	<u>\$ 2,869,691</u>	<u>\$ 2,867,877</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 and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 25-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 shares, 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 2021 and 2020 that were proposed by the Board of Directors on February 23, 2022 and approved in the shareholders' meeting on July 15, 2021, were as follows:

	For the Years Ended	
	December 31	
	2021	2020
Legal reserve	<u>\$ 130,115</u>	<u>\$ 127,245</u>
Special reserve	<u>\$ 5,740</u>	<u>\$ (14,287)</u>
Cash dividends	<u>\$ 903,638</u>	<u>\$ 948,079</u>
Cash dividends per share (NT\$)	\$ 6.1	\$ 6.4

The appropriations of earnings for 2021 is subject to the resolution of the shareholders in the shareholders' meetings to be May 27, 2022.

Pro-Partner's appropriations of earnings for 2021 and 2020 that were approved in the shareholders' meetings on April 19, 2022 and April 20, 2021, respectively, were as follows:

	For the Years Ended December 31	
	2021	2020
Legal reserve	<u>\$ 161,882</u>	<u>\$ 155,664</u>
Cash dividends	<u>\$ 1,456,942</u>	<u>\$ 1,400,972</u>
Cash dividends per share (NT\$)	\$ 82.78	\$ 79.60

d. Other equity items

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

	For the Three Months Ended March 31	
	2022	2021
Balance at beginning of period	\$ (75,567)	\$ (67,775)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	<u>41,820</u>	<u>(7,818)</u>
Balance at end of period	<u>\$ (33,747)</u>	<u>\$ (75,593)</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at beginning of period	\$ (16,638)	\$ (18,690)
Recognized for the period		
Unrealized gain (loss) - equity instruments	<u>(1,074)</u>	<u>752</u>
Balance at end of period	<u>\$ (17,712)</u>	<u>\$ (17,938)</u>

e. Non-controlling interests

	For the Three Months Ended March 31	
	2022	2021
Balance at beginning of period	\$ 1,441,121	\$ 1,353,980
Profit for the period	<u>125,800</u>	<u>117,751</u>
Balance at end of period	<u>\$ 1,566,921</u>	<u>\$ 1,471,731</u>

24. REVENUE

	For the Three Months Ended March 31	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 1,915,740	\$ 1,810,331
Revenue from the rendering of services	<u>136,840</u>	<u>161,869</u>
	<u>\$ 2,052,580</u>	<u>\$ 1,972,200</u>

a. Disaggregation of revenue

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

For the three months ended March 31, 2022

	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
<u>Type of goods or services</u>				
Sale of goods	\$ 1,691,366	\$ 162,515	\$ 61,859	\$ 1,915,740
Rendering of services	<u>-</u>	<u>-</u>	<u>136,840</u>	<u>136,840</u>
	<u>\$ 1,691,366</u>	<u>\$ 162,515</u>	<u>\$ 198,699</u>	<u>\$ 2,052,580</u>

Timing of revenue recognition

Satisfied at a point in time	<u>\$ 1,691,366</u>	<u>\$ 162,515</u>	<u>\$ 198,699</u>	<u>\$ 2,052,580</u>
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For the three months ended March 31, 2021

	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
<u>Type of goods or services</u>				
Sale of goods	\$ 1,597,609	\$ 160,256	\$ 52,466	\$ 1,810,331
Rendering of services	<u>-</u>	<u>-</u>	<u>161,869</u>	<u>161,869</u>
	<u>\$ 1,597,609</u>	<u>\$ 160,256</u>	<u>\$ 214,335</u>	<u>\$ 1,972,200</u>

Timing of revenue recognition

Satisfied at a point in time	<u>\$ 1,597,609</u>	<u>\$ 160,256</u>	<u>\$ 214,335</u>	<u>\$ 1,972,200</u>
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2) Type of goods

	For the Three Months Ended March 31	
	2022	2021
<u>Type of goods</u>		
Health food	\$ 1,718,061	\$ 1,653,710
ODM/OEM	198,699	214,335
Beverage	69,297	49,877
Cosmetic	60,709	50,700
Others (Note)	<u>5,814</u>	<u>3,578</u>
	<u>\$ 2,052,580</u>	<u>\$ 1,972,200</u>

Note: Others include general food and pet food.

b. Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Notes and accounts receivable, net	<u>\$ 239,474</u>	<u>\$ 232,957</u>	<u>\$ 200,614</u>	<u>\$ 199,448</u>
Accounts receivable from related parties	<u>\$ 71,335</u>	<u>\$ 67,739</u>	<u>\$ 3,293</u>	<u>\$ 2,248</u>
Contract liabilities - current				
Sale of goods	\$ 27,912	\$ 55,966	\$ 17,145	\$ 4,801
Rendering of services	<u>57,952</u>	<u>73,208</u>	<u>81,509</u>	<u>91,439</u>
	<u>\$ 85,864</u>	<u>\$ 129,174</u>	<u>\$ 98,654</u>	<u>\$ 96,240</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.

25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended March 31	
	2022	2021
Financial assets at amortized cost	<u>\$ 2,382</u>	<u>\$ 1,679</u>

b. Other income

	For the Three Months Ended March 31	
	2022	2021
Rental income	\$ 7,791	\$ 7,685
Others	<u>12,070</u>	<u>17,555</u>
	<u>\$ 19,861</u>	<u>\$ 25,240</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2022	2021
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 137	\$ 94
Net foreign exchange gain	2,533	269
Loss disposal of accounted for using the equity method	(779)	-
Others	<u>(32)</u>	<u>(35)</u>
	<u>\$ 1,859</u>	<u>\$ 328</u>

d. Finance costs

	For the Three Months Ended March 31	
	2022	2021
Interest on bank loans	\$ 219	\$ 1,810
Interest on lease liabilities	507	481
Imputed interest on deposit	5	33
Unwinding of discount on provisions	13	23
Less: Amounts included in the cost of qualifying assets	<u>(151)</u>	<u>(730)</u>
	<u>\$ 593</u>	<u>\$ 1,617</u>

Information about capitalized interest is as follows:

	For the Three Months Ended March 31	
	2022	2021
Capitalized interest amount	\$ 151	\$ 730
Capitalization rate	1.02%	1.03%

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 56,412	\$ 50,887
Operating expenses	<u>50,784</u>	<u>52,635</u>
	<u>\$ 107,286</u>	<u>\$ 103,522</u>
An analysis of amortization by function		
Operating costs	\$ 102	\$ -
Operating expenses	<u>2,906</u>	<u>2,720</u>
	<u>\$ 3,008</u>	<u>\$ 2,720</u>

f. Operating expenses directly related to investment properties

	For the Three Months Ended March 31	
	2022	2021
Direct operating expenses from investment properties generating rental income	\$ 916	\$ 936
Direct operating expenses from investment properties not generating rental income	<u>1,116</u>	<u>1,060</u>
	<u>\$ 2,032</u>	<u>\$ 1,996</u>

g. Employee benefits expense

	For the Three Months Ended March 31	
	2022	2021
Short-term benefits	\$ 284,267	\$ 275,298
Post-employment benefits (Note 22)		
Defined contribution plan	8,114	7,911
Defined benefit plans	<u>64</u>	<u>49</u>
	<u>8,178</u>	<u>7,960</u>
Other employee benefits	<u>4,416</u>	<u>4,330</u>
Total employee benefits expense	<u>\$ 296,861</u>	<u>\$ 287,588</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 65,929	\$ 64,301
Operating expenses	<u>230,932</u>	<u>223,287</u>
	<u>\$ 296,861</u>	<u>\$ 287,588</u>

h. Compensation of employees and remuneration of directors and supervisors

According to the resolution of the board of directors, 6%-8% of profit of the current year is distributable as compensation of employees and no higher than 2% of profit of the current year is distributable as remuneration of directors and supervisors. However, the Company has to first offset accumulated losses, if any. For the three months ended March 31, 2022 and 2021, the compensation of employees and the remuneration of directors and supervisors are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2022	2021
Compensation of employees	8%	8%
Remuneration of directors and supervisors	2%	2%

Amount

	For the Three Months Ended March 31	
	2022	2021
Compensation of employees	\$ 21,219	\$ 20,946
Remuneration of directors and supervisors	5,305	5,237

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

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

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

26. INCOME TAXES

- a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax		
In respect of the current period	\$ 88,496	\$ 88,301
Adjustments for prior years	<u>(3,728)</u>	<u>-</u>
	84,768	88,301
Deferred tax		
In respect of the current period	1,067	-
Tax expense recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	<u>483</u>	<u>903</u>
Income tax expense recognized in profit or loss	<u>\$ 86,318</u>	<u>\$ 89,204</u>

- b. Income tax assessments

The tax authorities have assessed the income tax returns of the Company through 2020.

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2022	2021
Basic earnings per share	<u>\$ 1.59</u>	<u>\$ 1.60</u>
Diluted earnings per share	<u>\$ 1.58</u>	<u>\$ 1.59</u>

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 period

	For the Three Months Ended March 31	
	2022	2021
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 235,730</u>	<u>\$ 232,538</u>

Weighted average number of ordinary shares outstanding

	Unit: In Thousands of Shares	
	For the Three Months Ended March 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	148,137	145,767
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>610</u>	<u>528</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>148,747</u>	<u>146,295</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.

28. CASH FLOW INFORMATION

a. Non-cash transactions

The Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the three months ended March 31, 2022 and 2021:

	For the Three Months Ended March 31	
	2022	2021
Additions of property, plant and equipment	\$ (80,121)	\$ (26,097)
Changes in prepayments for purchases	200	(19,654)
Changes in payables for purchase of equipment	<u>(10,863)</u>	<u>(2,860)</u>
Payments for acquisition of property, plant and equipment	<u>\$ (90,784)</u>	<u>\$ (48,611)</u>

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2022

	January 1, 2022	Cash Flows	Non-cash Changes			March 31, 2022
			Lease Change	Finance Costs	Exchange Rate Impact	
Long-term borrowings	\$ 94,365	\$ (94,365)	\$ -	\$ -	\$ -	\$ -
Guarantee deposits received	13,011	(1,416)	-	-	-	11,595
Lease liabilities	<u>177,393</u>	<u>(10,194)</u>	<u>4,592</u>	<u>507</u>	-	<u>172,298</u>
	<u>\$ 284,769</u>	<u>\$ (105,975)</u>	<u>\$ 4,592</u>	<u>\$ 507</u>	<u>\$ -</u>	<u>\$ 183,893</u>

For the three months ended March 31, 2021

	January 1, 2021	Cash Flows	Non-cash Changes			March 31, 2021
			Lease Change	Finance Costs	Exchange Rate Impact	
Short-term borrowings	\$ 500,000	\$ (500,000)	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	1,421,261	(1,204,539)	-	-	-	216,722
Guarantee deposits received	19,026	402	-	-	-	19,428
Lease liabilities	<u>162,729</u>	<u>(11,910)</u>	<u>547</u>	<u>481</u>	<u>(4)</u>	<u>151,843</u>
	<u>\$ 2,103,016</u>	<u>\$(1,716,047)</u>	<u>\$ 547</u>	<u>\$ 481</u>	<u>\$ (4)</u>	<u>\$ 387,993</u>

29. CAPITAL MANAGEMENT

The objective of the Group's capital management is maintaining a good capital structure and to ensure the ability to operate continuously, in order to provide returns to 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.

30. FINANCIAL INSTRUMENTS

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

The Group's management considers that the 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

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	<u>\$ 250,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,516</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments - unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,316</u>	<u>\$ 10,316</u>

December 31, 2021

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

March 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	<u>\$ 300,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,094</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments - unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,090</u>	<u>\$ 10,090</u>

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

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

For the three months ended March 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at beginning of period	\$ 11,390
Recognized in other comprehensive loss (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>(1,074)</u>
Balance at end of period	<u>\$ 10,316</u>

For the three months ended March 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at beginning of period	\$ 9,338
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>752</u>
Balance at end of period	<u>\$ 10,090</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.

	March 31, 2022	December 31, 2021	March 31, 2021
Discount for lack of marketability	30%	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:

	March 31, 2022	December 31, 2021	March 31, 2021
Discount for lack of marketability			
1% increase	<u>\$ (147)</u>	<u>\$ (163)</u>	<u>\$ (144)</u>
1% decrease	<u>\$ 147</u>	<u>\$ 163</u>	<u>\$ 144</u>

c. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 250,516	\$ 200,379	\$ 300,094
Financial assets at amortized cost			
Cash and cash equivalents	3,511,183	3,635,197	2,981,897
Financial assets at amortized cost	71,472	75,178	71,033
Notes and accounts receivable, net	239,474	232,957	200,614
Accounts receivable from related parties	71,335	67,739	3,293
Other receivables	41,439	13,125	3,503
Financial assets at FVTOCI			
Equity instruments	<u>10,316</u>	<u>11,390</u>	<u>10,090</u>
	<u>\$ 4,195,735</u>	<u>\$ 4,235,965</u>	<u>\$ 3,570,524</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Notes and accounts payable	\$ 250,670	\$ 268,964	\$ 239,395
Other payables	1,457,564	1,817,560	1,376,496
Other payables to related parties	78,913	66,810	43,530
Long-term borrowings (current portion included)	<u>-</u>	<u>94,365</u>	<u>216,722</u>
	<u>\$ 1,787,147</u>	<u>\$ 2,247,699</u>	<u>\$ 1,876,143</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 34.

Sensitivity analysis

The Group is mainly exposed to the USD.

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

Currency USD Impact
For the Three Months Ended
March 31

	2022	2021
Profit or loss	\$ 16,531	\$ 13,514

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:

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
Financial assets	\$ 71,472	\$ 75,178	\$ 71,033
Financial liabilities	172,298	271,758	368,565
Cash flow interest rate risk			
Financial assets	3,504,034	3,627,219	2,974,685

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 three months ended March 31, 2022 and 2021 would change by NT\$876 thousand and NT\$744 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 March 31, 2022, December 31, 2021 and March 31, 2021, 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.

March 31, 2022

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Notes and accounts payable	\$ 250,670	\$ -	\$ -	\$ -	\$ -	\$ 250,670
Other payables (related parties included)	1,408,689	103,308	24,480	-	-	1,536,477
Lease liabilities	<u>27,624</u>	<u>22,700</u>	<u>31,475</u>	<u>52,076</u>	<u>48,367</u>	<u>182,242</u>
	<u>\$ 1,686,983</u>	<u>\$ 126,008</u>	<u>\$ 55,955</u>	<u>\$ 52,076</u>	<u>\$ 48,367</u>	<u>\$ 1,969,389</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 50,324</u>	<u>\$ 83,551</u>	<u>\$ 14,773</u>	<u>\$ 8,802</u>	<u>\$ 8,802</u>	<u>\$ 15,990</u>

December 31, 2021

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Notes and accounts payable	\$ 268,964	\$ -	\$ -	\$ -	\$ -	\$ 268,964
Other payables (related parties included)	1,679,571	204,799	-	-	-	1,884,370
Lease liabilities	25,950	21,475	34,055	57,535	48,807	187,822
Variable interest rate liabilities	<u>3,969</u>	<u>3,951</u>	<u>7,848</u>	<u>23,118</u>	<u>62,015</u>	<u>100,901</u>
	<u>\$ 1,978,454</u>	<u>\$ 230,225</u>	<u>\$ 41,903</u>	<u>\$ 80,653</u>	<u>\$ 110,822</u>	<u>\$ 2,442,057</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 47,425	\$ 91,590	\$ 14,773	\$ 8,802	\$ 8,802	\$ 16,430
Variable interest rate liabilities	<u>7,920</u>	<u>30,966</u>	<u>37,104</u>	<u>24,911</u>	<u>-</u>	<u>-</u>
	<u>\$ 55,345</u>	<u>\$ 122,556</u>	<u>\$ 51,877</u>	<u>\$ 33,713</u>	<u>\$ 8,802</u>	<u>\$ 16,430</u>

March 31, 2021

	On Demand or Less than 6 Month	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Notes and accounts payable	\$ 239,395	\$ -	\$ -	\$ -	\$ -	\$ 239,395
Other payables (related parties included)	1,296,066	101,046	22,914	-	-	1,420,026
Lease liabilities	22,737	15,426	29,445	40,233	54,321	162,162
Variable interest rate liabilities	3,995	3,978	7,902	23,278	67,734	106,887
Fixed interest rate liabilities	<u>4,556</u>	<u>4,579</u>	<u>9,158</u>	<u>27,474</u>	<u>83,949</u>	<u>129,716</u>
	<u>\$ 1,566,749</u>	<u>\$ 125,029</u>	<u>\$ 69,419</u>	<u>\$ 90,985</u>	<u>\$ 206,004</u>	<u>\$ 2,058,186</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 38,163	\$ 69,678	\$ 18,966	\$ 8,802	\$ 8,802	\$ 17,751
Variable interest rate liabilities	7,973	31,180	37,371	30,363	-	-
Fixed interest rate liabilities	<u>9,135</u>	<u>36,632</u>	<u>45,790</u>	<u>38,159</u>	<u>-</u>	<u>-</u>
	<u>\$ 55,271</u>	<u>\$ 137,490</u>	<u>\$ 102,127</u>	<u>\$ 77,324</u>	<u>\$ 8,802</u>	<u>\$ 17,751</u>

b) Financing facilities

	March 31, 2022	December 31, 2021	March 31, 2021
Short-term borrowings amount			
Amount unused	<u>\$ 1,738,000</u>	<u>\$ 1,738,000</u>	<u>\$ 1,738,000</u>

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>	<u>Relationship with the Group</u>
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
Gongju Co., Ltd. (Gongju)	Other related party	Supervisor of Pro-partner (from June 3, 2018 to June 2, 2021)

(Continued)

Related Party Name	Related Party Category	Relationship with the Group
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 Enterprises 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 Transnet Corp. (President Transnet)	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 Collect Services Corp. (President Collect Services)	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
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 Three Months Ended March 31	
		2022	2021
Sales	Associate	\$ 3,216	\$ 3,250
	Other related party	<u>48,531</u>	<u>389</u>
		<u>\$ 51,747</u>	<u>\$ 3,639</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. Contract liabilities

Line Item	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Contract liabilities	Other related party	<u>\$ -</u>	<u>\$ 564</u>	<u>\$ -</u>

d. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable from related parties	Tung Hsyng	\$ 38,752	\$ 33,663	\$ -
	Tung-Ju	22,619	19,076	-
	GK BIO INTERNATIONAL SDN. BHD.	3,216	8,908	3,293
	Other related party	<u>6,748</u>	<u>6,092</u>	<u>-</u>
		<u>\$ 71,335</u>	<u>\$ 67,739</u>	<u>\$ 3,293</u>

e. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Other payables to related parties	Pu Hsing	\$ 22,163	\$ 18,563	\$ 21,218
	Laser Solution	22,132	18,532	-
	Tung Hsyng	20,765	19,170	-
	Tung-Ju	9,560	6,402	-
	Gongju	-	-	22,312
	Other related party	<u>4,293</u>	<u>4,143</u>	<u>-</u>
	<u>\$ 78,913</u>	<u>\$ 66,810</u>	<u>\$ 43,530</u>	

f. Prepayments

Line Item	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Prepayments	Other related party	<u>\$ 21</u>	<u>\$ 110</u>	<u>\$ -</u>

g. Lease arrangements

Line Item	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Lease liabilities	Pu-Lin	<u>\$ 30,169</u>	<u>\$ 29,866</u>	<u>\$ 29,573</u>

Related Party Category	For the Three Months Ended March 31	
	2022	2021
<u>Interest expense</u>		
Other related party	<u>\$ 93</u>	<u>\$ 106</u>

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

h. Other transactions with related parties

Line Item	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Refundable deposits	Other related party	<u>\$ 1,619</u>	<u>\$ 1,619</u>	<u>\$ 1,068</u>
Guarantee deposits received	Other related party	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>
Advance receipts (classified as other current liabilities)	Other related party	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 29</u>

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2022	2021
Operating costs - freight expense	Other related party	<u>\$ 2</u>	<u>\$ -</u>
Operating costs - inspection expense	Other related party	<u>\$ 112</u>	<u>\$ -</u>
Selling and marketing expenses - commissions expense	Other related party	<u>\$ 4,231</u>	<u>\$ 1,310</u>
Selling and marketing expenses - advertisement expense	Other related party	<u>\$ 1,802</u>	<u>\$ -</u>
Selling and marketing expenses - freight expense	Other related party	<u>\$ 1,328</u>	<u>\$ -</u>
Selling and marketing expenses - entertainment expense	Other related party	<u>\$ 5</u>	<u>\$ -</u>
General and administrative expenses - freight expense	Other related party	<u>\$ 2</u>	<u>\$ -</u>
Research and development expenses - freight expense	Other related party	<u>\$ 8</u>	<u>\$ -</u>
Rental income	Other related party	<u>\$ 3</u>	<u>\$ 3</u>
Other income	Other related party	<u>\$ 9</u>	<u>\$ 10</u>

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.

i. Compensation of key management personnel

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 45,659	\$ 38,604
Post-employment benefits	<u>72</u>	<u>73</u>
	<u>\$ 45,731</u>	<u>\$ 38,677</u>

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2022	December 31, 2021	March 31, 2021
Property, plant and equipment - land	\$ 3,004,629	\$ 3,004,629	\$ 3,004,629
Property, plant and equipment - building	1,003,965	1,014,043	1,040,371
Pledged time deposits (classified as financial assets at amortized cost - non-current)	<u>13,320</u>	<u>13,320</u>	<u>13,320</u>
	<u>\$ 4,021,914</u>	<u>\$ 4,031,992</u>	<u>\$ 4,058,320</u>

Secured bank facilities used in response to operating funds by the Group's property, plant and equipment - land/building as of March 31, 2022 and December 31, 2021 and March 31, 2021 are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Short-term financing facilities	\$ 1,238,000	\$ 1,238,000	\$ 1,238,000
Medium and long-term financing facilities	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,217,114</u>
	<u>\$ 2,238,000</u>	<u>\$ 2,238,000</u>	<u>\$ 2,455,114</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. The Company's guarantee notes issued to banks for credit lines amounted to NT\$400,000 thousand as of March 31, 2022.

- b. Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of March 31, 2022 were as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Plant and machinery	\$ 433,800	\$ 104,784	\$ 329,016

- c. For operational needs, Pro-partner established operational bases in Taoyuan, Hsinchu, Fengyuan, Taichung, Hualien, Tainan and Kaohsiung. The information concerning the operating leases as of March 31, 2022 is listed below:

Operating Location	Lessor	Lease Period	Monthly Rental
Taoyuan City	Taoyuan Irrigation Association	2020.02.01-2025.01.31	\$ 360
Taoyuan City	Passion Technology Co., Ltd.	2020.05.01-2025.04.30	280
Hsinchu City	Lin, Zhuang-Long, Wu, Yi-Wan	2021.11.01-2026.10.31	350
Fengyuan Dist.	Lin, Fen-Ling	2020.06.01-2023.05.31	70
Taichung City	Pu-Lin Ltd.	2007.11.01-2027.11.01	220
Taichung City	Pu-Lin Ltd.	2010.04.01-2030.03.31	129
Hualien City	Liou, Chuen-Hou, Liou, Chuen-Lung	2021.09.01-2023.08.31	130
Tainan City	Cathay Life Insurance Co., Ltd.	2021.08.01-2026.07.31	418
Kaohsiung City	Kazu Kuwae Trading Co., Ltd.	2021.12.01-2025.03.31	71

34. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,949	28.65 (USD:NTD)	\$ 113,139
USD	1,953	6.357 (USD:CNY)	\$ 55,953
<u>Financial liabilities</u>			
Monetary items			
USD	132	6.357 (USD:CNY)	\$ 3,782

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,493	27.68 (USD:NTD)	<u>\$ 96,686</u>
USD	1,938	6.367 (USD:CNY)	<u>\$ 53,644</u>
<u>Financial liabilities</u>			
Monetary items			
USD	42	27.68 (USD:NTD)	<u>\$ 1,163</u>
USD	483	6.367 (USD:CNY)	<u>\$ 13,369</u>

March 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,005	28.535 (USD:NTD)	<u>\$ 85,748</u>
USD	2,044	6.571 (USD:CNY)	<u>\$ 58,326</u>
<u>Financial liabilities</u>			
Monetary items			
USD	313	6.571 (USD:CNY)	<u>\$ 8,931</u>

For the three months ended March 31, 2022 and 2021, realized and unrealized net foreign exchange gains were NT\$2,533 thousand and NT\$269 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: None;
- 2) Endorsements/guarantees provided: None;
- 3) Marketable securities held (excluding investments in subsidiaries, associates and 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 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;

36. SEGMENTS INFORMATION

The Group determined its operating segments based on business activities with discrete financial information regularly reported through the Group's internal reporting protocols to the Group's chief operating decision maker. The Group is organized into several business units based on its marketing channels and services. As of March 31, 2022 and 2021, the Group had the following segments: MLM (Multi-level marketing), Distributors, and ODM/OEM (Original Design Manufacturer/Original Equipment Manufacturer).

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

Transfer prices between operating segments are determined on 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 and ODM/OEM includes ODM/OEM in Taiwan and Shanghai.

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

Segment profit (loss) is profit from 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.

Segment revenue and results

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

For the three months ended March 31, 2022

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Revenue from external customers	\$ 1,691,366	\$ 162,515	\$ 198,699 (Note)	\$ -	\$ 2,052,580
Inter-segment revenue	<u>319,933</u>	<u>101,155</u>	<u>1,396</u>	<u>(422,484)</u>	<u>-</u>
Segment revenue	<u>\$ 2,011,299</u>	<u>\$ 263,670</u>	<u>\$ 200,095</u>	<u>\$ (422,484)</u>	<u>\$ 2,052,580</u>
Segment income	<u>\$ 382,691</u>	<u>\$ 430</u>	<u>\$ 23,164</u>	<u>\$ 15,511</u>	<u>\$ 421,796</u>

Note: ODM/OEM revenues from external customers in Taiwan and Shanghai amounted to NT\$61,859 thousand and NT\$136,840 thousand, respectively.

For the Three Months Ended March 31, 2021

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Revenue from external customers	\$ 1,597,609	\$ 160,256	\$ 214,335 (Note)	\$ -	\$ 1,972,200
Inter-segment revenue	<u>311,190</u>	<u>46,824</u>	<u>33,024</u>	<u>(391,038)</u>	<u>-</u>
Segment revenue	<u>\$ 1,908,799</u>	<u>\$ 207,080</u>	<u>\$ 247,359</u>	<u>\$ (391,038)</u>	<u>1,972,200</u>
Segment income	<u>\$ 343,667</u>	<u>\$ 18,215</u>	<u>\$ 37,337</u>	<u>\$ 14,589</u>	<u>\$ 413,808</u>

Note: ODM/OEM revenues come from external customers in Taiwan and Shanghai amounted to NT\$52,466 thousand and NT\$161,869 thousand, respectively.

GRAPE KING BIO LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2022

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

Held Company Name	Marketable Securities Type And Name	Relationship with the Company	Financial Statement Account	March 31, 2022				Note
				Units/Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Grape King Bio Ltd.	<u>Shares</u>							
	FU-Sheng International Inc. (SAMOA)	-	Financial assets at fair value through other comprehensive income - non-current	917,700	\$ 10,306	18.77	\$ 10,306	-
	Hsin Tung Yang Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	10	-	10	-
	<u>Mutual funds</u>							
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,101,392.90	100,243	-	100,243	-
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,584,833.14	100,260	-	100,260	-
Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,066,939.00	50,013	-	50,013	-	

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 THREE MONTHS ENDED MARCH 31, 2022
(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	\$ 319,333	60.48	30 days after monthly closing	By contract	-	\$ 145,800	43.60	Note 2
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	319,333	98.48	30 days after monthly closing	By contract	-	(145,800)	95.23	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

MARCH 31, 2022

(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.	Subsidiary	\$ 145,800	7.47	\$ -	-	\$ 145,800	\$ -
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	118,987	2.46	-	-	8,553	-

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 THREE MONTHS ENDED MARCH 31, 2022

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

No (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Net revenue from sale of goods	\$ 319,933	By contract	15.59%
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts receivable	145,800	By contract	1.04%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Accounts receivable	118,987	By contract	0.85%

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

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

- 1) Represents the transactions from parent company to subsidiary.
- 2) Represents the transactions from subsidiary company to parent.
- 3) Represents the transactions between subsidiaries.

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

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATIONS ON INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(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 March 31, 2022			Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				March 31, 2022	December 31, 2021	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	\$ 1,131,791	\$ 10,048	\$ 9,619	Notes 1, 2 and 3
	Pro-partner Inc.	Taoyuan, Taiwan	Import and selling of health food, drink, cosmetics, sports apparatus, cleaning products, etc.	15,000	15,000	10,560,000	60	2,331,011	314,499	187,924	Notes 1 and 2
	Rivershine Ltd.	Taoyuan, Taiwan	Import and selling of health food, drinks, daily cosmetics, appliances, etc.	30,000	30,000	3,000,000	100	35,908	1,809	1,809	Note 2
	GK BIO INTERNATIONAL SDN. BHD.	Malaysia	Import and selling of health products	6,810	6,810	900,000	30	14,938	9,730	2,966	Note 1
Pro-partner Inc.	ELITE PROPARTNER HOLDINGS SDN. BHD.	Malaysia	Investment activities	Note 4	Note 4	1	100	(100)	(100)	(100)	Notes 2 and 4

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT\$(1,171) 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 subsidiary Pro-partner Inc. invested in one share of ELITE PROPARTNER HOLDINGS SDN. BHD. in Malaysia in December 2021. The shareholding ratio was 100%.

TABLE 6

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 2022
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsule, tablet, related products and services.	USD 27,900	Note 1(2) Note 3	\$ 847,672 (USD 27,350)	\$ -	\$ -	\$ 847,762 (USD 27,350)	\$ 9,105 Note 2(2)B	100%	\$ 8,676 Note 2(2)B	\$ 1,082,152	\$ -
Shanghai Yusong Co., Ltd.	Stock management and related services of the thermostatic fresh freezing warehouse.	USD 4,890	Note 1(2) Note 4	26,794 (USD 878)	-	-	26,794 (USD 878)	- Note 2(3)	18.77%	- Note 2(3)	10,306 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)	(218) Note 2(2)B	100%	(218) Note 2(3)B	18,215	-
Dongpu Biotech Corporation	Biotechnology R&D and transfer; sales of biological products, special foods (health foods), food materials, food packaging materials, cosmetics, daily necessities; commission agents (excluding auctions); import and export of goods.	RMB 5,000	Note 1(1) Note 6	23,200 (RMB 5,000)	-	-	23,200 (RMB 5,000)	Note 6	Note 6	Note 6	Note 6	-

(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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 2022
					Outflow	Inflow						
Shanghai Changhong Biotechnology Co., Ltd.	Biotechnology consultation, biotechnology R&D and transfer, import and export of goods or transfers of technology, brand planning, corporate image and marketing planning, conference services, social and economic consulting services, business information consulting, self-owned equipment leasing, domestic cargo transportation agent, sales and online retail of knitted textiles, etc.	USD 700	Note 1(1) Note 7	\$ 7,273 (USD 246)	\$ -	\$ -	\$ 7,237 (USD 246)	\$ (1,050) Note 2(2)B	35.1%	\$ (369) Note 2(2)B	\$ 3,898	\$ -
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 8	-	-	-	-	(119) Note 2(2)B	45%	(54) Note 2(2)B	9,771	-

Accumulated Investment in Mainland China as of March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 923,229	\$ 923,229	\$ 6,499,015

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

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

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

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

(Continued)

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

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

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

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

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

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

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

Note 6: The Company directly invested in Dongpu Biotech Corporation. In March 2022, Dongpu Biotech Corporation had been liquidated, and the investment will be repatriated to the Company.

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

Note 8: The Company invested in Shanghai Xinquan Biotechnology Co., Ltd. through subsidiary Shanghai Rivershine Ltd.

(Concluded)

GRAPE KING BIO LTD.**INFORMATION ON MAJOR SHAREHOLDERS
MARCH 31, 2022**

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

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

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual 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.