



葡萄王生技  
GRAPE KING BIO



# 2022 Annual Report

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This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.



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# Letter to Shareholders





Dear Shareholders,

On behalf of Grape King Bio Ltd. (“the Company”), I would like to express my deepest gratitude to all Shareholders for your support in 2022.

As we entering the post epidemic era in 2022, the global economy is unfavorable due to factors such as mutant virus, Russia-Ukraine war, high inflation, and climate change. Grape King Bio executed new product releases, cross-industry alliances, and overseas expansion to reach the 2022 revenue of tens of billion, a new record high for our company. In response to shareholders’ long-term support, Grape King Bio generated an earning of NT\$9.84 per share in 2022, which was a double-digit growth of 11.7%.

2023 will be a year of challenges and opportunities for Grape King Bio which we are well prepared for. Despite the high risk of the declining global economy and steep inflation, consumers continue to elevate their health supplements’ needs in the post epidemic era. Furthermore, the Chinese market is gradually reopening hence demand for ODM products are recovering and more diverse. Grape King Bio will continue to innovate, research, and develop new products and raw materials to meet these diverse demands, as well as increasing revenue to new highs. With the joint efforts from the operation team and all employees, our SAP system has been launched as part of Grape King Bio’s comprehensive digital transformation. Meanwhile, the construction of Phase 1 of Grape King Bio Park in Pingzhen Industrial Park will be completed in 2023, which will increase production capacity and gain operating momentum.

Along with continuous growth, Grape King Bio values operational performance and continues to develop and strengthen its sustainability and corporate governance; its efforts were recognized among the top 5% of listed companies for two consecutive years (i.e., 2020 and 2021) based on Corporate Governance Evaluation.

With regards to the growth of the Company, I would like to thank all my Colleagues for their hard work and continued commitment and also sincerely thank our Shareholders for your trust and strong support to enable the Company to continue achieving outstanding performance. The following is a brief report to the Shareholders on our operating results for the 2022:

## 1. Business Results for 2022

### (1) Financial Revenue and Expenditure for 2022

Unit: NT\$ thousand; Earnings per share: NT\$

Item	2022	2021
Operating Revenue	10,391,231	9,798,246
Operating costs	1,910,282	1,942,889
Operating margin	8,480,949	7,855,357
Operating expenses	5,929,212	5,543,773
Operating net profit	2,551,737	2,311,584
Non-operating income and expenses	136,141	103,322
Net profit after tax	2,169,687	1,947,989
Outstanding shares(in thousands of shares)	148,137	148,137
Earnings per share	9.84	8.81



The consolidated revenue was NT\$10.391 billion in 2022, which increased 6.05% YoY. Net profit after tax was NT\$2.169 billion, increasing 11.4% YoY, with earnings per share reaching NT\$9.84. The overall operating profit was stable.

### (2) Analysis of Profitability in 2022

Item	2022	2021
Return on assets	14.92%	14.37%
Return on equity	20.12%	21.16%
Ratio of Pre-tax net profit to paid-up capital	181.44%	163.06%
Net profit ratio	20.88%	19.88%
Earnings per share (NT\$)	9.84	8.81

### (3) Research and Development

Grape King Bio continues to work on the research and development of exciting new products in order to expand into new markets and product segments. Satisfying our customers with high-quality products, and staying one step ahead of our competitors are always challenges that we tackle head on with confidence. In 2022 Grape King Brand successfully launched various new products which included Kombucha Honey Grapefruit flavor, Marigold Lutein Complex, Sliim Turmeric Complex EX, PowerBOMB Lichi and Salt & Hops flavor. Pro-Partner introduced Hericium Erinaceus Mycelium Capsule, Xin Run Beauty Drink, Beauty Drink which were all received by consumers.

In the future, the Grape King Bio will continue to invest in resources to develop new raw materials using our professional biotechnology expertise as well as work with other biotech organizations and leading academic institutions. We will strive to upgrade our existing products to enhance their effectiveness and apply for additional health food certifications from the Ministry of Health and Welfare.

## 2. Overview of 2022 Business Plan

### (1) Operating principle and important production and marketing policies

Under the vision of the founder and President Shui Chao Tseng, and our core mission “Live Healthy, Think Grape King”, the Company has been able to maximize its competitive advantage of “delivering excellent quality with our advanced equipment and professional R&D team, delivering award winning product innovation”. With precise marketing capability and diversified distributional channels, the Company continues to develop health products that meet the various needs of consumers both locally and internationally. From 2012 we dedicated organizational structure, brand image innovation and successful digital transformation will enable the Company to lead the way forward into a prosperous future for years to come.

For many years Grape King Bio has been one of the leading Brands in the Taiwan health food market. We have taken the initiative to upgrade our biotechnology equipment and R&D facilities to manufacture to ensure internationally standards of production quality. One of our production lines is PIC/S GMP certified for pharmaceutical quality control and is used for

in-house production from raw materials to finished products. Our QA and QC teams monitor the entire production process, including raw material examinations, production line spot checks, and the finished product inspection before entering the warehouse. By strictly managing every step of the production process, we are able to guarantee the delivery of exceptionally safe products for our consumers and their families.

(2) Impact from external competitive environment, regulatory environment and overall business environment

The results of the National Development Council report show that we are expected to enter into a super-aged society by 2025, which indicates that 1 in 5 citizens are aged above 65 years old. By 2034, half of the total population will be over 50 years old. It is also expected that development of the economy and urbanization, prolonged sitting, change in diet and other factors will accelerate the formation of chronic diseases. Furthermore, "population aging" and "lifestyle disease" such as cancer, cardiovascular disease, obesity and diabetes are likely to account for the majority of medical expenses. Due to the prevailing health promotion and disease prevention among nationals, we believe that the products we are able to develop will help consumers deal with these ailments thus motivating to purchase Grape King Bio health food supplements.

A sustained, natural and gentle way of health maintenance should be the best solution for modern society as a way to stay healthy and balanced. With this goal in mind, the Company is committed to the development of natural ingredients beneficial to the human body, and develops natural health foods with an aim to promote the good health, energy and nutritional supplement for society against "civilization syndromes" and to provide high-quality health preservation measures.

The Taiwan Government continues to enhance and enforce strict controls and regulations for food safety. Grape King Bio has already set high standards for its business and operational management, therefore regulatory environment changes are welcomed by us with little impact on our operation. The amendments to the laws and regulations will gradually eliminate manufacturers that do not meet the criteria, thus raising the industry's entry barrier, and adding to the Company's advantage.

(3) Honors and Awards

Grape King Bio has displayed outstanding performance in terms of corporation, commodities and core technology. Grape King received the following awards: Excellence in Corporate Social Responsibility - Rising Star for Medium-size Company, Taiwan BIO Awards - Industrial Innovation Award, MOEA Energy-Saving Benchmark Award, TSAA Taiwan Sustainable Action Awards - Silver Medal, 2022 Agency & Advertiser of the year-Social Enterprise Award, Spirit of Innovation Award-Taiwan Local Creation Category- Bronze Medal, TCSA Corporate Sustainability Report Awards (Platinum Award), Taiwan Corporate Sustainability Comprehensive Performance - Top 100 Sustainable Companies, and Corporate Governance Evaluation Top 5% for two consecutive years. Upholding its commitment to ESG, Grape King Bio prides itself as being a friendly workplace. We received the Influenza Prevention Alliance Gold Award from the Taiwan Immunization Vision and Strategy for the second consecutive year, the Golden Award for Happy Enterprise for the 3rd time in the 1111 Job Bank voting

event, Excellent & Healthy Workplace, and Safety and Health Dedication Award from the government's Health Promotion Administration.

As for technology R&D, in 2022 Grape King Bio was awarded 29 gold medals, 2 silver medals, 2 bronze medal and 9 special prizes in recognition for the outstanding research done on Probiotics, Cicada, Antrodia, Phellinus linteus, Morchella esculenta, Lignosus Rhinocerus Mycelia, and other patents in 14 countries. A breakdown of the awards are as follows; 2 gold medals from the Russian Archimedes International Invention Exhibition, 1 gold medal and 1 silver medals from the MTE, 2 gold medals from World Genius Convention and Education Expo, 2 gold medals and 1 special prize from the European Exhibition of Creativity and Innovation, 2 bronze medals from ITEX, 2 gold medals and 2 special prizes from ASIE, 2 gold medals from WIC, 2 gold medals from All American DAVINCI International Innovation and Invention Expo, 2 gold medals and 2 special prizes from ICAN, 2 gold medals and 2 special prizes from IITE, 2 gold medals and 2 special prizes from INOVA, 2 gold medals from the IWA, 2 gold medals and 1 silver medal from IIC, 2 gold medals by Hong Kong International Invention and Design Competition, 2 gold medals from the Ukraine Innovation Awards, 2 gold medals from the XV International Warsaw Invention, Probiotics-related products received the "Health Brand Distinction Award" for 7th consecutive year, Cordyceps Cicadae was honored with the 2022 IUFoST Global Food Industry Award, Hericium Erinaceu received the Excellent Manufacturer Innovative Product Award from Hsinchu Science Park, Sliim Probiotics King received the "Innovation Award" from the Lactobacillus Association of Taiwan.

Under the excellent leadership of Chairman Chang-Yeh Tseng and General Manager Mei-Ching Tseng, our subsidiary Pro-Partner Co., Ltd., as well as the six head sales consultants, has once again been ranked as the No.1 domestic MLM Company and 3<sup>rd</sup> overall in the Taiwan multi-level marketing rankings. In 2022 Pro-Partner was ranked 37<sup>th</sup> on the DSN Global 100 list of MLM companies.

#### (4) Sustainable Development

In 2022, as the world moved into the post-pandemic period, the general public developed a better health concept and increased product demand. Grape King "Health and Vitality Power Center" expanded its service and set up operations in Taichung for local development and improvement of brand operations. With excellent service, Grape King caters to people's health care needs, and promotes its business philosophy of "Live Healthy, Think Grape King". In addition, it has introduced a new brand - GKLiFESHINE as it builds a new "HDMO" business model focusing on "participation" and "co-creation". The Company hopes to connect with more like-minded people who have high standards in food safety and quality in order to fulfill Grape King Bio's business mission and to develop more health food products that meet people's needs while expanding operations.

To keep our fingers on the pulse, since 2019, the Grape King Bio has been integrating ESG into the spectrum of Sustainable Environment, Social Participation, Corporate Governance, and enhanced the Sustainable Development & ESG Committee. On the basis of corporate core values "Technology, Health, Hope", we started from the concept of Dedicating ourselves to making the society better, and proceeded to work on the multi-faceted performance of sustainability, which are Ethical Governance, Product Liability, Innovation and R&D, Happy Workplace, Society Prosperity and Green Environment.

#### i. Ethical Governance

Under the expectation of sustainable operation, Grape King Bio continues to strengthen its corporate governance focusing on 5 key aspects: reinforcing effective corporate governance structure, protecting shareholders' rights and interests, strengthening the functions of the Board of Directors, respecting the rights and interests of stakeholders, and enhancing information transparency. Our Finance Department acts as the administrator for corporate governance and integrity management in order to bolster its structure and assist in formulating the code of conduct for promoting integrity management, strengthen corporate governance structure and assists in developing and promoting integrity management, anti-corruption, and anti-bribery policies. Through internal education and evaluations, the values of integrity and ethics are actively implemented and regularly reported to the Board of Directors every year.

Corporate governance is the basis for sustainable operations. To maintain accountability and transparency, the Company has undergone the Corporate Governance Evaluation conducted by the Taiwan Stock Exchange and was recognized among the top 5% companies for the second consecutive year. We will continue to excel and develop our sustainable operations going forward.

Grape King Bio also assigns independent Directors to communicate with our Chief Audit Officer and accountants in person regularly, in order to fully exercise the authority of independent Directors. The Company also purchases Liability Insurance for Directors and Essential Employees so as to reduce the risks caused by mistakes or negligence of Directors' which could have significant impact to the Company and shareholders. We provide diversified communication channels, where specialists are responsible for replying to stakeholders concerns and questions. Grape King Bio publicly discloses information regarding corporate governance and finance results on both our Chinese and English websites. In 2022, we were invited to attend 6 virtual conferences with local and foreign stakeholders.

#### ii. Product Liability

The Company continues to obtain food safety certificates to ensure product responsibility is upheld. Grape King Bio has PIC/S GMP, ISO22000, HACCP, NSF GMP, TQF, HALAL and ISO/IEC 17025 TAF accreditation laboratory, FSSC22000 and many other international accreditations. Audits and evaluations of raw material suppliers are carried out on a regular basis, with 284 suppliers inspected in 2022. The strictest monitoring and the highest standards set by our Company ensure consumers can consume our products with confidence.

In 2022, Grape King Bio executed a full-scale communication plan this year aiming at reinforcing food safety awareness for all employees. Updated food safety slogans were placed around the factory and office space as well as quarterly news and information on food safety were distributed.

#### iii. Innovation and R&D

Grape King Biotech Research Institute uses pioneering patented fermentation technology and our own advanced biotechnological scientific techniques to cultivate our award winning raw materials. Our researches continuously develop and manufacture products that are aimed at being beneficial for the whole family to consume, and immediately provide a better brand experience for the consumer. From research and

innovative development, comprehensive digital transformation, to back-end market development, our business has become more mature given its early layout planning. We received recognition from all sectors of the community in 2022: patent research and development with 29 gold, 2 silver, 2 bronze and 9 special prizes at the International Inventor Prize; 2022 Taiwan BIO Awards – Annual Industrial Innovation Award!

Grape King Bio continues to actively take part in industry-academia cooperation with colleges and universities by giving students opportunities to visit our facilities and participate in internships. The Company also visits campuses and training institutions to share our professional techniques with students. I also lead employees to participate in talent training and scouting hosted by TWIoD as an enterprise mentor for students. We hope to cultivate young professionals which can then enter industries with valuable experience. By combining the strength of the academe and the business sector, we help students gain practical experience and elevate their competitiveness in the workplace.

iv. Happy Workplace

Grape King Bio has a Health and Safety Committee which contains specialized nurses whom host health lectures and workshops. We obtained ISO/CNS 45001, Sport Enterprise and Healthy Workplace certifications in order to provide our employees with a safe and healthy working environment. The Company holds various team building events to build a sense of belonging in Grape King Bio, providing free health care and advice for employees. Consequently, we received a gold award from 1111 Job Portal voting for the 3rd time, and received the Excellent Healthy Work Place – Mother-Friendly award and Safety and Health Dedication Award from the Health Promotion Administration, MOHW in recognition for being a friendly enterprise.

v. Social Prosperity

We linked our employees to external organizations by initiating various charity events and donations, raising public awareness to social welfare causes. Moreover, the Company maximizes every resource that can benefit charity and those in need, from the Elderly, disadvantaged communities to animal welfare. In 2022 our expenditure on social participation reached NT\$18,822,000 and volunteering 992 man hours too.

vi. Green Environment

In order to preserve a sustainable environment for the next generation, we are fully aware of the urgent need for enterprises to set positive goals for the sake of climate change and global warming. Therefore, Grape king Bio Headquarters obtained ISO 14001 environmental management and continued promoting various environmental protection procedures using PDCA, integrating our ISO 50001 energy management system. We continue our RE100 commitment to use 100% renewable energy by 2035 by continuously evaluating our energy performance and optimizing energy utilization. Through the purchase of green power in 2022, we were able to achieve our goal of using 1% renewable energy. We also introduced the ISO 14064 greenhouse gas inventory system prior to the implementation of government regulations on proceeding with Grape King Bio's comprehensive greenhouse gas inventory. The Company plans to obtain ISO 14064 greenhouse gas inventory system certification and commits to the Science Based Target initiative (SBTi) in 2023 as well as the scientific carbon reduction goal setting in 2024.

In summary, Grape King Bio not only makes every effort to meet the expectations of shareholders, stakeholders and customers, but also promotes our values in a transparent manner. Through our continuous devotion, we are certain that it is feasible to set a milestone of having a tri-win situation for Grape King Bio, employees and society. We aim to take our responsibility for citizens seriously whilst being a business enterprise, and also ensuring a sustainable development of the environment.

Finally, I would like to wish you all good health and happiness in the year of 2023, and beyond.

Chairman and GM  Shenglin Andrew Tseng





Company Profile





葡萄王生技  
GRAPE KING BIO

1. Establishment Date
2. Company History
3. 2022 Awards

**1. Establishment date:** July 26, 1969

**2. Company history:**

1960s	1969: Set up "China Fusang Shenghuang Pharmaceutical Industry Co., Ltd."
1970s	1971: "Grape King Food Co., Ltd." was established, produce healthy foods such as Combest P and Lewei. 1973: "Kangbeishiang Cosmetics Co., Ltd." was set up. 1976: "Kangbeishiang Cosmetics Co., Ltd." changed its name to "Head & Shoulders Cosmetics Co., Ltd." 1977: started technical cooperation with "US Schering Pharmaceutical." 1979: "China Fusang Shenghuang Pharmaceutical Industry Co., Ltd." and "Grape King Food Co., Ltd." merged into "Grape King Enterprise Co., Ltd."
1980s	1981: Merged "Head & Shoulders Cosmetics Co., Ltd." Into "Grape King Enterprise Co., Ltd." 1982: The Securities Exchange Commission of the Ministry of Finance approved the Company's public listing. 1984: In accordance with the provisions of the Government to implement the GMP (Good Manufacturing Practice) system and manufacture quality pharmaceutical products that meet international standards. 1987: The Executive Yuan as a "G.M.P. Implemented Pharmaceutical Factory".
1990s	1991: Set up a bio-engineering center for the research and manufacturing of biotechnology products. 1991: Established "Pingzhen Logistics Center", covers an area of about 3,000 pings. 1993: Invested in the establishment of Pro-Partner. 1994: Set up the Shanghai Grape King Enterprise Co., Ltd. in the mainland through a third-country investment. 1997: Developed a variety of successful products such as Ganoderma King, Biolacto Powder and 995 Nutrient Drink, the first product - Combest drink was launched from Shanghai Grape King. 1998: Pro-Partner formally transitioned to multilevel marketing.
2000s	2002: The Company changed its name to Grape King Bio Ltd. 2005: Passed eGMP pharmaceutical certification of the Department of Health Executive Yuan. 2008: Constructed an automated production and packaging plant for biotechnology products and the second fermentation plant.
2010s	2010: Expand the biological center's 3rd fermentation plant. 2013: Replaced the Company's logo, jointly purchased an office building in Neihu with Pro-Partner Co., Ltd., and set up Grape King Bio business office on the 11F. 2014: The construction ceremony of the new plant in Pingzhen was held, began operations at the end of 2016. 2014: Allowed to set up "Grape King Bio Ltd. Longtan Science Park Branch" in the Park. 2014: Obtained PIC/S GMP and ISO 22000 certifications. 2015: Was awarded ISO17025 certification by TAF. 2016: The Pingzhen plant was opened. 2017: Obtained NSF GMP certification. 2017: Opened its "Grape King Health and Vitality Power Center." 2017: Obtained OHSAS 18001 (Occupational Safety and Health Management System), TOSHMS (Taiwan Occupational Safety and Health Management System) and ISO14001 (Environmental Management System) certification. 2018: Taipei Sales Office started operations. 2018: Obtained TQF certification. 2019: Obtained ISO 50001 and FSSC 22000 certification. 2019: The Biotech Research Institute was set up.



2020s	<p>2020: Obtained ISO 45001 certification.</p> <p>2021: Listed in the Top 5% of the 7th Round Corporate Governance Evaluation Award by Taiwan Stock Exchange Corporate Governance Center.</p> <p>2021: Uni-President became the top shareholder of ours with its shares of 8% via private placement.</p> <p>2022: Consolidated revenue was NT\$10.391 billion, hitting the NT\$10 billion-mark for the first time.</p> <p>2022: Pro-Partners' revenue reached NT\$8.7 billion, the 3rd largest MLM Company in Taiwan based on revenue, ranked number 1 Taiwanese owned MLM for several years in a row.</p> <p>2022: Listed in the Top 5% of the 8th Round Corporate Governance Evaluation Award by Taiwan Stock Exchange Corporate Governance Center.</p> <p>2022: Opened "Grape King Health and Vitality Power Center" Taichung branch.</p> <p>2022: Rolled out new products: Essential QQ Collagen Drink, GK Lifeshine Beauty Essential Drink, GK LifeShine Fiber Enzyme Sachet, Ren Shen Essence Drink, PowerBOMB Lichi, Salt &amp; Hops Flavour, Kombucha Honey Grapefruit Flavour, Marigold Lutein Complex, GK LifeShine Cranberry &amp; Hyaluronan Probiotics, GK LifeShine 365 Energy Capsule and Natto Red Yeast Rice.</p>
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### 3. 2022 Awards:

#### Enterprise

- (1) [Grape King Bio] Ranked in Top 5% by TWSE in Corporate Governance Evaluation for two years.
- (2) [Grape King Bio] Wins the Silver Award at the Taiwan Sustainability Action Awards.
- (3) [Grape King Bio] Receives 2022 Medium sized Enterprise Sustainable Society Award from Common Wealth Magazine.
- (4) [Grape King Bio] Hericium mycelium fermentation process wins 2022 Taiwan BIO Awards.
- (5) [Grape King Bio] Erinaceus A Hericium Erinaceus Mycelium received the 2022 Taiwan BIO Awards - Industrial Innovation Award.
- (6) [Grape King Bio] Received the 2022 MOEA Energy-Saving Benchmark Award.
- (7) [Grape King Bio] Grape King Bio has been awarded the 2022 Happiest Employees Gold Award from 1111 Job Bank for the 3rd time.
- (8) [Grape King Bio] Grape King Bio's Outstanding ESG performance, two honors from the 15th Taiwan Corporate Sustainability Awards.
- (9) [Grape King Bio] Received a gold award from pandemic prevention envoy from TIVS.
- (10) [Grape King Bio] Received the "2022 Safety and Health Dedication Award" from the Office of Labor Inspection in Taoyuan
- (11) [Grape King Bio] Received the "Excellent Healthy Work Place – Mother-Friendly" award from the Health Promotion Administration, MOHW
- (12) [Grape King Bio] Won two awards at 2022 Excellence Agency & Advertiser of the year. (Agency & Advertiser of the year-Social Enterprise Award, bronze medal from Spirit of Innovation Award-Taiwan Local Creation Category)

#### Product

- (1) [Probiotic Series] Received an excellence award for Probiotics in the health brand recommendation event hosted by Yahoo! and Everyday Health.
- (2) [Cordyceps Cicadae] Grape King Bio's GKBio Cordyceps Cicadae was honored with the 2022 IUFoST Global Food Industry Award.
- (3) [Hericium Erinaceu] Received the 2022 Excellent Manufacturer Innovative Product Award from Hsinchu Science Park.
- (4) [Sliim Probiotics King] Received the "Innovation Award" from the Lactobacillus Association of Taiwan.

#### Technique & Patent

##### [ Hericium mycelium fermentation process ]

- (1) " Hericium mycelium fermentation process " wins 2022 Taiwan BIO Awards.

##### [Probiotic proprietary technology]

- (1) "A COMPOSITION FOR MODULATION OF TESTOSTERONE AND ITS USE" was

- awarded Gold medal at 2022 Russian Archimedes International Invention Exhibition.
- (2) "USE OF LACTOBACILLUS REUTERI GKR1 FOR PREPARING COMPOSITION OF REDUCING URIC ACID" was awarded Gold medal at 2022 Russian Archimedes International Invention Exhibition.
  - (3) "A LACTOBACILLUS RHAMNOSUS GKLC1, A COMPOSITION AND ITS USE FOR IMPROVING ALCOHOLIC INJURY IN LIVER, STOMACH AND/OR INTESTINE" was awarded a Gold medal at 2022 MTE!
  - (4) "LACTOBACILLUS FERMENTUM GKF3, COMPOSITION CONTAINING THE SAME AND ITS USE FOR IMPROVING PSYCHATAXIA" was awarded a Gold medal at the World Genius Convention and Education Expo 2022!
  - (5) "LACTOBACILLUS FERMENTUM GKF3, COMPOSITION CONTAINING THE SAME AND ITS USE FOR IMPROVING PSYCHATAXIA" was awarded a Gold medal at 2022 All American DAVINCI International Innovation.
  - (6) "Lactobacillus plantarum strain, composition comprising the same, method of producing the same and its use for inhibiting or reducing oral pathogens" was awarded a Gold medal at EURO Invent 2022!
  - (7) "An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity" was awarded a Bronze medal at ITEX 2022!
  - (8) "An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity" won a Gold Medal from the 14th XV International Warsaw Invention Show 2022.
  - (9) "LACTOBACILLUS BREVIS GKJOY, composition containing the same and its use for improving PSYCHATAXIA and Promoting nerve function" was awarded Gold medal at WIC!
  - (10) Use of Lactobacillus, its pharmaceutical compositions and ROC edible compositions applied for the treatment, prevention or improvement of bone diseases won a Gold Medal and a special prize at the All American DAVINCI International Innovation and Invention Expo.
  - (11) Probiotics (active substance) for protection against influenza virus received a Gold Award and Special Award at iCAN in 2022.
  - (12) Innovative probiotics GKLC1 for managing alcoholic liver disease, stomach and intestine injury" received a gold medal and special prize at ITE in 2022.
  - (13) Antioxidant multi-layer embedded probiotic particles received a gold medal and a special prize in ITE.
  - (14) "Use of LACTIC ACID BACTERIA for increasing resistance against Enterovirus 71" was awarded Gold and Special medals at INOVA 2022!
  - (15) "Use of LACTIC ACID BACTERIA for increasing resistance against Enterovirus 71" was awarded Gold medals at the 2022 IIIC International Invention Exhibition.
  - (16) "Lactobacillus brevis GKJOY for treating depression" received a gold medal at the Innovation Week in AFRICA in 2022.
  - (17) "Probiotics and compounds for protection against influenza virus H1N1" received a gold medal at the Innovation Week in AFRICA in 2022.
  - (18) "LACTOBACILLUS FERMENTUM GKF3, COMPOSITION CONTAINING THE SAME AND ITS USE FOR IMPROVING PSYCHATAXIA" was awarded a Gold medal at Hong Kong International Invention and Design Competition.
  - (19) "LACTOBACILLUS FERMENTUM GKF3, COMPOSITION CONTAINING THE SAME AND ITS USE FOR IMPROVING PSYCHATAXIA" was awarded a Gold medal at 18th Ukraine Innovation Awards 2022.

- (20) "(GKM3/GKS6) Uses of Treating, Preventing or Improving bone diseases by Lactobacillus Bacteria, Pharmaceutical composition and edible composition thereof" was awarded Gold medal from the 14th XV International Warsaw Invention Show 2022.

[Lignosus Rhinocerus proprietary technology]

- (1) "USE OF LIGNOSUS RHINOCERUS MYCELIA ACTIVE SUBSTANCE FOR MANUFACTURING AN ANTIVIRAL COMPOSITION" was awarded a Silver medal at 2022 MTE!

[Hericiem Erinaceus proprietary technology]

- (1) "Use of preparing a pharmaceutical composition for improving Myelination of the central nervous system by Hericiem Erinaceus Mycelia Extract" received a gold medal in the World Genius Convention.
- (2) "Hericiem erinaceus mycelium rich in erinaceus A" received the 2022 "Taiwan BIO Awards - Industrial Innovation Award".
- (3) "Hericiem erinaceus mycelium fermentation - Hericiem erinaceus essence A for prevention of presbycusis" received a gold medal at the All American DAVINCI International Innovation and Invention Expo in 2022.
- (4) "Hericiem erinaceus – active funji that improves myelination ability of the central nervous system" received a gold medal at the IIIC International Invention Exhibition in 2022.
- (5) "The active substance, its compound, and preparation method for the treatment of dementia" received a gold medal at the Hong Kong International Invention and Design Competition in 2022.

[Morchella esculenta proprietary technology]

- (1) "An active substance of Morchella, its use and a composition thereof for improving the reproductive function" was awarded Gold and Special medals at EURO Invent 2022!
- (2) "An active substance of Morchella, its use and a composition thereof for improving the reproductive function" was awarded Gold and Special medals at ASIE 2022!

[Cicada proprietary technology]

- (1) "Use of Cordyceps Cidadae mycelium active substances for manufacturing a composition preventing, postponing or treating changes in the anterior/posterior chamber volume, vitreous humor, and/or retinal detachment" was awarded a Bronze medal at ITEX 2022!
- (2) "Cicada mycelium for reducing eye inflammation caused by steroids" received a gold medal and special prize at INOVA in 2022.
- (3) "Active substance of Cicada and its application for prevention, delay or treatment of Cataract " was awarded Gold medal at WIC!
- (4) "Active substance of Cicada and its application for prevention, delay or treatment of Cataract " was awarded a Gold medal at 18th Ukraine Innovation Awards 2022.

[Phellinus linteus proprietary technology]

- (1) "Use of Phellinus Linteus for Preparing Composition of Improving Sarcopenia" was awarded Gold and Special medals at iCAN 2022!
- (2) "Use of PHELLINUS LINTEUS for preparing composition of improving Sarcopenia" was awarded a Silver Medal at the 2022 IIIC International Invention Exhibition.





# Corporate Governance

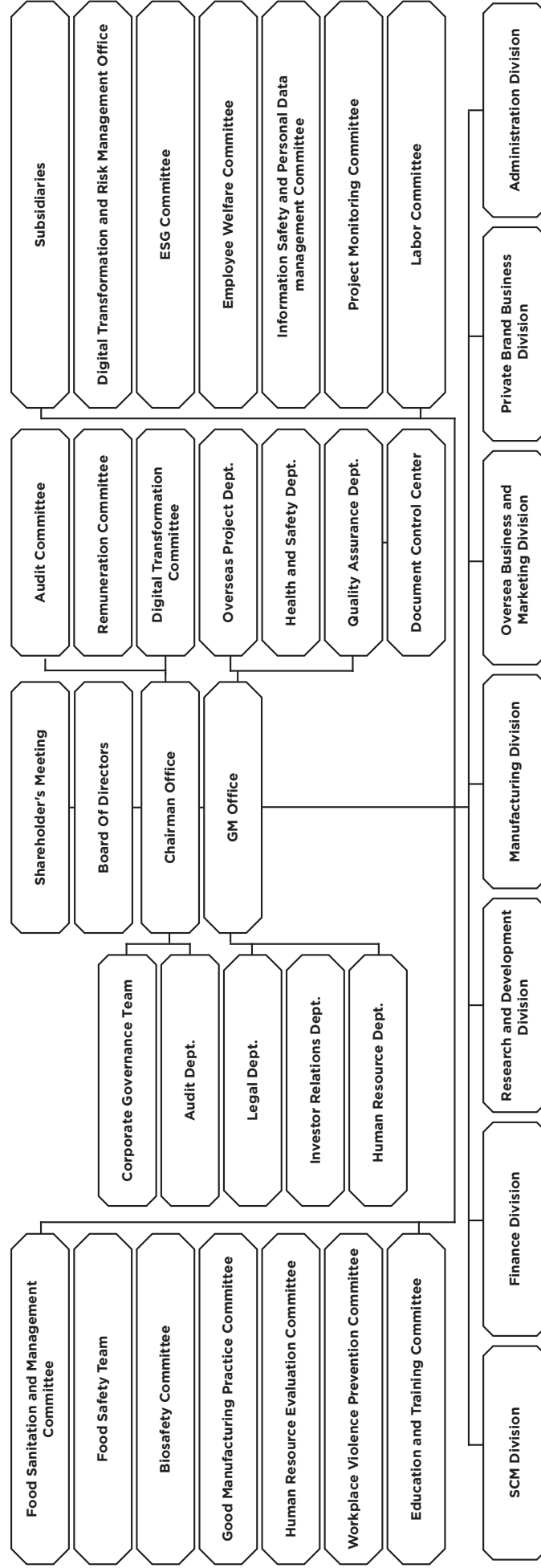




1. Organization Structure
2. Directors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information
3. Recent Remuneration to Directors, Presidents and Vice Presidents
4. Corporate Governance Status
5. Accountant Fees
6. Change of Accountants
7. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Firm of the Auditing CPA or Its Affiliated Businesses in the Past Year
8. Particulars about Changes in Shareholding and Equity Pledge of Directors, Managers and Shareholders Holding More Than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report
9. Information about the Top Ten Shareholders Who are related parties
10. Total Shareholding Ratio

# 1. Organization Structure

(1) Chart of Organization Structure



## (2) Responsibilities of Major Departments

Department	Responsibility
Audit Committee	Assists the Board of Directors in ensuring a fair presentation of the Company's financial statements, the appointment (dismissal), independence, and performance of CPAs, effective implementation of internal controls, compliance with relevant laws and regulations, and existing or potential risk control mechanisms.
Remuneration Committee	To help improve the Company's Directors, Supervisors and high-level manager evaluation and compensation management system.
Digital Transformation Committee	Plans, coordinates, supervises, and reviews matters on digital transformation.
Corporate Governance Team	Responsible for corporate governance and ethical corporate management, proposes recommendations on corporate governance to the Board of Directors or the general manager, assist in convening the Board of Directors meeting and shareholders' meeting.
Audit Department	To audit the various department's internal control system and timely provide suggestions for improvement.
General Manager's Office	To carry out and co-ordinate all departments' work distribution, coordination and utilization.
Legal Department	To manage, plan and establish the Company's legal affairs related business.
Invest or Relations Department	Responsible for corporate relationship management and public relations related matters.
Human Resource Department	Responsible for the formulation of the human resource policy and goals and plans concerning election, training, appointment, retention and tests.
Overseas project Department	Responsible for businesses related to operation planning and management of overseas sales and development.
Health and Safety Department	Responsible for the development, implementation and supervision of labor safety, environmental health and other related matters.
Quality Assurance Department	To carry out quality system-related operations with control measures such as supervision, assessment, validation, verification and identification to continuously improve product quality.
SCM Division	Responsible for the integration and implementation of demand planning, supply planning, procurement, raw material storage, finished product logistics and other related operations.
Finance Division	To manage, plan and formulate the Company's financial and accounting related matters.
Research and Development Division	To carry out new product research and development and old product improvement, product quality control, raw material testing, product quality management, quality identification and other matters.
Manufacturing Division	To carry out product production business such as manufacturing, processing, and packaging, as well as plant equipment repair and maintenance.
Oversea Business and Marketing	Responsible for gathering domestic and foreign marketing resources, tracking and communicating with domestic and foreign ODM

Department	Responsibility
Division	businesses, formulating and integrating marketing strategies to create brand value and innovation.
Private Brand Business Division	Responsible for collecting marketing resources, multi-channel development, communication and tracking, development of marketing strategies, and expansion of online sales and distribution channel for product brands.
Administration Division	Planning, implementing, managing and maintaining various management systems such as general affairs, environmental protection, digital development, and information security.
ESG Committee	Formulates ESG policies, develops and executes annual ESG action plans and related matters.
Education and Training Committee	Actively promotes various staff coaching sessions, maintains coaching quality, effectively enhances competency and competitiveness of all employees, and regularly examines the coaching policy of the Company as well as supervises the annual coaching plan of every department.
Digital Transformation and Risk Management Office	Executes draft strategies, guidelines and plans of the digital transformation committee; plans and organizes project teams, implements risk evaluation and control during the planning period, ensures that projects are executed and completed.
Biosafety Committee	Handles the supervision, management and verification of matters connected with biosafety and biosecurity in accordance with the law.
Project Monitoring Committee	To carry out project contracting, construction quality supervision and acceptance.
Information Safety and Personal Data Management Committee	To carry out corporate data maintenance and control and personal data protection and management.
Employee Welfare Committee	To study and set up labor safety and health related policies and regulations.
Good Manufacturing Practice Committee	To ensure that the product safety and health in the manufacturing process, including raw material handling, production, quality, warehousing, finished products and other operations, are in line with the government-required GMP and food safety management system specifications; to carry out quality management of the Company's planning, review, supervision and audit matters.
Food Sanitation and Management Committee	Facilitates planning, reviewing and supervises food hygiene and food safety management, and other related matters.
Food Safety Team	To carry out food safety operations control and maintenance, and reduce the risks in the supply chain.
Workplace Violence Prevention Committee	Implement measures to prevent and control workplace violence and plan proper safety and health measures.
Labor Committee	To act as a platform and bridge for labor and employer communication and promote the coordination between labor and employer.



Department	Responsibility
Human Resource Evaluation Committee	To implement and improve the HR development policy and review all kinds of personnel related disputes.
Subsidiaries	As for the businesses of the subsidiaries, please refer to page 159 of this Annual Report. Branches: (1) Zhongli Branch: Previously was engaged in the distribution of wine but now has no relevant operation. (2) Longtan Branch: It is engaged in the businesses such as research and development of innovative materials and existing materials, functional verification, process improvement and production of key materials.

## 2. Directors and Managers team

### (1) Directors

April 2, 2023 Unit: Share, %

Title (Note 1)	Nationality	Name	Gender Age	Date Elected	Term (years)	Date First elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Shenglin Andrew Tseng	Male 41-50	July 15,2021	3	June 19, 2009	5,761,244	4.25	6,511,244	4.40	-	-	1,038,000	0.70	Note 9	Note 8	Director	Mei-Ching Tseng	Sister and brother	Note 5
Director	Republic of China	Mei-Ching Tseng	Female 51-60	July 15,2021	3	June 26, 2015	4,505,117	3.32	2,954,117	1.99	-	-	49,000	0.03	Note 9	Note 8	Chairman	Shenglin Andrew Tseng	Sister and brother	
Director	Republic of China	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shioh Ling	Female 61-70	July 15,2021	3	July 15, 2021	11,851,000	8.00	11,851,000	8.00	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Director	Republic of China	Yen-Shiang Huang	Male 51-60	July 15,2021	3	May 29, 2018	13,000	0.01	203,000	0.14	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Director	Republic of China	Jue-jia Chang	Male 51-60	July 15,2021	3	June 19, 2009	1,538,386	1.13	1,538,386	1.04	1,635,116	1.10	-	-	Note 9	Note 8	Director	Chih-Sheng Chang	Brothers	
Director	Republic of China	Chih-Sheng Chang	Male 61-70	July 15,2021 (Note6)	3	June 16, 1997 (Note7)	2,093,957	1.54	2,093,957	1.41	992,530	0.67	-	-	Note 9	Note 8	Director	Jue-Jia Chang	Brothers	
Director	Republic of China	Hsing Chun Chen	Female 61-70	July 15,2021 (Note6)	3	May 29, 2018 (Note7)	1,038,596	0.77	1,559,596	1.05	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Director	Republic of China	Chih-Wei Lai	Male 41-50	July 15,2021	3	May 29, 2018	653,000	0.48	653,000	0.44	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Independent Director	Republic of China	Feng-I Lin	Male 61-70	July 15,2021	3	June 26, 2015	-	-	-	-	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Independent Director	Republic of China	Ching-Pu Chen	Male 51-60	July 15,2021	3	June 26, 2015	-	-	-	-	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Independent Director	Republic of China	I-Fan Miao	Female 51-60	July 15,2021	3	May 29, 2018	-	-	-	-	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Independent Director	Republic of China	Chen Jing Ning	Female 51-60	July 15,2021	3	July 15, 2021	-	-	-	-	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	





Note 1: If a corporate shareholder, please list its name and the representative's name (if the representative of a corporate shareholder, please indicate the name of the corporate shareholder) and fill in Table 1 below.

Note 2: Please specify the age brackets, e.g. 41-50 or 51-60.

Note 3: Please fill in the time of assuming the Company's Director, Independent Director or supervisor position for the first time. If there is any interruption, please indicate.

Note 4: Experience related to the current position. If the person has worked for the Company's CPA firm or affiliates in the aforementioned period, please describe the titles and responsibilities.

Note 5: The Chairman also serves as the Company's general manager. In addition to being conducive to communication and coordination within the Board of Directors to reduce conflicts, it can also improve the Company's operating efficiency and decision-making implementation rate. However, in order to strengthen the functions of the Board of Directors, the Company's response measures are as follows:

(1) Set up an Audit Committee and added one independent director in accordance with the regulation; independent directors have professional backgrounds in finance and accounting, operation management, law, and social fields; therefore, they are qualified to manage the business.

(2) Each functional committee under the Board of Directors, such as "Audit Committee", and "Remuneration Committee," consists of independent directors. More than half of the members in the "Digital Transformation Committee" are independent directors. All independent directors are able to discuss and give suggestions to the Board of Directors for reference and implement corporate governance.

(3) More than half of directors are not employees or managers.

Note 6: The previous supervisors of the Company were assigned as Directors after re-election during the shareholder's meeting on the 15th of July, 2021.

Note 7: The date of the previous supervisors of the Company assigned as the supervisors of the Company for the first time.

Note 8: List of Directors and Supervisors with positions at the Company and other companies.

Name	Positions at the Company and other companies
Shenglin Andrew Tseng	The Company's General Manager; Branch Manager of the Company in Zhongli; Pro-Partner Ltd. Director; BVI GRAPE KING INTERNATIONAL INVESTMENT INC. Chairman; Shanghai Grape King Enterprise Co., Ltd. Director; Rivershine Ltd. Chairman; Yi Xin Investment Corporation
Mei-Ching Tseng	Pro-Partner Ltd. Director and General Manager; BVI GRAPE KING INTERNATIONAL INVESTMENT INC. Director; Rivershine Ltd. Director; Shanghai Rivershine Ltd. Supervisor; Yunshin Investment Ltd. Director.
Kao Shiow Ling	Chairman of Kao Chyuan Inv. Corp; Chairman of President Being Corp; Chairman of President Fair Development Corp; Chairman of Uni-President Department Store Corp; Chairman of President Pharmaceutical Corporation; Chairman of President Drugstore Business Corporation; Chairman of Infinity Holdings Ltd.; Chairman of Celestial Prosperities Holdings Ltd.; Director of Uni-President Enterprises Corporation; Director of President Chain Store Corporation; Director of Ton Yi Industrial Corp; Director of Sino Pharm Taiwan Ltd; Director of President International Development Corp; Director of Uni-President Development Corp; Director of Prince Housing & Development Corp; Director of Times Square International Hotel Corporation; Director of President (Shanghai) Health Product Trading Company Ltd; Director of Uni-Wonder Corporation; Director of President Century Corp; Director of Beauty Wonder (Zhejiang) Trading Co., Ltd; Director of Times Square International Holdings Company; General Manager of Kao Chyuan Inv. Corp; General Manager of Fair Development Corp.
Yen-Shiang Huang	Shanghai Grape King Enterprise Co., Ltd. Supervisor; Chingbiao Biotech Co., Ltd. Chairman; Chingbiao Investment Co., Ltd. Chairman; Jinghua Industrial Co., Ltd. Director and General Manager; LYNCEAN TRADING CO., LTD. Chairman.
Jue-Jia Chang	Pro-Partner Ltd. Director; BVI GRAPE KING INTERNATIONAL INVESTMENT INC. Director; Rivershine Ltd. Director; Senior Consultant, BTS Taiwan; Supervisor, Kuowang Food Co., Ltd.
Chih-Sheng Chang	YUSONG INTERNATIONAL INC. Director.
Hsing-Chun Chen	Standing Director, Chiayi Physical Disabilities Association; Supervisor of Shin-Chia Petroleum Gas Co., Ltd.
Chih-Wei Lai	Vice-President, Commodity Strategy, CarMax Corporate of Hoiat Motor Group.
Feng-I Lin	WAFERWORKS CORP. Independent Director; Digiwin Software Co., Ltd. Independent Director; Director, Shanghai Karon Eco-Valve Manufacturing CO.,LTD. ; Sunjuice Holdings CO., Limited. Independent Director
Ching-Pu Chen	Professor in the Department of Sociology of Yuan Ze University; Director of TBB Venture Capital Co., Ltd; Director of TBB Consulting Co., Ltd.
I-Fan Miao	Committee member, Department of Transportation, Taipei City Government; New Taipei City Traffic Accident Investigation Committee; Taipei City Government Traffic Accident Investigation Committee ; YI-SIN Law Office Attorney; Supervisor, THI Consultants INC.; Supervisor, LANX Technologies Corporation
Chen Jing Ning	Secretary General of the Taiwan Association of Family Caregivers

Note 9: Please refer to Professional Qualifications and Experience in the Independent Information Disclosure of Director Professional Qualifications and the Independence of Independent Directors in this annual report.

Table 1: Major shareholders of the institutional shareholders

Name of Institutional Shareholder	Major shareholder
UNI-PRESIDENT ENTERPRISES CORP.	Kao Chyuan Inv. Corp. (5.00%) Cathay Life Insurance Co., LTD. (4.81%) BNP Paribas Wealth Management HK. Branch (3.02%) Bo Ming Hou (2.60%) Bo Yu Hou (2.27%) Kao Shiow Ling (1.64%) New Labor Retirement Fund (1.57%) Citibank (Taiwan) Ltd. in custody for Government of Singapore (1.52%) Chungwa Post Co., Ltd. (1.37%) Investment account of Norges Bank managed by Citibank Taiwan (1.31%)

Note 1 : If the Director or Supervisor is the representative of a corporate shareholder, please fill in the name of the corporate shareholder.

Note 2 : Please fill in the name of the major shareholder of the corporate shareholder (top 10 in shareholding) and the shareholding ratio. If the major shareholder is a corporate shareholder, please also fill in Table 2.

Note 3 : Corporate shareholders who do not belong to the Company organization shall have their names and shareholding ratio disclosed, i.e., the names, promoting or contributory ratio of promoters or contributors (please refer to the announcements of the Judicial Yuan for further information). If a contributor has passed way, it should be noted as Deceased.

Table 2: Major shareholders of the major shareholders in Table 1 who are Institutional shareholders

Name of Institutional Shareholder	Major shareholder
Kao Chyuan Inv. Corp.	Infinity Holdings Ltd. (51.11%); Eternity Holdings LTD. (48.89%)
Cathay Life Insurance Co., LTD.	Cathay Financial Holding Co., LTD. (100%)
Chungwa Post Co., Ltd.	Ministry Of Transportation and Communications (100%)

December 31 ,2022

Note 1: If the major shareholder in Table 1 is a corporate shareholder, please fill in its name.

Note 2: Please fill in the name of the corporate shareholder's major shareholder (top 10 in shareholding) and the shareholding ratio.

Note 3: Corporate shareholders who do not belong to the Company organization shall have their names and shareholding ratio disclosed, i.e., the names, promoting or contributory ratio of the promoters or contributors (please refer to the announcements of the Judicial Yuan for further information). If a contributor has passed way, it should be noted as Deceased.





**1. Information Disclosure of Director Professional Qualifications and the Independence of Independent Directors**

Criteria	Professional Qualifications and Experience (Note1)	Independence Criteria (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
<p>Name</p> <p>Shenglin Andrew Tseng Chairman</p>	<ul style="list-style-type: none"> <li>● Education PhD, University of Strathclyde</li> <li>● Work Experience                             <ol style="list-style-type: none"> <li>1. Marketing Director - European Market Elitegroup Computer Systems Co., Ltd., UK</li> <li>2. Marketing Manager - European Market Elitegroup Computer Systems Co., Ltd., UK</li> <li>3. Senior Marketing Manager Proxima, UK</li> </ol> </li> <li>● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, marketing experience. A member of the Digital Transformation Committee.</li> <li>● Not involved in any case related to Article 30 of the Company Act.</li> </ul>	<ol style="list-style-type: none"> <li>1. Hold a concurrent post of the General Manager of the Company, is a Director in management position.</li> <li>2. Hold a concurrent post of the Chairman and Director of the affiliated company.(Note)</li> <li>3. Is a second-degree relative with Director Mei-Ching Tseng.</li> <li>4. Top 10 individual shareholders.</li> <li>5. The rest is compliant with the independence status stated in Article 3, Paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” issued by the Financial Supervisory Commission.</li> </ol>	<p>Nil</p>

<p>Mei-Ching Tseng Director</p>	<ul style="list-style-type: none"> <li>● Education Master's Degree, Andrew Jackson University</li> <li>● Work Experience <ul style="list-style-type: none"> <li>1. Deputy Team Leader – Political Editor Independence Morning Post</li> <li>2. Vice President Pro-Partner Co., Ltd.</li> </ul> </li> <li>● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, media experience.</li> <li>● Not involved in any case related to Article 30 of the Company Act.</li> </ul>	<ol style="list-style-type: none"> <li>1. Hold a concurrent post of the General Manager, Director and supervisor of the affiliated company.</li> <li>2. Is a second-degree relative with Director Shenglin Andrew Tseng.</li> <li>3. Top 10 individual shareholders.</li> <li>4. The rest is compliant with the independence status stated in Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.</li> </ol>	<p>Nil</p>
<p>Kao Shioh Ling Director</p>	<ul style="list-style-type: none"> <li>● Education Marymount College USA</li> <li>● Work Experience Chairman Kao Chyuan Inv. Corp.</li> <li>● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, enterprise management specialization.</li> <li>● Not involved in any case related to Article 30 of the Company Act.</li> </ul>	<ol style="list-style-type: none"> <li>1. A corporate shareholder representative with more than 5% shares.</li> <li>2. The rest is compliant with the independence status stated in Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.</li> </ol>	<p>Nil</p>





<p>Yen-Shiang Huang Director</p>	<ul style="list-style-type: none"> <li>● Education B.A., University of Wisconsin-Madison, U.S.</li> <li>● Work Experience             <ol style="list-style-type: none"> <li>1. Auditor TransGlobe Life Insurance Inc., U.S.</li> <li>2. Executive Director, Deputy Chairman Jinghua Industrial Co., Ltd.</li> <li>3. Chairman Chingbiao Biotech Co., Ltd.</li> </ol> </li> <li>● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, auditing experience.</li> <li>● Not involved in any case related to Article 30 of the Company Act.</li> </ul>	<ol style="list-style-type: none"> <li>1. Hold a concurrent post of the supervisor of the affiliated company. (Note)</li> <li>2. The rest is compliant with the independence status stated in Article 3, Paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” issued by the Financial Supervisory Commission.</li> </ol>	<p>Nil</p>
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<p>Jue-Jia Chang Director</p>	<ul style="list-style-type: none"> <li>● Education Master's Degree in Marketing, George Washington University, U.S.</li> <li>● Work Experience <ul style="list-style-type: none"> <li>1. General Manager Wavemaker, Taiwan</li> <li>2. International Marketing Manager Heineken, Headquarters in the Netherlands</li> <li>3. Marketing Director Heineken, Taiwan</li> <li>4. Marketing Director CIBA Vision/Novartis, Taiwan</li> <li>5. Senior Brand Manager GSK, Taiwan</li> </ul> </li> <li>● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, marketing experience.</li> <li>● Not involved in any case related to Article 30 of the Company Act.</li> </ul>	<ol style="list-style-type: none"> <li>1. Hold a concurrent post of the Director of the affiliated company. (Note)</li> <li>2. Is a second-degree relative with Director Chih-Sheng Chang.</li> <li>3. The rest is compliant with the independence status stated in Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.</li> </ol>	<p>Nil</p>
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<p>Chih-Sheng Chang Director</p>	<ul style="list-style-type: none"> <li>● Education Bachelor of Pharmacy, <i>Chia Nan University of Pharmacy and Science</i></li> <li>● Work Experience             <ol style="list-style-type: none"> <li>1. Person-in-charge Huei Sheng Pharmacy, Yuanlin</li> <li>2. Manager Super Star Pharmacy Co., Ltd.</li> <li>3. Director Western Medicine Supplier Association (Changhua)</li> <li>4. Director Yu Song International Co., Ltd.</li> </ol> </li> <li>● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, professional management experience.</li> <li>● Not involved in any case related to Article 30 of the Company Act.</li> </ul>	<ol style="list-style-type: none"> <li>1. Is a second-degree relative with Director Jue-jia Chang</li> <li>2. Top 10 individual shareholders.</li> <li>3. Supervisor at the 19th session of the Board of Directors.</li> <li>4. The rest is compliant with the independence status stated in Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.</li> </ol>	<p>Nil</p>
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<p>Hsing-Chun Chen Director</p>	<p>● Education</p> <ol style="list-style-type: none"> <li>1. EMBA, National Chung Cheng University</li> <li>2. Master's Degree in Accounting and Law, National Chung Cheng University</li> <li>3. Master's Degree in Taiwan Literature and Innovation, National Chung Cheng University</li> </ol> <p>● Work Experience</p> <ol style="list-style-type: none"> <li>1. Department of Distribution Taiwan Tobacco &amp; Liquor Corporation, Taichung</li> <li>2. Department of Securities, Loan Collection Land Bank of Taiwan, Taichung</li> <li>3. Department of Safe Deposit Box Land Bank of Taiwan, Tainan</li> <li>4. Director (13<sup>th</sup> session) Early Childhood Education Academy (Chiayi City)</li> <li>5. Person-in-charge and Headmaster Jia Nan Private Kindergarten (Chiayi City)</li> </ol> <p>● Proficiency</p> <p>Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, extensive experience in early childhood education.</p> <p>● Not involved in any case related to Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>1. Supervisor at the 19th session of the Board of Directors. The rest is compliant with the independence status stated in Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.</li> <li>2.</li> </ol>	<p>Nil</p>
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<p>Chih-Wei Lai Director</p>	<ul style="list-style-type: none"> <li>● Education Master of Innovation and Design, National Taipei University of Technology</li> <li>● Work Experience             <ol style="list-style-type: none"> <li>1. Eyewear Designer All-Logic International Co., Ltd.</li> <li>2. Design Director Zhi Yun Creativity Co., Ltd.</li> <li>3. Product Strategy Section Chief Technical Research and Development Center of Hotel Motor Carmax Co., Ltd.</li> </ol> </li> <li>● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, extensive design experience.</li> <li>● Not involved in any case related to Article 30 of the Company Act.</li> </ul>	<p>Besides being a director of the Company two years before the election, the rest is compliant with the independence status stated in Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.</p>	<p>Nil</p>
<p>Feng-I Lin Independent Director</p>	<ul style="list-style-type: none"> <li>● Education             <ol style="list-style-type: none"> <li>1. Master of Economics, Nankai University, Tianjin</li> <li>2. Bachelor of Accountancy, Soochow University</li> </ol> </li> <li>● Work Experience             <ul style="list-style-type: none"> <li>Vice President Want Want China Holdings Limited</li> </ul> </li> <li>● Proficiency Experience in finance and accounting A member of the Audit Committee Remuneration Committee and Digital Transformation Committee</li> <li>● Not involved any case related to Article 30 of the Company Act.</li> </ul>	<p>Four independent directors listed on the left have met the qualifications specified in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act two years before the election and during their tenure. Also, the independent directors have the right to fully participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, and to perform relevant duties.</p>	<p>2</p>

<p>Ching-Pu Chen Independent Director</p>	<ul style="list-style-type: none"> <li>● Education           <ol style="list-style-type: none"> <li>1. PhD in Decision Science, Harvard University</li> <li>2. Master of Engineering Science, Harvard University</li> <li>3. Double Degree in Electrical Engineering and Mathematics, Virginia Military Institute</li> </ol> </li> <li>● Work Experience           <ul style="list-style-type: none"> <li>Independent Director</li> <li>ADDA Corporation</li> </ul> </li> <li>● Proficiency           <p>Experience in business management, current professor at Yuan Ze University, specializing in decision sciences, police analysis and planning, crisis decision-making and management, as well as leadership and change.</p> <p>A member of the Audit Committee, Remuneration Committee and Digital Transformation Committee.</p> </li> <li>● Not involved in every paragraph of circumstance related to Article 30 in the Company Act.</li> </ul>		<p style="text-align: center;">0</p>
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<p>I-Fan Miao Independent Director</p>	<ul style="list-style-type: none"> <li>● Education Master, Peking University Law School</li> <li>● Work Experience             <ol style="list-style-type: none"> <li>1. Committee Member Service Quality Steering Committee for City and Intercity Bus in Taipei City</li> <li>2. Duty Solicitor Awakening Foundation</li> <li>3. Deputy Secretary General Consumer's Foundation Chinese Taipei</li> <li>4. Member of the Committee on Road Safety for Children Jing Chuan Child Safety Foundation</li> <li>5. Investigation/Legal Aid Lawyer Legal Aid Foundation of Taiwan</li> <li>6. Member of the Sewage System Evaluation Commission Interior Ministry of Construction and Planning</li> <li>7. Vice Director Consumer Reports of Taiwan, Consumer's Foundation Chinese Taipei</li> <li>8. Committee Member Traffic Accident Investigation Veto Committee of Taipei City</li> <li>9. Independent Director JaBon International Co., Ltd.</li> </ol> </li> <li>● Proficiency Experience in law A member of the Remuneration Committee and Audit Committee.</li> <li>● Not involved in every paragraph of circumstance related to Article 30 in the Company Act.</li> </ul>		<p style="text-align: center;">0</p>
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<p>Chen Jing Ning Independent Director</p>	<ul style="list-style-type: none"> <li>● Education Master of Sociology, National Chengchi University</li> <li>● Work Experience <ul style="list-style-type: none"> <li>1. Congressional Assistant Legislative Yuan</li> <li>2. Vice President Jet-Go Consulting Group</li> <li>3. General Manager Shiun Lu Public Consulting Co., Ltd.</li> <li>4. Part-time Lecturer in Fashion Marketing Shih Chien University</li> <li>5. Part-time Lecturer in Feminism Shih Hsin University</li> <li>6. Consultant Jing Chuan Child Safety Foundation</li> </ul> </li> <li>● Proficiency Experience in social studies. A member of the Audit Committee.</li> <li>● Not involved in every paragraph of circumstance related to Article 30 in the Company Act.</li> </ul>		<p style="text-align: center;">0</p>
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Note 1: For concurrent employment status, please refer to the “concurrent job list of the Company and other companies” on page 23 of this annual report.

## 2. The Diversification and Independence of the Board of Directors

### (1) The Diversification of the Board of Directors

The Company already established a diversification policy and concrete management goals for the diversification of Directors as follows:

On the 10th of November, 2015, the Company approved the Corporate Governance Best Practice Principles in the 4th board meeting of the 18th session, which drafted diversification guidelines: Overall Required Competencies of the Board of Directors, stated in Article 20. The composition of the board members should be diversified. Besides the fact that Directors who took the post of part-time managers had better not exceed one-third of the board seats, it is necessary to draft appropriate diversification guidelines according to operation, type of business and need of development, including but not limited to the standards of the two perspectives below:

- a. Basic Requirements and Values: gender, age, nationality, culture, etc.
- b. Professional Knowledge and Skills: professional background (law, accounting, industry, finance, marketing or technology), professional skills, industry experience, etc.

Generally, board members should possess the knowledge, skills and competencies which are required for their duty. In order to achieve ideal goals of corporate





governance, please find below the required general competencies of the Board of Directors:

- a. Sound Business Judgment b. Accounting and Financial Analysis Skills c. Business Management Skills d. Crisis Handling Skills e. Industry Knowledge f. International Market Prospects g. Leadership Skills h. Decision-making Abilities

The nomination and selection of the board members of the Company complies with Article 20 of the corporate by-laws, processing on the basis of the candidate nomination system. In addition to complying with the Director selection methods and executing selections, candidate education and work experience are clearly stated for shareholders' information.

The Company's focus on the diversification of board members has an aim as follows:

The Company pays attention on the gender equity on the composition of the Board of Directors. It shall compose 33% from each gender, and the estimated goal for female Directors are above 4 seats.

Field Diversity: Additional four core competencies from among business management skills, leadership skills, decision-making abilities, industry knowledge, finance and accounting skills, law background, etc.

The Company's diversification policy and concrete management goals are as follows:

Diversification Name	Gender	emplyee	Age			Term of Independent Directors	Industry experience						Professional ability			
			41-50	51-60	61-70		Sound Business Judgment	Leadership Skills and Decision-making Abilities	Business Management	Crisis Handling	Industry Knowledge	marketing	Audit	Finance and accounting	Law	
Shenglin Andrew Tseng	M	V	V			-	V	V	V	V	V	V	V			
Mei-Ching Tseng	F	V		V		-	V	V	V	V	V	V	V	V		
Kao Shiow Ling	F				V	-	V	V	V	V	V	V	V			
Yen-Shiang Huang	M			V		-	V	V	V	V	V	V	V	V		
Jue-Jia Chang	M			V		-	V	V	V	V	V	V	V	V		
Chih-Sheng Chang	M				V	-	V	V	V	V	V	V	V			
Hsing-Chun Chen	F				V	-	V	V	V	V	V	V	V			
Chih-Wei Lai	M		V			-	V	V	V	V	V	V	V	V		
Feng-I Lin	M				V	3	V	V	V	V	V	V	V		V	
Ching-Pu Chen	M			V		3	V	V	V	V	V	V	V			
I-Fan Miao	F			V		2	V	V	V	V	V	V	V			V
Chen Jing Ning	F			V		1	V	V	V	V	V	V	V			

Board members of the Company are diversified. As of the present, 12 seats of Directors have an educational background that encompasses PhD in Business Management, Master of Laws, Master of Economics, Master of Social Studies, etc. Among which, every Director has a different professional background as well. Shenglin Andrew Tseng, Mei-Ching Tseng, Kao Show Ling as the representative of Uni-president Enterprises Corporation, Jue-Jia Chang, Chih-Wei Lai, Yen-Shiang Huang, Chih Sheng Chang, Hsing-Chun Chen specialize in business judgment, leadership decision-making, business management and crisis handling as well as possess industry knowledge and internal market prospects; Andrew Tseng and Zhijia Chang have experience in marketing; Mei-Ching Tseng has relevant experience in media; Kao Show Ling specializes in enterprise management; Chih-Wei Lai has experience in designing; Yen-Shiang Huang has experience in auditing; Chih Sheng Chang worked as a professional manager; Hsing-Chun Chen specializes in early childhood education; four independent Directors: Feng-I Lin, Ching-Pu Chen, I-Fan Miao and Chen Jing Ning specialize in finance and accounting, business management, law, and social studies, respectively.

Directors who are employees of the Company account for 8%, five female Directors account for 42%, independent Director's account for 33%. As for the tenure of four independent Directors, one is under three years, one is between three and six years, and the other two are six years and up. The average age of directors is 57.3 years old, four are aged between 61 and 70, six are between 51 and 60, and the other two are between 41 and 50. The age range of Directors is wide. In summary, it is clear that there is Board of Directors diversity in terms of education and specialty, gender, and age, which aligns with the goal, set by the Company.

## (2) The Independence of the Board of Directors

1. There are 12 members in the Board of Directors. Among them, 4 are independent directors, who account for 33% of the board members. Their term of office has not exceeded 9 consecutive years (3 tenures). All independent directors perform their duties independently and have no related interest in the Company. They are also members of the Audit Committee which ensures the fair presentation of the Company's financial statements, the appointment (dismissal), independence, and performance of CPAs; the effective implementation of internal controls, risk control mechanism, and compliance with relevant laws and regulations.
2. Members of the Board of Directors who are related, i.e., spouse or second-degree relative shall not hold more than two board seats (Chairman Shenglin Andrew Tseng and Director Mei-Ching Tseng are siblings, Director Chih-Sheng Chang and Director Jue-Jia Chang are brothers). Directors, who are also employees of the Company according to the consolidated financial statement, hold less than one third of the board seats. In order to ensure the independence of the Board of Directors' operations, the Company has expressly stipulated in Article 15, Paragraph 1 of the Rules of Procedures for the Board of Directors that when a director or juristic representative of a director has vested interest in any of the agenda items, he or she shall disclose relevant interest during the meeting and, where there is likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy of another director. All of the Company's directors comply with the above regulations. It can be sufficiently ensured that all discussions and voting on agenda items align with directors' objectives and independent judgment.
3. To implement corporate governance and improve the functions of the Board of Directors and functional committees, the Company has established and implemented the "Regulations for the Performance Evaluation of the Board and Functional Committees" to assess the Board of Directors, functional committees, and individual directors' performance every year. The evaluation result and recommendations shall be proposed to the Board of Directors as reference for election or nomination of directors in the next tenure.
4. To improve information transparency and allow investors to fully understand the operation of the Board of Directors, the following information have been regularly disclosed on the Company website or the MOPS: (1) The Board members' meeting attendance; (2) Agenda items and resolutions; (3) Continuing education of directors; (4) Changes in shareholdings of Board members (includes shareholding ratio, share transfer and pledge setting (please refer to MOPS)).

**Note1: Professional Qualifications and Experience:** Clearly state the professional qualifications and experience of individual Directors and supervisors. If he or she is a member of the Audit Committee and specializes in accounting or finance, it is required to clarify his or her accounting or finance background along with work experience, as well as explain whether he or she is involved in every paragraph of circumstance related to Article 30 in the Company Act.

**Note2:** Independent Director should definitely meet the condition for independence, including but not limited to the Director himself/herself, his/her spouse, relatives up to the





second-degree of consanguinity, not serving as a Director, supervisor or employee in the Company or its affiliates; the number of shares and ratio held by the Director himself/herself, his/her spouse, relatives up to the second-degree of consanguinity (or in the name of someone else); whether he or she serves as a Director, supervisor or employee in a company which has a special relationship with the Company (please refer to Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies, Article 3 Paragraph 1 Subparagraph 5 to 8); the amount of remuneration over the past 2 years for the service provided to the Company or its affiliates in terms of enterprise and business, law, finance, accounting, etc.

The independent condition of an independent director is evaluated in accordance with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. He or she shall maintain independence within the scope her or his business and may not be directly or indirectly related to anyone within the Company. During the two years before being elected or during the term of office, he or she may not have been or be any of the following:

- a. An employee of the Company or any of its affiliates.
- b. A director or supervisor of the Company or any of its affiliates.
- c. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
- d. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- e. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act.
- f. If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
- g. If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
- h. A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.
- i. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(2) Management Team

April 2, 2023 Unit: Share, %

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Relation	Managers who are Spouses or Within Two Degrees of Kinship		Remarks
					Shares	%	Shares	%	Shares	%			Title	Name Relation	
Chairman and General Manager	Republic of China	Shenglin Andrew Tseng	Male	2014.11.06 Election. 2014.11.07 Assume office.	6,511,244	4.40	-	-	1,038,000	0.70	PhD, University of Strathclyde	Note 2	Nil	Nil	Note 1
GM of the Longtan branch	Republic of China	Jin-Chu Chen	Male	2014.01.01	36,388	0.02	-	-	-	-	PhD, Life Science School, Tsing Hua University	Note 2	Nil	Nil	
Deputy GM, Business Division	Republic of China	Yuan-Tsung Lin	Male	2017.07.01	-	-	-	-	-	-	EMBA, National Chung Hsing University	Note 2	Nil	Nil	
CFO and Corporate Governance Officer	Republic of China	Nick Hung	Male	2014.01.01	10,000	0.01	-	-	-	-	Bachelor, Chung Hsing University	Note 2	Nil	Nil	
CLO	Republic of China	Bing-Jyun Cuei	Male	2021.07.01	-	-	-	-	-	-	College of Law, National Chengchi University	Nil	Nil	Nil	
Director of Administration Division	Republic of China	Du-Sheng Wang	Male	2021.07.01	-	-	-	-	-	-	PhD, Department of Economics, National Taiwan University	Nil	Nil	Nil	
Director of R&D Division	Republic of China	Sheng-Chieh Hsu	Male	2023.01.05	5,000	0.00	-	-	-	-	PhD, Department Of Food Science And biotechnology , National Chung Hsing University	Note 2	Nil	Nil	

Note 1: The Chairman also serves as the Company's general manager. In addition to being conducive to communication and coordination within the Board of Directors to reduce conflicts, it can also improve the Company's operating efficiency and decision-making implementation rate. However, in order to strengthen the functions of the Board of Directors, the Company's response measures are as follows:

- Set up an Audit Committee and added one independent director in accordance with the regulation; independent directors have professional backgrounds in finance and accounting, operation management, law, and social fields; therefore, they are qualified to manage the business.
- Each functional committee under the Board of Directors, such as "Audit Committee", and "Remuneration Committee," consists of independent directors. More than half of the members in the "Digital Transformation Committee" are independent directors. All independent directors are able to discuss and give suggestions to the Board of Directors for reference and implement corporate governance.
- More than half of the Directors are neither employees nor managers.

Note2: List of Management Team with positions at the Company and other companies.

Name	Positions at the Company and other companies
Shenglin Andrew Tseng	Chairman of the Company; General Manager of the Company in Zhongli; Director of Pro-Partner Co., Ltd; Chairman of BVI Grape King International Investment Inc.; Director of Shanghai Grape King Enterprise Corp; Chairman of Rivershine Ltd; Director of Yi-Hsin Investment Co Ltd.
Jin-Chu Chen	Pro-Partner Ltd. Director.
Yuan-Tsung Lin	Director and General Manager of Shanghai Grape King Enterprise Corp; General Manager of Shanghai Rivershine Ltd; Director of





	Shanghai Chang-Hong Biotech Co., Ltd; Chairman and General Manager of Shanghai Hsin-Chuan Biotech Co., Ltd.
Nick Hung	GK BIO INTERNATIONAL SDN. BHD. Director.
Sheng-Chieh Hsu	GK BIO INTERNATIONAL SDN. BHD. Director.

### 3. Remunerations of the Directors, Presidents, and Vice Presidents

#### Remunerations of the Directors (including Independent Directors)

Unit: NT\$ thousand ; %

Title	Name	Director remuneration				Remuneration from other jobs				The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (Note 10)		Remuneration from re-invested businesses other than subsidiaries (Note 11)
		Remuneration (A) (Note 2)	Retirement pension (B)	Director remuneration (C) (Note 3)	Business execution expenses (D) (Note 4)	Remuneration, bonus and special fees (E) (Note 5)	Retirement pension (F)	Employee remuneration (G) (Note 6)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	
Director	Shenglin Andrew Tseng	-	-	34,032	1,410	3,383	-	5,317	-	44,142	52,899	Nil
	Mei-Ching Tseng	-	-	34,032	1,410	3,383	-	5,317	-	44,142	52,899	Nil
	UNI-PRESIDENT ENTERPRISES CORP. Representative:	-	-	34,032	1,410	3,383	-	5,317	-	44,142	52,899	Nil
	Kao Show Ling	-	-	34,032	1,410	3,383	-	5,317	-	44,142	52,899	Nil
	Yen-Shiang Huang	-	-	34,032	1,410	3,383	-	5,317	-	44,142	52,899	Nil
	Jue-Jia Chang	-	-	34,032	1,410	3,383	-	5,317	-	44,142	52,899	Nil
	Chih-Sheng Chang	-	-	34,032	1,410	3,383	-	5,317	-	44,142	52,899	Nil
	Hsing Chun Chen	-	-	34,032	1,410	3,383	-	5,317	-	44,142	52,899	Nil
	Chih-Wei Lai	-	-	34,032	1,410	3,383	-	5,317	-	44,142	52,899	Nil
	Feng-I Lin	-	-	34,032	1,410	3,383	-	5,317	-	44,142	52,899	Nil
Independent Director	Ching-Pu Chen	-	-	-	2,259	-	2,259	-	-	2,259	2,259	Nil
	I-Fan Miao	-	-	-	2,259	-	2,259	-	-	2,259	2,259	Nil
	CHEN Jing Ning	-	-	-	2,259	-	2,259	-	-	2,259	2,259	Nil

- (1) The payment policy, system, standard and structure of remuneration for Directors and independent Directors of the Company, and the relevance of duty, risk, the time spent and other factors to be considered in the amount of remuneration:  
  
Directors of the Company are due to receive remuneration as and when they execute tasks for the Company, whose amount is based on his/her participation in the Company operations and the value he/she contributed. As per Rules for the Performance Evaluation of the Board of Directors, we carry out an internal evaluation every year, whose result is used as a reference for the remuneration of individual Directors, and according to Company by-laws, the Board of Directors is authorized to process the payment as per industry standard. In addition, providing that the Company gains a profit for that year, according to Article 29 of the Company by-laws, contributing no more than two percent as Director remuneration (Independent Directors are not involved in the remuneration allocation for Directors), the actual rate and amount depends on the board resolution after the Remuneration Committee discusses business performance.  
  
The remuneration for independent Directors, regardless of the business profit and loss of the Company, according to his/her participation in the Company operations and the value he/she contributed, process functional expenses as per the agreed quota within the industry standards; remuneration, pension, Director remuneration and part-time employee remuneration are not included in this spectrum.
- (2) Besides the disclosure shown in the table above, remuneration received by Directors of the Company over the past year as a result of service provided to all companies within the financial report (such as serving as non-employee consultants for parent company/all the companies within the financial report/joint venture): Nil
- (3) The fixed remuneration is NTD 6,045 thousand dollars and variable remuneration is NTD 40,356 thousand dollars for the Company's Directors and independent Directors. The total fixed remuneration is NTD 7,952 thousand dollars and variable remuneration is NTD 47,205 thousand dollars in the financial reports.





## Range of Remuneration

Range of Remuneration	Director name		
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)
	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) H	The Company (Note 8)
Lower than 1,000,000	Feng-I Lin, Ching-Pu Chen, I-Fan Miao, CHEN Jing Ning	Feng-I Lin, Ching-Pu Chen, I-Fan Miao, CHEN Jing Ning	Feng-I Lin, Ching-Pu Chen, I-Fan Miao, CHEN Jing Ning
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	-	-	-
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Chih-Wei Lai	Chih-Wei Lai	Chih-Wei Lai
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shioh Ling, Chih-Sheng Chang, Hsing Chun Chen, Jue-Jia Chang, Yen-Shiang Huang	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shioh Ling, Chih-Sheng Chang, Hsing Chun Chen, Jue-Jia Chang, Yen-Shiang Huang	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shioh Ling, Chih-Sheng Chang, Hsing Chun Chen, Jue-Jia Chang, Yen-Shiang Huang
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Shenglin Andrew Tseng , Mei-Ching Tseng	Shenglin Andrew Tseng , Mei-Ching Tseng	Mei-Ching Tseng
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	-	-	Shenglin Andrew Tseng
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	-	-	Mei-Ching Tseng
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	-	-	-
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	-	-	-
100,000,000 or more	-	-	-
Total	12 people	12 people	12 people

Note 1: The Directors' names should be listed separately (if the representative of a corporate shareholder, please indicate the name of the corporate shareholder), please indicate the name of the Directors and Independent Directors, and the payments should be consolidated for disclosure.

Note 2: The Director's remuneration for the most recent year (including salary, job allowances, severance payment, various bonuses and incentives).

Note 3: The latest amount of Director's remuneration as passed by the Board of Directors.

Note 4: The latest annual business execution expenses of the Director (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration.

Note 5: The latest salary, job allowances, severance payment, various bonuses, incentives, car expenses, special expenses, dormitory expenses, car expenses and other physical provisions for the Director's other jobs (including the positions of General Manager, Deputy General Manager, Manager and other positions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 6: If a Director receives employee remuneration (including stock and cash) on his/her other job(s) (including the positions of General Manager, Deputy Manager, Manager and other positions) in the latest year, please disclose the amount of employee remuneration as passed by the Board of Directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 should be filled out.

Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's Director.

Note 8: The total remuneration paid by the Company to each Director; the Director's name should be disclosed in the respective tier.

Note 9: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's Directors should be disclosed, and the Director's name should be disclosed in the respective tier.

Note 10: Net profit after tax refers to the net after-tax profit of the individual company or the respective financial statement for the latest year.

Note 11: i. In this field the amount of remuneration paid to the Director by the Company's re-invested businesses other than the subsidiaries or parent company should be clearly indicated.

ii. If the Director receives remuneration from the Company's re-invested businesses other than the subsidiaries or parent company, such remuneration should be incorporated into column I of the Remuneration Tiers Table, and the name of the field should be changed to "Parent company and all re-invested businesses".

iii. Remuneration refers to the compensation, reward (including that for an employee, Director or supervisor) and business execution expenses received by the Company's Director for acting as a Director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries or parent company.

\* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

## Remunerations of the management team

Unit: NT\$ thousand ; %

Title	Name	Salary (A)(Note 2)		Retirement pension (B)		Bonus and special fees (C) (Note 3)		Employee remuneration (D) (Note 4)			The sum of A, B, C and D as a percentage of after-tax net profit (%) (Note 8)	Remuneration from re-invested businesses other than subsidiaries or parent company (Note 9)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	Cash	Stock	The Company		
General Manager	Shenglin Andrew Tseng											
GM of the Longtan branch	Jin-Chu Chen	6,540	7,457	-	-	2,981	3,167	14,720	-	24,241	25,344	Nil
Deputy GM, Business Division	Yuan-Tsung Lin									1.66%	1.74%	
CFO	Nick Hung											

The fixed remuneration is NTD 6,540 thousand dollars and variable remuneration is NTD 17,701 thousand dollars for the Company's general managers and deputy general managers. The total fixed remuneration is NTD 7,457 thousand dollars and variable remuneration is NTD 17,887 thousand dollars in the financial reports.

The remuneration of the Company's general manager in 2022 was 10.1 times the average salary of the non-managerial employee and 11.1 times the median; whereas the remuneration of the Company's general manager in 2021 was 9.5 times the average salary of the non-managerial employee and 9.9 times the median.

**Clawback Provision:** Short-term and mid-term strategic target bonuses for the general manager come with a clawback provision. Paid bonuses that do not meet relevant criteria are subject to clawbacks.

## Range of Remuneration

Range of Remuneration	Name of President and Vice President	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7) E
Lower than 1,000,000	-	-
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	-	-
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	-	-
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	Yuan-Tsung Lin	-
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Shenglin Andrew Tseng, Jin-Chu Chen, Nick Hung	Shenglin Andrew Tseng, Jin-Chu Chen, Nick Hung, Yuan-Tsung Lin
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	-	-
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	-	-
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	-	-
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	-	-
100,000,000 or more	-	-
Total	4 people	4 people

Note 1: The General Manager's and the Deputy General Manager's names should be listed separately, and the payments should be consolidated for disclosure.

Note 2: The latest amount of the General Manager's and the Deputy General Manager's remunerations (including salary, job allowances and severance payment).

Note 3: The latest annual business execution expenses of the General Manager and the Deputy General Managers (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall also include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 4: The employee remuneration (including stock and cash) distributed to the General Manager or Deputy General Manager as passed by the Board of Directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year and fill out Table 1-3.

Note 5: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's General Manager and Deputy General Managers.

Note 6: The total remuneration paid by the Company to each General Manager and Deputy General Manager; the General Manager's and the Deputy General Manager's names are to be disclosed in the respective tiers.

Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's General Manager and Deputy General Managers should be disclosed, and the General Manager's and the Deputy General Manager's names should be disclosed in the respective tier.





Note 8: Net profit after tax refers to the net after-tax profit of the individual company or the respective financial statement for the latest year.

Note 9: i. In this field the amount of remuneration paid to the General Manager or the Deputy General Managers by the Company's re-invested businesses other than the subsidiaries or parent company should be clearly indicated.

ii. If the General Manager and Deputy General Managers receive remuneration from the Company's re-invested businesses other than the subsidiaries or parent company, such remuneration should be incorporated into column D of the Remuneration Tiers Table, and the name of the field should be changed to "Parent company and all re-invested businesses".

iii. Remuneration refers to the compensation, reward (including that for an employee, Director or supervisor) and business execution expenses received by the Company's General Manager or Deputy General Manager for acting as a Director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries or parent company.

\* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

## Managers with Employee Remuneration Distribution

Unit: NT\$ thousand : %

	Title (Note 1)	Name (Note 1)	Stock Bonus	Cash Bonus	Total	Ratio of Total Amount to Net Income (%)
Management team	Chairman and General Manager	Shenglin Andrew Tseng	-	30,469	30,469	2.09
	GM of the Longtan branch	Jin-Chu Chen				
	Deputy General Manager	Yuan-Tsung Lin				
	CFO and Corporate Governance Officer	Nick Hung				
	CLO	Bing-Jyun Cuei				
	Division Director	Du-Sheng Wang				
	Division Director	Sheng-Chieh Hsu				
	Vice Division Director	Chia-lun Lin				
	Director	Ryan Chou				
	Director	Yi-Ru Hu				
	Director	Duncan Aitken				
	Director	Yen-Lien Chen				
Chief Auditor	Yi Chun Lee					

Note 1: The names and titles should be listed separately, and the remuneration distribution may be consolidated for disclosure.

Note 2: The latest amount of the manager's employee remuneration as passed by the Board of Directors (including shares and cash) in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year. Net profit after tax refers to the net after-tax profit of the individual company or the respective financial statement for the latest year.

Note 3: The definition of manager, as governed by the letter of the SFC on March 27, 2003 with a reference no. of Tai-Tsai-Cheng III 0920001301, is as follows:

- i. General Manager and equivalent.
- ii. Deputy General Manager and equivalent.
- iii. Associate and equivalent.
- iv. Head of financial department.
- v. Head of accounting department.
- vi. Other people who have the right to manage the Company's affairs and are the Company's authorized signatories.

## Comparison and explanation

- i. Analysis of the ratio of total remuneration (paid to the Directors, General Manager and Deputy General Managers of the Company by the Company and all the companies in the consolidated statements in the last two years) to net profit after tax:

Unit: %

Title	Ratio of Total Remuneration to Net Profit after Tax in 2022		Ratio of Total Remuneration to Net Profit after Tax in 2021	
	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report
Director (including independent Director)	3.19	3.79	3.17	3.96
Supervisor (Note)	-	-	0.01	0.01
General Manager and Deputy General Managers	1.66	1.74	1.68	1.86

(Note) The Company held an election of directors and formed an Audit Committee to replace the supervisor at the shareholders' meeting on July 15, 2021.

- ii. The correlation among the remuneration payment policy, standards and combinations, the procedures for setting the remuneration, the business performance, and the future risk:

- (i) The correlation among the remuneration payment policy, standards and combinations:
  - a. The remuneration shall be paid to Directors who manage the Company's business. The amount is determined based on the Directors' participation in Company operations and value of contribution. In addition, an internal annual performance evaluation shall be conducted in reference with "A performance appraisal method for the Board of Directors". In consideration of the evaluation items such as grasp of Company goals and tasks, responsibility acknowledgement, internal relationship management and communication, professionalism and continuous learning of the

Directors, internal control, etc., and the evaluation result shall be used as reference in determining the compensation for individual Directors to provide a reasonable compensation. In accordance with the Articles of Incorporation, the Board of Directors is authorized to provide compensation based on industry standards. In case of profit generated for the year, it shall set aside no more than 2% shall be set aside as remuneration for Directors as stipulated in Article 29 of the Articles of Incorporation (Individual Directors are not included in the remuneration for Directors.). The actual appropriation ratio and amount shall be proposed by the Remuneration Committee based on operational performance and submitted to the Board of Directors for resolution. As for independent Directors not included in the Company's profit distribution, executive compensation shall be paid based on a fixed amount and requires a Board resolution.

- b. The managers of the Company handle with business in accordance with business policies and key decision made by the Board of Directors. Their appointment and dismissal are determined in the form of the Board of Directors resolution, as stipulated in the Articles of Incorporation. The remuneration of managers includes a fixed salary and bonus. The fixed salary is based on rank, experience, professional qualifications, length of service, industry standards, etc. The bonus is dependent on corporate performance objectives, can be classified into: 1. Financial goals includes company revenue and profit targets, may refer to goal completion rate; 2. Non-financial goal: implementation of KPI indicators that are based on annual operational goals and innovation. Managers conduct timely review of above-mentioned goals, performance and contribution to the Company's overall operations, as well as actual operating status and relevant regulations. After which, the Remuneration Committee gives recommendations to the Board of Directors, as appropriate.

Five major operational goals in 2022: (1) Maintain continuous sales growth (2) Reinforce food safety practices (3) Spearhead low-carbon and green power initiatives (including climate change and risk response) (4) Accelerate ODM product development and reduce delivery time (5) Intensify digital transformation of Global Lighthouse Network.

The performance of managers according to the above-mentioned goals and their contribution to the overall operation of the Company will be reviewed at any time depending on the actual operating conditions and relevant laws and regulations. The remuneration committee will review and put forward recommendations and then submit them to the Board of Directors for resolution.

- (ii) Reimbursement procedure

The performance evaluation and reasonableness of compensation of the Company's directors and managers are evaluated and reviewed every year by the Remuneration Committee and the Board of Directors. In addition to considering personal performance accomplishment rate and contribution to the Company, the Company's overall operating performance, future industry risk, development trend, as well as actual operating status and relevant regulations are taken into account to determine reasonable compensation. The actual compensation amount for directors and managers in 2022 was reviewed by the Remuneration Committee and proposed to the Board of Directors. (As for independent directors, it is not reviewed by the "Remuneration Committee" due to conflict of interest, but by the Board of Directors according to the Articles of Incorporation and industry salary standards.)

- (iii) Relevance of operating performance and future risk

a. The Company's overall operating status is the main consideration for the review of payment standards and system of the Company's compensation policy, as well as the performance accomplish rate and contribution in order to improve the organizational performance of the Board of Directors and management team. The Company also takes industry standards into consideration to ensure competitive compensation for managers and retention of top talent.

- b. All of the Company's performance objectives include risk management. The management level will manage and prevent risk within their management responsibility and give evaluation rating that connects to the policies on the compensation and remuneration according to the actual performance. The important decision-making of the Company's management level is made after evaluating various risk factors; therefore, the management level's salary is connected to the performance of risk control.

#### 4. Corporate Governance Status

##### (1) Operation of the Board of Directors

Six board meetings were held in 2022, the attendance of Directors (including Independent Directors) is as follows:

Title	Name (Note 1)	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) [B/A] (Note 2)	Remarks
Chairman	Shenglin Andrew Tseng	6	0	100	
Director	Mei-Ching Tseng	6	0	100	
Director	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shioh Ling	5	1	83	
Director	Yen-Shiang Huang	6	0	100	
Director	Jue-Jia Chang	6	0	100	
Director	Chih-Sheng Chang	6	0	100	
Director	Hsing-Chun Chen	6	0	100	
Director	Chih-Wei Lai	6	0	100	
Independent Director	Feng-I Lin	6	0	100	
Independent Director	Ching-Pu Chen	6	0	100	
Independent Director	I-Fan Miao	6	0	100	
Independent Director	CHEN Jing Ning	6	0	100	

Other matters to be recorded:

i. If any of the following circumstances occurs in the operation of the board meeting, please indicate the date of the board meeting, the session number, the contents of the motion, the opinions of all independent Directors and the Company's handling of the opinions of the Independent Directors:

(i) Matters listed in Article 14-3 of the Securities Exchange Act.: For details, refer to the important resolutions of the board meetings.

(ii) Other than the aforementioned matters, the board resolutions which Independent Directors object to or have reservations about and there are records or written statements for them: The Company did not encounter any of the circumstances.

ii. For the situation where a Director avoids a motion related to his/her own interests, please specify the Director's names, the contents of the motion, the reasons for the avoidance of interests and the voting results:

Item	Board meeting	Name of Director	Resolution Content	Reasons for the avoidance of interests	Voting Results
1	The 3 <sup>th</sup> board meeting of the 20 <sup>th</sup> term Board of Directors January 14, 2022	Shenglin Andrew Tseng	2021 management bonus scheme proposed by the Remuneration Committee.	Relation with personal interest	Vote withdrawal in accordance with the law
2	The 5 <sup>th</sup> board meeting of the 20 <sup>th</sup> term Board of Directors May 11, 2022	Shenglin Andrew Tseng	2021 management bonus scheme proposed by the Remuneration Committee.	Relation with personal interest	Vote withdrawal in accordance with the law
3	The 7 <sup>th</sup> board meeting of the 20 <sup>th</sup> term Board of Directors August 10, 2022	Shenglin Andrew Tseng	Real estate rental from related party.	Relation with personal interest	Vote withdrawal in accordance with the law
4	The 7 <sup>th</sup> board meeting of the 20 <sup>th</sup> term Board of Directors August 10, 2022	Shenglin Andrew Tseng	The Company signed a contract with related party to borrow the latter's name for real estate registration.	Relation with personal interest	Vote withdrawal in accordance with the law

iii. Information on the cycle and period, scope, method and content of the Board of Directors' self-evaluation: In order to implement corporate governance and improve the function of the Board of Directors, the annual performance evaluation of the Board of Director is performed in accordance with the "regulations for the Board of Directors and functional committee performance evaluation". The evaluation scope includes the entire Board of Directors, individual board members, and functional committees.



Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Annual	Jan. 1, 2022~Dec.31, 2022	Board of Directors	Board's Self-evaluation	1.Participation in Company operations 2.Improving the Board of Directors' decision-making quality 3.Composition and structure of the Board of Directors 4.Appointment and continuing education of Directors 5.Internal Control
Annual	Jan. 1, 2022~Dec.31, 2022	Individual Director	Director's Self-evaluation	1.Knowledge of corporate goals and mission 2.Knowledge of Directors' responsibilities 3.Participation in Company operations 4.Internal relationship management and communication 5.Expertise and continuing education of Directors 6.Internal Control
Annual	Jan. 1, 2022~Dec.31, 2022	Audit Committee	Audit Committee's Self-evaluation	1. Participation in Company operations. 2. Knowledge of Audit Committees' responsibilities. 3. Improving the Audit Committees' decision-making quality. 4. Composition of the Audit Committee and member election. 5. Internal Control
Annual	Jan. 1, 2022~Dec.31, 2022	Remuneration Committee	Remuneration Committee's Self-evaluation	1. Participation in Company operations. 2. Knowledge of Remuneration Committees' responsibilities. 3. Improving the Remuneration Committees' decision-making quality. 4. Composition of the Remuneration Committee and member election. 5. Internal Control
Annual	Jan. 1, 2022~Dec.31, 2022	Digital Transformation Committee	Digital Transformation Committee's Self-evaluation	1. Participation in Company operations. 2. Knowledge of Digital Transformation Committees' responsibilities. 3. Improving the Digital Transformation Committees' decision-making quality. 4. Composition of the Digital Transformation Committee and member election. 5. Internal Control

The Company evaluated the Board of Directors and functional committee overall annual operating performance in 2022, with the content specified above. As for the performance evaluation, the Corporate Governance Team is responsible for the Board of Director, Remuneration Committee, Audit Committee and Remuneration Committees' internal self-evaluation. After the self-evaluation of Directors, the assessment is submitted to the Corporate Governance Team for sorting. The evaluation adopts internal questionnaires. The results of the above performance evaluation shall be provided to the Directors and used as reference by the Board, Remuneration Committee, Audit Committee and Digital Transformation Committee in making decisions and further improving the quality of their decisions. They can also be used as reference for the nomination of Directors or selection of the Remuneration Committee, Audit Committee and Digital Transformation Committee members.

The overall evaluation result of the performance of the Board of Directors has an average score of 4.60 (out of 5 points).

The overall evaluation result of the performance of the Remuneration Committee has an average score of 4.68 (out of 5 points).

The overall evaluation result of the performance of the Audit Committee has an average score of 4.68 (out of 5 points).

The overall evaluation result of the performance of the Digital Transformation Committee has an average score of 4.50 (out of 5 points).

There were no other issues raised by the Directors and Corporate Governance Team in 2022, the performance evaluation results of the Board of Directors, individual board members, and functional committees were "Excellent" in 2022. The content of the performance evaluation was reported at the 9rd meeting of the 20th Board on January 6, 2023.

iv. The goals for strengthening the board's functions in the current and the previous year and assessment of the implementation:

(i) The goals for strengthening the board's functions

- A. The Company established the "Corporate Governance Best Practice Principles" during the 4<sup>th</sup> Board of Directors held by the 18<sup>th</sup> Board on Nov 10, 2015 to facilitate the full development of corporate governance initiatives and enhance the functions of the Board of Directors as well as amend the best practices during the 3<sup>th</sup> Board of Directors held by the 20<sup>th</sup> Board on Jan. 14, 2022 in accordance with the current status of the Company. Article 20 of the "Corporate Governance Best Practice Principles" regulates the policy with regard to diversity of board members to complete the structure of the board. The structure of members of the Board of Directors has achieved diversified education, expertise, gender and age.
- B. Regarding Ethical Corporate Management Best Practice Principles established in 2019, the Company passed the "Unethical Conduct Prevention Program" at the 9<sup>th</sup> meeting of the 19<sup>th</sup> Board on November 11, 2019, aimed at actively preventing unethical behavior. In the Company, the corporate governance group is as a specific ethical management unit, which is responsible for formulating, monitoring and executing ethical management policies, prevent insider trading and handle material information, and reports to the Board of Directors periodically. The Company passed the resolution to uphold its corporate ethical management for 2022 during the 9<sup>th</sup> Board of Directors held by the 20<sup>th</sup> Board on January 6, 2023.
- C. In order to strengthen the functions of the Board of Directors and maximize shareholders' interests, the Company has voluntarily installed 4 independent Directors in line with the Securities Exchange Act. In addition, the independent Directors' term of office shall not exceed 9 consecutive years. Members of the Board of Directors who are related, i.e., spouse or second-degree relative shall not hold more than two board seats. Directors, who are also employees of the Company based on the consolidated financial statement, shall hold less than one third of the number of board seats. There is no government agency or single-listed company (and its subsidiaries) that accounts for one third of the number of board seats.
- D. The Company considered the pledge ratio of Directors and major shareholders too high, which could affect shareholders' equity. Hence, the Company hope that the average pledge ratio set by the Directors and major shareholders could be lower than 50%. The set pledge ratio of Directors and major shareholders in 2022 was 0%.
- E. The Company encourages board members to attend the shareholders' meeting to protect shareholders' equity. Eleven Directors (including four independent Directors) attended the shareholders meeting in 2022, comprising more than 1/3 of the number of Directors in both meetings. The Chairman as well as all independent Directors were present (refer to the shareholders meeting handbook on MOPS for details).

- F. The Company encourages independent Directors, internal audit managers and accountants to communicate separately or jointly through a meeting or forum that enables independent Directors to function efficiently and have a more advanced understanding of the financial report, as well as financial and business conditions of the Company. In 2022, there was a separate discussion between independent Directors and internal audit managers and accountants fourth regarding of the financial report, operational audit, information security, and other matters.
- G. A board meeting should be held to obtain consensus and make resolutions that enable board members to carry out their responsibilities effectively. In 2022, 6 board meetings were held with a Directors' attendance rate of 99%; all independent Directors attended the board meeting in person. Apart from dealing with routine matters, the Board of Directors also periodically assesses the independency and suitability of certified accountants, with the presence of the audit manager who proposed the internal audit report and submitted it to the independent directors.
- H. The Company encourages Directors to continue acquiring new knowledge and enhance response capability so they can assume their roles effectively as members of the board. The Company provided lecturers and courses that discuss Taiwan industries' emergence from the organizational framework as well as the global supply chain reformation in 2022. Directors also pursued further studies individually, focusing on topics such as corporate governance, crypto currency, international perspectives on independent directors and shareholders, new business trends, and new growth drivers. Directors spent a total of 75 study hours.
- I. To strengthen corporate governance, the Company established committees to assist the Board of Directors in managing and supervising company operations. In 2021, an Audit Committee was established and the members are all independent Directors at present. Meetings are held at least once every quarter year to assist the Board of Directors in handling issues related to certified public accountants, financial statements, internal control, legal and regulatory compliance, and risk control. The members of the Compensation and Remuneration Committee are all independent Directors at present. Meetings are held at least twice a year. The committee assesses the policies and systems for the compensation and remuneration of Directors and managers based on professional outlook, and provide suggestions to the Board of Directors for their reference. In addition, a Digital Transformation Committee was established in 2021 to review the strategy, plan and execution result of the digital transformation executive team. It provides suggestions to the Board of Directors or the executive team to optimize the Company's business performance and process by integrating digital technology into the operating strategy so as to increase company sales and profits.
- (ii) Assessment of implementation: The Company holds a group business meeting every six months and explains the contents to the Board of Directors, so that the Board of Directors can better understand the actual operation of the group. The Company adheres to the principle of operational transparency and immediately publishes important resolutions on MOPS after the BOD meeting to safeguard shareholders' interests. In addition, each board meeting situation will be posted on the Company's website (<https://www.grapeking.com.tw>) to enhance information transparency through instant disclosure.

Note 1: If a Director or supervisor is a legal entity, please disclose the name of the corporate shareholder and of its representative.

Note 2: (i) If there is a Director or supervisor leaving the Company before the end of the year, please indicate the date of departure in the note field. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

(ii) If there is a Director or supervisor election before the end of the year, please list both the new and the old Directors and supervisors, and indicate in the Remarks column whether the Director or supervisor is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual number of meetings attended during the tenure.

## (2) Operation of the Audit Committee:

The Company has established an Audit Committee on July 15, 2021. The Committee shall hold a meeting at least once every quarter year and may call a meeting anytime as required in accordance with the "Audit Committee Charters" and Article 14-5 of the Securities and Exchange Act of the Grape King Bio Ltd. The members are all independent Directors with 3 year tenure and may be re-elected; one of the independent Directors is senior financial experts. Resolution shall be adopted with the approval of one-half or more members.

- i. The Audit Committee's work between January 1, 2022 and December 31, 2022 focused on the following:
  - A. Review of financial statement quarterly.
  - B. Review of annual business report, financial statement, and Earning distribution.
  - C. Review of the independence of CPAs and Audit fee.
  - D. Review amendments to the internal control system.
  - E. Review of accumulated acquisition and disposal of negotiable securities that reached 10% of the capital.
  - F. Review of the new plant investment amount.
  - G. Review of the safe-keeper of endorsement and guarantee stamp.
  - H. Review of real estate rental from related party.



ii. For information on the Audit Committee’s performance evaluation cycle and period, evaluation scope, method, and content, please refer to "Other matters to be recorded 3" in the "Operation of the Board of Directors" on page 47-48 of this annual report.

iii. For the professional qualification and work experience of Audit Committee members:

Title	Criteria Name	Professional Qualifications and Experience (Note1)	Independence Criteria (Note 2)
Independent Director	Feng-I Lin	Education: 1.Master of Economics, Nankai University, Tianjin 2.Bachelor of Accountancy, Soochow University Experience and expertise: Vice President of Want Want China Holdings Limited, extensive experience in finance and accounting.	Four independent directors listed on the left have met the qualifications specified in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” issued by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act two years before the election and during their tenure. Also, the independent directors have the right to fully participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, and to perform relevant duties.
Independent Director	Ching-Pu Chen	Education: 1. PhD in Decision Science, Harvard University 2. Master of Engineering Science, Harvard University 3. Double Degree in Electrical Engineering and Mathematics, Virginia Military Institute Experience and expertise: Current professor at Yuan Ze University, specializing in decision sciences, police analysis and planning, crisis decision-making and management, as well as leadership and change.	
Independent Director	I-Fan Miao	Education: Master, Pekin University Law School Experience and expertise: Currently a practicing lawyer who assists in communication between Consumer Foundation and consumers	
Independent Director	Chen Jing Ning	Education: Master of Sociology, National	

		Chengchi University Experience and expertise: Has 17 years of public relations and media experience. She is currently the Secretary-General to the Taiwan Association of Family Caregivers. Ms. Chen's practical experience in social support and family care.	
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Note1: For the professional qualification and work experience of Audit Committee members, please refer to "professional qualification and work experience" in the "Directors' Professional Qualification and Independence Disclosure of the Independent Directors" on page 26-35 of this report.

Note2: Independence Criteria: specify if the Remuneration Committee members meet the independence criteria, including but not limited to the member himself/herself, his/her spouse, relative within the second degree of kinship who is not a Director, supervisor, or employee of the Company or its affiliates; the number of shareholding and ratio of members themselves, their spouse, relative within the second degree of kinship (or other persons); if the member himself/herself is a Director, supervisor, or employee of an enterprise related to the Company (refer to Article 6, Paragraph 1, Subparagraph 5~8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange; remuneration received in the past two years for providing business, legal, financial, and accounting services to the Company or its affiliates. For independence, please refer to page 35 of this annual report.

- iv. Five Audit Committee meetings (A) were held in 2022; the attendance of Independent Directors is as follows:

Title	Name	Actual no. of meetings attended (B)	Actual attendance rate (%) [B/A] (Note 1, 2)	Remarks
Independent Director	Feng-I Lin	5	100	Convener of this committee
Independent Director	Ching-Pu Chen	5	100	
Independent Director	I-Fan Miao	5	100	
Independent Director	Chen Jing Ning	5	100	

Other matters to be recorded:

- (i) If any of the following circumstances occurs in the course of the Audit Committee's operations, please indicate the date of the Audit Committee meeting, session number, contents of the motion, as well as independent Directors' objections, reservations, or important suggestions, resolutions of the Audit Committee, and the Company's handling of the Audit Committee's opinions:

a. Matters listed in Article 14-5 of the Securities Exchange Act.

Session no. and meeting date	Matters for Discussion	Resolution and Opinion of the Company	The Company's handling of the Audit Committee's opinions
The 3 <sup>th</sup> meeting of the 1st term Audit Committee January 14, 2022	Motion 1: The CPA's independence evaluation and appointment in 2022.	Motion 1: The case was passed and the proposal was submitted to the Board of Directors for resolution.	Approved by the Directors who participated in the discussion
The 4 <sup>th</sup> meeting of	Motion 1:	Motion 1: The case was passed and the proposal was	Approved by the Directors who



<p>the 1st term Audit Committee February 23, 2022</p>	<p>Business report, financial statement, and surplus distribution in 2021 Motion 2: Plan to increase the investment amount for Yongfeng Plant Building Phase 1, and authorization given to the Chairman to handle relevant matters Motion 3: Amendment to the "Procedures for the Acquisition and Disposal of Assets" Motion 4: Approval of the safe-keeper of endorsement and guarantee stamp. Motion 5: Approval of the 2021 "Validity Assessment of Internal Control System" and "Statement of Internal Control System" of the Company.</p>	<p>submitted to the Board of Directors for resolution. Motion 2: The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 3: The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 4: The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 5: The case was passed and the proposal was submitted to the Board of Directors for resolution.</p>	<p>participated in the discussion.</p>
<p>The 5<sup>th</sup> meeting of the 1st term Audit Committee May 11, 2022</p>	<p>Motion 1: 2022 Q1 Consolidated financial statement.</p>	<p>Motion 1: The case was passed and the proposal was submitted to the Board of Directors for resolution.</p>	<p>Approved by the Directors who participated in the discussion</p>
<p>The 6<sup>th</sup> meeting of the 1st term Audit Committee August 10, 2022</p>	<p>Motion 1: The Company signed a contract with related party to borrow the latter's name for real estate registration. Motion 2: The Company rents real estate property from related party. Motion 3: 2022 Q2 Consolidated financial statement. Motion 4: The Company's annual acquisition and disposal of securities which reached 10% of the capital.</p>	<p>Motion 1: The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 2: The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 3: The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 4: The case was passed and the proposal was submitted to the Board of Directors for resolution.</p>	<p>Approved by the Directors who participated in the discussion</p>
<p>The 7<sup>th</sup> meeting of the 1st term Audit Committee November 7, 2022</p>	<p>Motion 1: 2022 Q3 Consolidated financial statement. Motion 2: Proposal to pass the 2023 Internal Audit Plan in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" Motion 3: As part of digital transformation, Enterprise Resource Planning (ERP) project promotion and operating practices shall undergo changes. There is a plan to amend documents pertaining to "production cycle," "purchase and payment cycle," "sales and collection cycle," "computerized information cycle" and "internal audit system". A new "General guideline for internal control system" will also be added to meet the actual requirement while adhering to relevant industry regulations. Motion 4: The CPA's independence evaluation and appointment in 2023. Motion 5: 2023 audit fee for financial statements prepared by CPAs. Extempore motion: Repeal the old version of the Regulations for Handling Material Inside Information.</p>	<p>Motion 1: The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 2: The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 3: The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 4: The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 5: The case was passed and the proposal was submitted to the Board of Directors for resolution. Extempore motion: The case was passed and the proposal was submitted to the Board of Directors for resolution.</p>	<p>Approved by the Directors who participated in the discussion</p>

b. Other than the aforementioned matters, the board resolutions approved by more than two-thirds of the Directors

that were not approved by the Audit Committee: None.

- (ii) In case of a conflict of interest in a matter under discussion wherein an independent Director chooses to recuse himself/herself, specify the independent Director's name, content of the motion, reasons for recusal and voting results: no motion related to independent Director's conflict of interest in the 2022 Audit Committee report.
- (iii) Communication between independent Directors and internal audit managers and accountants. Communication method between independent Directors and internal audit managers and accountants. The Company has established an Audit Committee to communicate independently with internal audit managers and accountants at least twice a year without Directors' and management's participation. In addition to internal control and audit reports, accountants shall also report on the audit of financial statements. If there are other important matters or matters that Independent Directors, audit managers, and accountants believe should be communicated independently, meetings may be held at any time to communicate results, which should be recorded in the meeting minutes. Summary of communication:

Term/Date	Communication with internal audit managers	Communication with accountants	Suggestion and result
The 4 <sup>th</sup> meeting of the 1st term February 23, 2022	1、 Explanation on the new addition to Article 9-1 internal control guidelines and Company compliance with information security allocation. 2、 Independent directors' proposal to have a detailed explanation in the next meeting, of how the Information Security Division conduct information security control.	1、 CPA reports on the audit status of consolidated financial reports of 2021 Q4. 2、 CPA explanation on the responsibility of the governance unit. 3、 CPA explanation on the scope and method of the audit..	None
The 5 <sup>th</sup> meeting of the 1st term May 11, 2022	Based on the previous meeting, independent directors wanted to know how the Company handles information security control. The persons-in-charge at Grape King Bio and Pro-Partner provided a detailed explanation of the information security protective measures of the existing on-premises and cloud system. All questions raised by independent directors were answered with no significant issues.	1、 CPA's explanation on the scope and method of the review. 2、 CPA reports on the review status of consolidated financial reports of 2022 Q1.	None
The 6 <sup>th</sup> meeting of the 1st term August 10, 2022	Explanation of the report on the handling of reported cases accepted in the first half of the year.	1、 CPA reports on the review status of consolidated financial reports of 2022 Q2. 2、 CPA explanation on the impact evaluation of COVID on the Company. 3、 Independent directors raised questions and inquiries on the type of audit report opinion, which were all answered by the CPA.	None
The 7 <sup>th</sup> meeting of the 1st term November 7, 2022	Internal Audit implementation and review of comments on the report.	1、 CPA reports on the review status of consolidated financial reports of 2022 Q3. 2、 CPA explanation of Audit Quality Indicators (AQIs) released by the FSC and relevant guidelines.	None

Note 1: If an independent Director resigns before the end of the year, the date of departure should be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings held and the actual number of meetings attended during the tenure of office.

Note 2: If there is an election of independent Directors before the end of the year, please list both the new and old independent Directors, and indicate in the Remarks column whether the independent Director is old, new or re-elected as well as the date of election. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings held and the actual number of meetings attended during the tenure of office.

### (3) Digital Transformation Committee Operations:

The Company has established a "Digital Transformation Committee" on November 3, 2021 to optimize the Company's business performance and process by integrating digital technology into the operating strategy, so as to increase company sales and profits. We also aim to strengthen internal management through digital transformation, and simulate future governance policies and market strategies through management levels, so as to gradually implement the sustainable development of the company.

According to the Digital Transformation Committee Charter of Grape King Bio Ltd., three members shall be appointed in accordance with a resolution of the Board of Directors. The members of the Committee, with professional skills in the fields of decision science, corporate strategy and business administration, and financial accounting. The meeting shall be held every six months and may be adjusted to at least once a year. The current members comprise three Directors (including two independent Directors).

i. Operational Responsibilities of the Digital Transformation Committee:

Committee operations are subject to the “Digital Transformation Committee Charter”; the following duties and responsibilities shall be performed faithfully like a good administrator and recommendations shall be presented to the Board of Directors for discussion.

- A. Review the strategy, plan, and execution result of the digital transformation executive team, and provide suggestions to the Board of Directors or the executive team.
- B. Review major expenditures for digital transformation in accordance with the Company’s procedures for Acquisition and Disposal of Assets.
- C. Charter amendments shall be approved by more than half of the committee members and submitted to the Board of Directors for resolution.
- D. Review the cases submitted by procedures for Acquisition and Disposal of Assets.

ii. Operating status of the Digital Transformation Committee:

Approved the establishment of the “Digital Transformation Committee” along with its charter and elected members during the 2nd meeting of the 20th-term Board of Directors on November 3, 2021.

- iii. For the professional qualification and work experience of the Digital Transformation Committee members, please refer to “professional qualification and work experience” in the “Directors’ Professional Qualification and the Independence Disclosure of the Independent Directors” on page 26-35 of this report.
- iv. Information on the Digital Transformation Committee’s performance evaluation cycle and period, evaluation scope, method, and content, please refer to “Other matters to be recorded 3” in the “Operation of the Board of Directors” on page 35 of this annual report.
- v. The Digital Transformation Committee members’ tenure of office is from November 3, 2021 to November 2, 2024. Two meetings (A) were held in 2022, and the qualification and attendance of committee members are as follows:

Title	Name	Actual no. of meetings attended (B)	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Ching-Pu Chen	2	100	Convener of this committee
Director	Shenglin Andrew Tseng	2	100	
Independent Director	Feng-I Lin	2	100	
Meeting information:				
Meeting date	Matters for Discussion	Resolution and Opinion of the Company		
January 14, 2022	Motion 1: Elect the convener and Chairman of the 1st term Digital Transformation Committee. Item 1: Digital transformation item – ERP project status report	Motion 1: The case was proposed by Shenglin Andrew Tseng and approved by all members. Ching-Pu Chen is the current convener and Chairman of the committee. Item 1: Presented by the manager of the Management Division. Members, finance manager, and Management Division manager discuss the leaders, vision, value, and contract period of the digital transformation plan.		
August 10, 2022	tem 1: Digital transformation item – ERP project status report	Item 1: Presented by the manager of the Management Division. Members, Finance Manager, and Management Division Manager discussed the following topics: <ul style="list-style-type: none"> <li>● Digital transformation and innovation</li> <li>● SAP project introduction</li> <li>● BPM project introduction</li> <li>● Data analysis management indicators</li> <li>● Global Lighthouse Network</li> <li>● Carbon management and green technology</li> </ul>		



(4) Corporate Governance Status, Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
<p>1. Does the Company follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and has the Company established and disclosed its own Corporate Governance Best Practice Principles?</p>	V		<p>The Company has its "Corporate Governance Best Practice Principles" based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies which protect the interests of shareholders, strengthen the functions of the Board of Directors, underline the functions of supervisors, respect the rights and interests of concerned parties and enhance the transparency of information. Please refer to our website for the Corporate Governance Best Practice Principles.</p>
<p>2. The Company's shareholding structure and shareholders' equity</p> <p>(1) Has the Company set up internal operating procedures to handle shareholder proposals, doubts, disputes and litigation matters and followed the procedures?</p> <p>(2) Does the Company have a list of its major shareholders and the ultimate controllers of the major shareholders?</p> <p>(3) Has the Company established and implemented risk management and firewall mechanisms with its affiliates?</p> <p>(4) Has the Company set up an internal standard to prohibit the insiders' use of private information to trade securities?</p>	V		<p>(1) The Company has a spokesman, acting spokesman, corporate action staff, legal staff, etc. to deal with shareholders' suggestions, disputes and other issues.</p> <p>(2) The Company constantly keeps track of the shareholdings of the Directors and majority shareholders holding more than 10% of the Company's shares, and declares in accordance with Information Filing by Companies with TWSE Listed.</p> <p>Name of shareholders with more than 5% shareholdings; the number and percentage of shareholdings have been disclosed in the quarterly financial report since 2020 Q1</p> <p>(3) The risk controls and firewall system between the Company and related parties are as follows:</p> <ol style="list-style-type: none"> <li>1. An internal control system for subsidiaries has been established in accordance with laws and regulations to effectively manage risk.</li> <li>2. There are procedures for "Lending Funds to Others and Endorsements and Guarantees" for related parties. The terms for general transactions such as selling and buying are the same as those for transactions with unrelated parties.</li> <li>3. Related party transactions are disclosed in the annual financial report and approved by the Audit Committee and submitted to the Board of Directors for resolution.</li> <li>4. The Board of Directors passed the "Rules Governing Financial and Business Matters between the Corporation and its Affiliated Enterprises" on February 22, 2023, stipulating that material transaction shall be proposed to the Board of Directors, and reported or approved at the shareholders' meeting to ensure sound financial management, as well as prevent irregular transactions and inappropriate transfer of profits between stakeholders.</li> </ol> <p>(4) The Company has established the "Ethical Corporate Management Best Practice Principles," "Insider Trading Prevention Management Regulations," and "Regulations for Handling Material Inside Information," which prohibit all directors, managers, and employees from performing their duties if there is conflict of interest, and using their position or power to leak material nonpublic information to others, thereby engaging in insider trading. The Board of Directors have added relevant regulations prohibiting insiders from trading company shares during the closed period, which is 30 days before the publication of the Company's annual financial report and 15 days prior to the publication of the quarterly financial report, to prevent insiders from using unpublished information to purchase and sell marketable securities on January 14, 2022.</p> <p>2022 initiatives:</p> <ol style="list-style-type: none"> <li>i. The Company provided a training session for Directors on November 7, 2022, and sent out an advocacy letter regarding "Business Integrity, Insider Trading Prevention and Regulations for Handling Material Inside Information" to all employees (including managers) on November 9, 2022, as well as the importance of business integrity, insider trading scope, legal liabilities and Regulations for Handling Material Inside Information in case of breach and case studies. There was also a</li> </ol>

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	
			No major difference
3. The composition and duties of the Board of Directors (1) Has the Board of Directors formulated a diversified approach and specific management goals, and implemented them?  (2) Has the Company set up other types of functional committees voluntarily in addition to the Remuneration Committee and Audit Committee in accordance with the law?  (3) Has the Company set up a performance appraisal method and assessment method for the Board of Directors, conducted an annual performance appraisal on a regular basis, submitted results of the performance assessments to the Board of Directors and used them as reference in determining compensation and nomination as well as additional term of office of individual Directors?  (4) Does the Company regularly evaluate the independence of its certified public accountants?		<p>briefing for employees and managers.</p> <p>ii. The "Business Integrity, Insider Trading Prevention and Regulations for Handling Material Inside Information" test was conducted for leaders above section chief level. A total of 120 colleagues were tested, with 100% passing rate (score above 80 points).</p> <p>iii. The promotion of "Business Integrity and Insider Trading Prevention in 2022" was reported at the board meeting held on January 6, 2023.</p> <p>iv. A total of 490 Directors, managers, and employees received 245 hours of advocacy training in 2022. Lessons included the importance of preventing insider trading, elements that constitute insider trading, regulatory updates, and legal responsibility of violation.</p> <p>v. The Company reminds Directors not to trade their shares during the closed period 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.</p> <p>vi. Since February 2022, before the meeting of the Board of Directors, the corporate governance team will notify the Directors of the closed period before the announcement of the financial report, so as to prevent Directors from violating this norm by mistake.</p> <p>1. On the 10th of November, 2015, the Board of Directors approved the Corporate Governance Best Practice Principles, which drafted diversification guidelines: Overall Required Competencies of the Board of Directors, stated in Article 20. The composition of the board members should be diversified. Besides the fact that Directors who took the post of part-time managers had better not exceed one-third of the board seats, the required general competencies of the Board of Directors are Sound Business Judgment, Accounting and Financial Analysis Skills, Business Management Skills, Crisis Handling Skills, Industry Knowledge, International Market Prospects, Leadership Skills and Decision-making Abilities</p> <p>2. Currently, there are 12 board members composed of 4 independent directors and 5 female directors. For directors' information, board diversity policy, management goals, and implementation status, please refer to page 35 of this annual report.</p> <p>A Board resolution was passed on November 3, 2021 for the Company's establishment of a "Digital Transformation Committee". Two-thirds are independent directors. Digital transformation is needed to strengthen corporate resilience, cope with the fast changing business environment, and create future competitiveness. Please refer to page 53 of this annual report for the composition, duty, and operating status of the Digital Transformation Committee.</p> <p>In accordance with the operational requirements, the Company has also set up an Engineering Supervision Committee, Food Safety Team as well as Sustainable Development and ESG Committee to carry out their duties on a regular basis.</p> <p>The Company passed the "Regulations for the Performance Evaluation of the Board and Remuneration Committee" on November 11, 2019, and has evaluated the overall annual operating performance of the Board since 2019. After establishing the Audit Committee on July 15, 2021, the said regulations were renamed "Regulations for the Performance Evaluation of the Board and Functional Committees".</p> <p>For information on the 2022 performance evaluation results of the Board of Directors, Remuneration Committee, Audit Committee, and Digital Transformation Committee, please refer to "Other matters to be recorded 3" in the "Operation of the Board of Directors" on page 47 of this annual report. The evaluation content was reported to the Board of Directors on January 6, 2023. Relevant information may be used as reference for director's compensation.</p> <p>In order to effectively maintain the independence of the certified public accountants and the audit quality, the Company's certified public accountants will be on job rotation regularly. The rotation principle is that a</p>	No major difference
			No major difference







Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
			No major difference
4. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance officer responsible for corporate governance-related matters (including but not limited to providing Directors and supervisors with required information to carry out their business, assisting Directors and supervisors with legal compliance, handling corporate registration and change of corporate registration-related matters, and preparing board and shareholders' meeting minutes)?	V		<p>certified public accountant cannot audit the Company for more than seven consecutive years, and may not return as the Company's certified public accountants for at least five years.</p> <p>The Company assesses the independence of its certified public accountants on a yearly basis. The latest results were reviewed by the Audit Committee and submitted to the Board of Directors for resolution on November 7, 2022. CPA Yu Feng Huang and CPA Ming Yuan Chung of Deloitte &amp; Touché both meet the Company's independence assessment criteria and are qualified to serve as certified public accountants of the Company. The accounting firm also issued a letter of declaration (Note 3).</p> <p>Starting in 2023, before appointing CPA, the Finance Division shall obtain the Audit Quality Indicators (AQIs) provided by the CPA and individually evaluate the audit quality, professionalism, quality control, independence, supervising and innovative capabilities in reference to the five major perspectives and 13 indicators (note 2) of the "Guideline for Audit Committee's interpretation on AQIs" and make an evaluation report for Audit Committee's review. After the Audit Committee submits the review result to the Board of Directors' approval, the CPA may be appointed. The independence and competency of the 2023 CPA have been approved by the 10th meeting of the 20th session of the Board of Directors on February 22, 2023.</p> <p>The Corporate Governance Team will evaluate the audit quality of the certified public accountants for Audit Committee and the Board of Directors to determine the appointment or the remuneration of the certified public accountants. If the AQI of the accounting firm does not comply with the Company's needs or in violation of the business ethics, the Company will consult other accounting firms for their service and quotation as a reference for a change.</p> <p>The appointment of chief financial officer (CFO) Nick Hung as the Company's chief corporate governance officer and the formation of a Corporate Governance team as the concurrent unit responsible for corporate governance were approved at the 3rd board meeting of the 19th-term Board of Directors on Nov 13, 2018. Nick Hung has over three year experience in financial, legal, and equity management-related fields, and served as the manager of the Company.</p> <p>The terms of reference of the Company's corporate governance unit are as follows:</p> <ul style="list-style-type: none"> <li>● To propose recommendations on corporate governance to the board or the general manager for reference and execution</li> <li>● To assist in matters related to the board or shareholders' meetings in accordance with the law</li> <li>● To prepare board or shareholders' meeting minutes</li> <li>● To assist Directors in completing registration and declarations in accordance with the provisions</li> <li>● To assist Directors in continuing education and compliance with statutory requirements</li> <li>● To assist in providing information required by Directors to carry out their duties</li> <li>● Other matters prescribed by the Articles of Incorporation and the law</li> </ul> <p>Business execution plan in 2022 is as follows:</p> <ol style="list-style-type: none"> <li>i. Assimilated the revision and update of relevant corporate governance provisions, and incorporate the comprehensive assessment of actual operating conditions of the Company, provide suggestions for improvement to the Board of Directors and the general manager, and assist in the implementation, in order to further improve corporate governance quality.</li> <li>ii. Assisted in 6 Board of Directors meetings and 1 general shareholders' meeting in accordance with the law; resolved issues regarding various legal and important requirements to Company operations; complete Board of Directors and the shareholders' meeting minutes.</li> <li>iii. Assisted Directors in completing the registration of changes and reporting of various information in accordance with the law.</li> <li>iv. Assisted Directors in arranging refresher courses based on the Company's industry characteristics</li> </ol>

Evaluation Item	YES NO		Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons																										
			Abstract Illustration																												
			<p>and Directors' academic background to facilitate performance of duties; newly added or revised laws and regulations were constantly updated for Directors' compliance.</p> <p>v. Purchase "Liability Insurance for Directors and Select Staff" for directors and managers, and report the result to the Board of Directors.</p> <p>vi. Provided the necessary information to help Directors fulfill their duties and make operational recommendations regarding Company operations.</p> <p>vii. Assisted in the completion of other matters related to corporate governance as stipulated in the Company's Articles of Incorporation and relevant laws.</p> <p>viii. Conduct internal performance evaluation of the Board and Directors and functional committees, conduct evaluation of the Board of Directors, Audit Committee, Remuneration Committee, Digital Transformation Committee, and individual members</p> <p>ix. Provided education, programs, and testing to ensure equality between shareholders, enabled investors to obtain company information, prevented unjust enrichment of insiders and Procedures for Handling Material Inside Information</p> <p>x. Assist in establishing "Procedures for Handling Material Inside Information," "Rules Governing Financial and Business Matters between the Corporation and its Affiliated Enterprises," amending important internal regulations such as "Articles of Incorporation," "Corporate Governance Best Practice Principles," "Reporting and Compliance with Management Procedures," "Rules of Procedure for Board of Directors Meetings," "Rules Governing the Scope of Powers of Independent Directors," "Rules for Performance Evaluation of Board of Directors and Functional Committees"; all these help the Board of Directors ensure good corporate governance.</p> <p>Below is the continuing education program for the corporate governance manager in 2022:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Organization</th> <th>Course name</th> <th>Study hours</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td>2022.08.10</td> <td>Taiwan Institute of Directors</td> <td>Taiwan industry amid global supply chain reformation</td> <td>3</td> <td></td> </tr> <tr> <td>2022.10.27 ~2022.10.28</td> <td>Accounting Research and Development Foundation</td> <td>Continuing Education Program for the Chief Accountant relevant to Issuers and the Stock Exchange – course in corporate governance.</td> <td>3</td> <td>12</td> </tr> <tr> <td>2022.11.07</td> <td>Taiwan Institute of Directors</td> <td>Continuing Education Program for the Chief Accountant relevant to Issuers and the Stock Exchange - course in ethics and legal liability.</td> <td>3</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Thinking outside the organizational framework - critical thinking for corporate transformation strategy</td> <td>3</td> <td></td> </tr> </tbody> </table>			Date	Organization	Course name	Study hours	Total hours	2022.08.10	Taiwan Institute of Directors	Taiwan industry amid global supply chain reformation	3		2022.10.27 ~2022.10.28	Accounting Research and Development Foundation	Continuing Education Program for the Chief Accountant relevant to Issuers and the Stock Exchange – course in corporate governance.	3	12	2022.11.07	Taiwan Institute of Directors	Continuing Education Program for the Chief Accountant relevant to Issuers and the Stock Exchange - course in ethics and legal liability.	3				Thinking outside the organizational framework - critical thinking for corporate transformation strategy	3		No major difference
Date	Organization	Course name	Study hours	Total hours																											
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5. Has the Company established a communication channel with interested parties (including but not limited to shareholders, employees, customers and suppliers), set up a page for these interested parties on the Company's website, and appropriately responded to them concerning important corporate social responsibility issues?	V		<p>The Company has set up a "page for interested parties", "Contact Us" mailbox, customer service hotline and internal "employee mailbox" on its website to provide shareholders and investors a communication channel, product inquiry services and ODM services, as well as report mailbox for suppliers and employees to communicate ESG issues. Concerns of interested parties are responded to by Company-assigned personnel.</p> <p>Important issues related to corporate social responsibility that stakeholders are concerned about are disclosed in the "page for interested parties" found on the Company's website. (<a href="https://www.grapeking.com.tw/stakeholder/62591ad4df427">https://www.grapeking.com.tw/stakeholder/62591ad4df427</a>).</p>			No major difference																									
6. Has the Company appointed a professional stock transfer	V		<p>The Company has appointed Capital Securities Corp. as its stock transfer agent to handle</p>			No major difference																									



Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
<p>agent to handle shareholder-related affairs?</p> <p>7. Information disclosure</p> <p>(1) Has the Company set up a website to disclose financial and corporate governance information?</p> <p>(2) Does the Company adopt other information disclosure methods (such as setting up an English website, appointing a dedicated person responsible for the collection and disclosure of company information, implementing the spokesman system, and posting the Company's corporate briefing process on the website, etc.)?</p> <p>(3) Has the Company publish and report annual financial report within two months after the end of a fiscal year, and publish and report financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?</p>	<p>YES</p> <p>V</p>	<p>shareholder-related affairs.</p> <p>(1) The Company discloses the relevant information on its website (<a href="https://www.grapeking.com.tw">https://www.grapeking.com.tw</a>).</p> <p>(2) The Company has created an English website. There is an assigned specialist to gather and disclose information, and convey the Company's latest and correct information to the public through press release or material information.</p> <p>The Company implements a spokesperson system with a designated representative to speak on behalf of the Company. The Chief Financial Officer serves as the Company's spokesperson.</p> <p>The briefing materials for the Company's juridical person conference are found under the investor's section of the Company's website. The juridical person conference's financial and business operation information are also found on the MOPS in accordance with Stock Exchange regulations.</p> <p>(3) The Company's 2022 consolidated and individual financial statements were made public and filed on February 23, 2023. The 2022 Q1, Q2, and Q3 financial statements and monthly revenue were also made public and filed on MOPS before the deadline, as well as on the Company's website. The English version of the quarterly financial statements was made public within 2 months after the Chinese version was filed to improve the efficiency of information disclosure.</p>	<p>No major difference</p>
<p>8. Does the Company have any other important information (including but not limited to employee rights, employee care, investor relations, supplier relationship, rights and interests of interested parties, training for Directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for Directors and supervisors, etc.)?</p>	<p>V</p>	<p>The summary is provided below:</p> <p>i. Employee rights and interests and employee care: The Company attaches great importance to the harmony of labor relations and the welfare and rights of employees. It continuously enhances the employee welfare system as well as working environment and its quality, including employee meals, health checks, travel and so on, so that employees can enjoy a complete welfare system and job security.</p> <p>ii. Investor relations: The Company continues to maintain a good relationship with its investors via disclosure of financial information, regular communication through various activities (e.g., corporate briefings, overseas roadshows and broker-organized investor conferences) to communicate and exchange opinions with investors. Investor feedback is also provided to the Company's executives and related units for improvement and adjustment.</p> <p>In the future, the Company will continue to strengthen and maintain good communication and relations with investors.</p> <p>We value the opinions of shareholders and promptly address issues. For example, during the shareholders' meeting in May of 2019, a shareholder raised a question regarding the loan amount's connection to the pledged and mortgaged assets in the financial statement. This concern, i.e., the pledged and mortgaged assets' connection to loan quotas from the bank indicated in the financial statement, was addressed and explained during the meeting. There was also a legal entity-shareholder who wanted to know more about the Company's ODM business; hence, the revenue generated from this business in both Taiwan and China was disclosed in the financial statement. We also addressed an issue raised by a legal entity-shareholder regarding investee information and provided additional explanations in the financial statement.</p> <p>More details were provided to further enhance transparency in the financial statement to help shareholders easily understand our operating status.</p> <p>iii. Supplier relationship: Food safety is the first priority of any procurement. Raw material suppliers must be in the Government's "Food Industry Registration System", and purchases are made with registered manufacturers only, with price as not the only consideration. Through the Company's supplier</p>	<p>No major difference</p>

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
		<p><u>Abstract Illustration</u></p> <p>appraisal process, in addition to reviewing relevant information of suppliers and conducting on-site inspections to assess suitability, these aspects are considered as the basis for follow-up control and consultation so as to establish a sustainable supply chain management mechanism.</p> <p>iv. Rights of interested parties: We provide a wide range of communication and information disclosure channels, maintain a good dialogue and communication with interested parties, and collect issues of concern from interested parties.</p> <p>There are 9 entities; namely, shareholders/investors, clients, suppliers, employees, government, communities and neighborhoods, media, the academe and non-profit organizations. Through every communication channel, we are able to gather feedback, understand expectations and needs, properly address stakeholders' concerns, and expose in ESG report every year and report to the Board of Directors at least once a year. There was communication with stakeholders in 2022 at the Board of Directors meeting on January 6, 2023.</p> <p>For stakeholder communication issues, the relevant website links are as follows: <a href="https://www.grapeking.com.tw/stakeholder/62591ad4df427">https://www.grapeking.com.tw/stakeholder/62591ad4df427</a></p> <p>For stakeholder engagement methods, issues of concern and our response, please refer to the ESG report. The relevant website links are as follows: <a href="https://www.grapeking.com.tw/csr/interactive/report">https://www.grapeking.com.tw/csr/interactive/report</a></p> <p>Training for Directors: This is carried out in accordance with TSE's "Key Points to Facilitate Training for Directors and Supervisors of TWSE/GTSM Listed Companies". Please refer to the appendix "Directors' Training in 2022" (Note 4).</p> <p>v. Implementation of risk management policies and risk measurement standards:</p> <p>(1) Risk Management Organizational Framework</p> <p>The Company's risk management organization regards the Board of Directors as the highest management and decision-making unit, which follows the operating strategy and industrial environment to ensure compliance with the risk management policy and procedures. The Sustainable Development and ESG Committee under the GM Office, the general manager gathers managers and employees from all levels to join and promote the implementation. It analyzes, prevents, and monitors the overall risk and material risk control issue, integrate various risk issues by Sustainable Development &amp; ESG Committee and reports to the Board of Directors at least once a year.</p> <pre> graph TD     Board[Board of Directors] --- GM[GM office]     GM --- Senior[Senior Managers in charge of Decision-Making]     GM --- ESG[Sustainable Development &amp; ESG Committee]   </pre>	No major difference





Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	<u>YES</u>	<u>NO</u>	
			No major difference
			<p>(2) Risk Management Policies and Procedures</p> <p>In order to emphasize risks management as corporate culture risks, the company setup the " Risk Management Policies and Procedures ", passed by the Board of Directors on Jan. 14, 2021. The procedure is jointly participated and executed by the Board of Directors and managers and workers at each level. The Company yearly recognizes, measure and control each material risk in business, as reference of operating strategy.</p> <p>First, we have to recognize potential risks in the operational process. In an effective control system, every risk factor is roughly categorized and defined as follows:</p> <p>Various major winds in the operational aspects, appropriate evaluations and control management possible aspects of the operation, consideration of the formulation of the management strategy.</p> <p>For this company, the function of the board of directors, the scale and the wind situation, the role of the board of auditors for 112 years, the supervision of the board of directors, the establishment of effective wind management mechanism, the strategy and the wind management process of the wind disaster, follow the cycle.</p> <p>(3) The Company has established a risk management mechanism to implement risk assessment, safety risk identification and risk management activity management, and has been verified through international safety risk inspection standards, and has obtained information security management (ISO 27001), environmental management (ISO 14001), occupational safety and health management (ISO 45001), energy management (ISO 50001), talent quality-management System (TTQS) and other certification certificates. In order to manage risks, first, we have to recognize potential risks in the operational process. In an effective control system, every risk factor is roughly categorized and defined as follows:</p> <p>A. Financial Risks: risks affecting corporate finance and business development due to domestic and international microeconomics as well as industry changes, i.e. interest rate, exchange rate and credit</p> <p>B. Operational Risks: risks affecting normal company operations, i.e. consumer rights, food safety, purchase, supply chain; trade secrets, patent and trademark rights, recruitment and staff training</p> <p>C. Strategic Risks: risks related to business strategies, i.e. statutory compliance, product development and launch, marketing, as well as advertising</p> <p>D. Hazardous Risks: workplace risks that could endanger the health and safety of employees and could result in business losses due to internal and external factors</p> <p>E. Risks relevant to Climate Change: Due to global warming, physical risks are caused by natural disasters such as floods and droughts, which cause business pressure and affect enterprises. Transition risks are caused by government regulations and international advocacy requirements to increase the use of renewable energy, e.g. cost increase as a result of Taipower fee increase. For details on actions coping with the climate change, including governance, strategy, climate risk and opportunity analysis, weather situation analysis, risk management, indicator and goal, etc., please refer to 1.3 Risk Management of the 2022 Grape King Biotechnology ESG Report</p> <p>F. Other Risks</p> <p>(4) Execution Status of Risk Evaluation Standards</p> <p>The execution of material operating policies, investment projects, endorsements and guarantees, capital loans, bank financing and other material proposals of the Company shall be evaluated and analyzed by the appropriate department summarized by the Corporate Governance Team, subject to Audit Committee and Board approval.</p> <p>The Audit Department will make annual audit plan according to the risk assessment result on the</p>

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
		<p style="text-align: center;"><u>Abstract Illustration</u></p> <p>Company overall operation process and submit for approval of Audit Committee and Board of Directors. The Audit Department reports to the Audit Committee and Board of Directors about audit result, audit suggestion, and follow-up improvement status on a quarterly basis, while summarizing internal control assessment result and audit result from each department. No major internal control negligence was found in 2022. The 2022 audit result was sent and approved by the Audit Committee and the Board of Directors. The Company can effectively control the implementation of each risk management and reduce non-compliance risk by having the Audit Committee and the Board of Directors to supervise the implementation of internal control assessment in each department and the audit plan executed by the Audit Department.</p> <p>(5)Operational Situation</p> <p>The Company has actively implemented a risk management system and reports to the Board of Directors regularly (at least once a year). Below is the 2022 operating status:</p> <p>A. The Sustainable Development and ESG Committee had reported to the Board of Directors on "risk management operating status" in the beginning of the year. It collected and organized the operating risk proposed by the senior decision-making manager (who does not hold a concurrent post at the internal audit unit) from every unit, which performs risk management to analyze and supervise the management, to ensure the risk control mechanism can be effectively implemented. The "2022 risk management operating status" has been reported to the Board of Directors on January 6, 2023, including identifying the Company's five major types of risks of the year (financial risk, operating risk, strategic risk, hazard risk, and climate change related risk), as well as the corresponding actions to the risks listed above.</p> <p>B. The internal Audit Department makes annual audit plan for the Company's overall operating process in accordance with the result of risk evaluation every year. It reports to the Audit Committee and the Board of Directors on findings, suggestions, and follow-up improvements from quarterly audits. No significant internal control negligence was found in each quarterly audit in 2022. The effective internal control evaluation result has been approved by the Audit Committee and the Board of Directors on February 22, 2023.</p> <p>C. The Company has included the operational safety regulations and rules related to hazard risk that inform the Company's significant risk and preventive emergency measure in the compulsory courses for the newcomers. A total of 97 people were trained in 2022 to strengthen the awareness and cognition of the Company's operating risk.</p> <p>vi. Implementation of customer policy: To provide consumers with real-time product consulting services, the Company has set up a customer service hotline and customer service email address to communicate with customers and safeguard their interests.</p> <p>vii. Purchase of liability insurance for Directors: The Company has purchased "Liability Insurance for Directors and Select Staff". The insurance amount is regularly reviewed and reported to the Board of Directors.</p> <p>viii. The Company established a succession plan for Directors and key management personnel with the operation status described below:</p> <p>A. Members of Board of Directors</p> <p>(A) Succession plan: Besides the requirements (i.e., knowledge, education and experience) for Company Directors, the proportion of independent Directors in the Board and the diversity of Directors in terms of gender, age distribution and expertise have to be considered. The most important part in the succession plan is to select Directors that meet the needs of the Company through careful evaluation and targeted search.</p> <p>(B) Operation status: When re-electing Directors in 2021, multiple aspects of the succession plan</p>	





Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
			<p>for Board of Directors were taken into account: Based on diversified skill sets, newly elected Directors Shou-Lin Kao has a strong background in business management, and Jing-Ning Chen has expertise in social studies.</p> <p>In terms of the proportion of independent Directors in the Board, the number increased from 3 to 4 after the re-election in 2021, accounting for 33%. The seats should be more than two as required by law, and the consecutive tenure of all independent Directors should be less than nine years.</p> <p>When selecting and nominating Directors, gender diversification is also a key consideration. After the re-election in 2021, there had been 5 female Directors in the Board, accounting for 42%.</p> <p>The Chairman is the most important person in the Board's succession plan. Director Andrew Tseng, who was elected Chairman of the Company in 2014, has made great contributions by increasing profitability, strengthening corporate governance, continuously improving research and development, and fulfilling corporate social responsibility.</p> <p>a. Increase profitability: The EPS of the Company increased from NT\$7.24 in 2014 to NT\$9.84 in 2022. The profitability increased dramatically.</p> <p>b. Strengthen corporate governance: To strengthen corporate governance, he formulated the Corporate Governance Best Practice Principles and formed a concurrent unit in charge of corporate governance and business integrity. As a result, the Company made it to the top 20% for the 3rd consecutive year in the 2019 corporate governance assessment, compared to its 81%–100% ranking in 2015. Moreover, entered the top 5% for 2 consecutive years in 2020 and 2021.</p> <p>c. Continuously improve research and development: The Company actively engages in industry-academic cooperation. It arranges visits to its factories and provides internship opportunities for students. Besides winning various awards, it has set a goal of building a green smart factory by establishing the Grape King Biotech Research Institute in Longtan Science Park for continuous research and development projects.</p> <p>d. Sustainable Development: To offer social assistance and support, the Company imposes product liability, strengthens environmental protection, creates a happy workplace, provides donations and support to society, and fulfills its corporate social responsibility. Since 2014, it has voluntarily issued a CSR report and actively obtains third party assurance services, making its ESG report (CSR report) more reliable.</p> <p>With more than 50 years of history since its establishment, the Company's product focus has undergone transformation several times, from pharmaceuticals and functional oral liquid drinks to health foods. The Company has encountered significant challenges in terms of operational reforms and R &amp; D innovations. As the soul of the Company, the Chairman must have extensive experience and in-depth understanding of the changes in the Company and the industry, so as to carry out an action plan and lead the long-term development of the Company. When former Chairman Shuizhao Tseng served for more than 40 years, he led the Company forward through its products, research and development. Chairman Shenglin Andrew Tseng has since taken over, holding office for 9 years. Based on the industrial characteristics of the Company stated above, the succession plan needs long-term and careful planning to maximize the overall efficiency of the Company.</p> <p>B. Key management team</p> <p>(A) Succession plan: The Company has conducted an annual review of potential successors for key management positions in the Company since 2016 and has made a successor</p>

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
			No major difference
		<p>development plan based on these review results.</p> <p>(B) Operating Status: The top management from each department has conducted a comprehensive review and planning of potential successors for key management positions from different departments since 2016. Those who hold important management positions need to have potential successors based on their functions. Those who have no successors should propose programs such as training for internal succession candidates or finding external talents to join the Company. There is also a need to evaluate succession candidates' eligibility for promotion to management level. These candidates are divided into those who can be promoted immediately and those who cannot be currently promoted. The latter ones are classified as either high promotion potential or future promotion potential. There is a need to evaluate the time required for promotion and to propose a development plan. Moreover, the actual status is evaluated every year. The current management personnel have completed the analysis of management competence assessment, and the analysis result is available for executives as a reference for training program. A potential talent training program was held since 2020. Personnel recommended from each department head will be trained on management competence cultivation and given project execution experience. Meanwhile, the managers from each division and human resources division have created a Management Division College project for developing a specific training map through job analysis. The project matches a personnel's capability with the Company's occupational competency standard to find "the right person for the right position". It also develops a specific training plan. With a systematic development of employee capabilities, it can help improve talent management in each division.</p> <p>The Company values and implements talent development and succession plan, which has been approved in the Board of Directors' meeting on January 6, 2023. The deputy general manager of R&amp;D Division, Jin-Chu Chen, is transferred to Longtian Branch as general manager. The vice director of R&amp;D Division, Sheng-Chieh Hsu, takes over the director of R&amp;D Division as the Company's R&amp;D director.</p> <p>The general manager of the Company also serves as the Chairman, responsible for facilitating internal communication and coordination within the Board to reduce conflicts, as well as improve the decision-making efficiency of the Company.</p> <p>As the soul of the Company, the Chairman must have extensive experience and in-depth understanding of the changes in the Company and the industry, so as to carry out an action plan and lead the long-term development of the Company. Chairman Shenglin Andrew Tseng has been in office for 9 years. Based on the industrial characteristics of the Company stated above, the succession plan needs long-term and careful planning to maximize the overall efficiency of the Company.</p> <p>Succession schedule: Before retirement, those who hold key management positions shall train their target successors according to the succession criteria specified in the Company's development plan, as well as potential successors who could take over their position when they retire. For the managers' appointment information, please refer to page 39 of this annual report.</p> <p>ix. Intellectual Property Management Scheme: Sustainable management is the business philosophy of the Company while technology, R&amp;D and innovation are key factors to achieving continuous growth. Intellectual property rights are considered</p>	





Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
			<p>one of the most important assets of the Company. Through a trade secret management system along with the application and acquisition of intellectual property rights such as patents and trademarks, the Company protects its operations and intellectual properties that have been accumulated for over 60 years to enhance business value. In addition, the Company respects the intellectual properties of others through review mechanisms of legal and operating units to minimize infringement risks.</p> <p>The Company reports relevant tasks to the Board of Directors regularly (at least once a year).</p> <p>The 2022 execution status is as follows:</p> <p>(1) The execution status relevant to the management of intellectual properties was recorded at the 9th meeting of the 20th Board of Directors on January 6, 2023.</p> <p>(2) Patent acquisition results are as follows:</p> <p>In 2022, the Company's total number of global patent applications was 27, of which Taiwan accounts for 12.</p> <p>(3) The trademark registration results are as follows:</p> <p>In 2022, the total number of global trademark applications was 40, of which Taiwan accounts for 28.</p> <p>(4) The trade secret protection results are as follows:</p> <p>The Company established the "Trade Secret Protection System". In addition to requiring clients and suppliers to sign an NDA (non-disclosure agreement) as well as employees to sign a "staff NDA", in line with updating the level of confidential documents in 2021, changes in the internal confidential seal were completed.</p> <p>x. Information Security Governance:</p> <p>In 2019, the Company set up the "Personal Data Committee" with the aim of implementing and managing internal information security and protecting the personal data of the Company, including verification of information security policies, a personal data protection scheme, allocation of responsibilities regarding information security and data protection, and coordination with regard to the implementation of every information security procedure, so that the personal data protection system will continue to operate smoothly.</p> <p>The Company reports to the Board of Directors regularly (at least once a year).</p> <p>The 2022 execution status is as follows:</p> <p>(1) Assign 3 information security personnel.</p> <p>(2) The execution of the information security system in 2022 was reported at the 9th meeting of the 20th Board of Directors on January 6, 2023.</p> <p>(3) Given the import plan of the ISMS system this year, we have obtained ISO27001 certification on May 27, 2020, which is valid from 2020/5/27 to 2023/5/27.</p> <p>(4) The total amount invested in certification, authorization, and equipment were 5.66 million dollars in 2022.</p> <p>(5) Conduct cyber security audit regularly.</p> <p>(6) Propaganda on Information security and three email social engineering drill to reinforce the employees' resilience and awareness on information security risk.</p> <p>(7) Perform one offsite backup and restore tests.</p> <p>(8) Hold one meetings of the Personal Data Committee.</p>

No major difference

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	
9.			<p>Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for items not yet improved.</p> <p>The Company ranked among the top 5% Corporate Governance Evaluation Awards of the Taiwan Stock Exchange Corporate Governance Center (all 913 listed companies in 2021) in 2022. The Company continues to strengthen corporate governance, including:</p> <ol style="list-style-type: none"> <li>(1) Refer to Audit Quality Indicators (AQIs) to evaluate the independence and competency of the CPA and submit for Audit Committee and the Board of Directors' approval.</li> <li>(2) Passed the establishment of Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises.</li> <li>(3) Set about to introduce the Taiwan Intellectual Property Management System (TIPS) in 2023.</li> <li>(4) In addition, the annual report refers to the 10th Corporate Governance Evaluation to reveal environmental protection and sustainable equipment related to green energy and promote gender equity, as well as implement status, countermeasures to the community risk, and specific situation of the Company supporting domestic cultural development.</li> </ol>

Note 1: 2023 Evaluation of the independence of the auditing CPA and Grape King Bio Ltd. (including subsidiaries)  
According to the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 "Integrity, Objectivity and Independence", the assessment is as follows:

Item	Independence Explanations	Compliance with independence	
		YES	NO
1	The Professional accountants should avoid and should not accept the engagement when they may have involved in any direct or material indirect interests which may impair their impartiality and independence.	V	
2	The audit or review of financial statements provides a wide range of potential report users for a high or medium but not absolute assurance. Except for maintaining substantial independence, maintaining formal independent for CPA is more important. Therefore, audit service team members, other joint certified public accountants, firms and firm-related companies must maintain independence for audit clients.	V	
3	A CPA shall serve the society with integrity and objective standpoint and keep independent spirit. (1) Integrity: A professional accountant shall be straightforward and honest in all professional and business relationships. (2) Objectivity: A professional accountant shall not be bias, conflict of interest or undue influence of others to override professional or business judgments. (3) Independence: A professional accountant shall have independence of mind and in appearance, to express an opinion on financial statements for the work of auditing or review.	V	
4	Independence is related with the integrity and objectivity. In the lack of or impairment of independence, the integrity and objectivity could also not be held.	V	
5	Independence may be impaired by self-interest, self-review, advocacy, familiarity and intimidation.	V	
6	The self-interest could impair on the accountant's independence. The self-interest threat means to acquire a financial interest in an audit client or has another conflict of interest created by other interests or relationships with the client. The self-interest may be as follows: (1) Having a direct or material indirect financial interest in the audit client. (2) Financing or guarantees with audit clients or their Directors or Supervisors. (3) Being concerned about the possibility of losing a significant client. (4) Having a significant close business relationship with an audit client. (5) Entering into a potential employment negotiations with the audit client. (6) Entering into a contingent fee arrangement relating to an audit engagement.	V	
7	Independence is influenced by self-review threat means that a professional accountant uses the reports or judgments that result from the non-assurance services as an important factor of concluding the result in auditing or reviewing the financial information; or a member of the audit team is an audit client's former Director or supervisor or is in a key position to influence the audit engagement. Examples of circumstances that create self-review threats for a professional accountant include: (1) A member of the assurance team being, or having been a Director, or supervisor of the client, or employed by the client in a position to exert significant influence over the subject matter of the engagement within the last two years. (2) The non-assurance service which performed by the firm for an audit client that would affects directly a material item of the assurance engagement.	V	
8	Independence is influenced by advocacy threat means that a member of the audit team acting as an advocate in support of the client's position that results in objectivity	V	



Item	Independence		Compliance with independence
	Explanations	YES	
	<p>challenged. Examples of circumstances that create advocacy threats for a professional accountant include:</p> <p>(1) The firm promoting or brokering shares in an audit client or other securities issued by the client.</p> <p>(2) Besides legally permitted businesses, a professional accountant acting as an advocate on behalf of an audit client in litigation or disputes with third parties.</p> <p>The effect on independence of familiarity means that a close relationship with an audit clients' Director, supervisor and manager will influence a CPA or a member of the audit engagement team to excessive concern or sympathize with the audit clients' interests. Examples of circumstances that create familiarity threats for a professional accountant include:</p> <p>(1) A member of the engagement team having a close or immediate family member who is a Director, supervisor, or officer of the client or an employee of the client who is in a position to exert significant influence over the subject matter of the engagement.</p> <p>(2) A former partner within one year of disassociating from the firm joins the client as a Director, supervisor, or officer or is in a key position to exert significant influence over the subject matter of the engagement.</p> <p>(3) A professional accountant accepting gifts or preferential treatment from the client, the client's Director, supervisor, officer or major stockholder.</p> <p>Independence is influenced by intimidation threat. The threat that a professional accountant will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the professional accountant. Examples of circumstance that create intimidation threats for a professional accountant include:</p> <p>(1) A member of the audit engagement team being informed by a partner of the firm agrees with an audit client's inappropriate accounting treatment.</p> <p>(2) A firm being pressured to reduce inappropriately fees, in order to compel the firm to reduce the extent of work performed.</p>		
9		V	
10		V	

In summary, Deloitte & Touché did not violate the independence.

Note2: Competency evaluation of the CPA's Audit Quality Indicators (AQIs) Competency Evaluation

Evaluated by five perspectives and 13 indicators on items as follow:

Professionalism	Quality Control	Independence	Supervision	Innovative Capability
<ul style="list-style-type: none"> <li>● Audit experience</li> <li>● Training hour</li> <li>● Turnover rate</li> <li>● Professional support</li> </ul>	<ul style="list-style-type: none"> <li>● Accountant workload</li> <li>● Audit commitment</li> <li>● Status on Engagement</li> <li>● Quality Control Review (EQCR)</li> <li>Quality support capability</li> </ul>	<ul style="list-style-type: none"> <li>● Non-audit service fee</li> <li>● Customer familiarity</li> </ul>	<ul style="list-style-type: none"> <li>● Deficiency and punishment of external audit</li> <li>● Issuance letter of improvement from competent authority.</li> </ul>	<ul style="list-style-type: none"> <li>● Innovative plan or initiative</li> </ul>

Summary of the evaluation result: professionalism is above the industry standard; quality control has met the industry standard; independence has met the Company's requirement; supervision is above the industry standard; innovative capability has met the Company's requirement.

Note 3: Statement by Deloitte & Touché Accounting Firm

Recipient: GRAPE KING BIO LTD

Subject:

Deloitte & Touché (“D&T” or “we” or “us” or “our”) is engaged to audit the financial statements for the year then ended December 31, 2023 of GRAPE KING BIO LTD (the “Company” or “you” or “your” or “its”). We hereby affirm that we are independent accountants with respect to the Company, within the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China, No.10 “Integrity, Objectivity and Independence”. All the members of our audit team have declared to comply with the following norms and no violation of independence.

Declaration:

1. All the members of our audit team and their spouse or dependents do not :
  - (1) Hold a direct or indirect material financial interest with the Company;
  - (2) Have a business relationship with the Company or its Director, supervisor and manager that may cause an effect on independence.
2. During the period of our audit engagement, all the members of our audit team and their spouse or dependents do not serve as the Company’s Director, supervisor, manager or is in a key position having a direct and significant influence over the audit work.
3. All the members of our audit team do not have close family members, such as spouse, lineal, immediate affinity and sibling, who are the Director, supervisor, manager of the Company.
4. All the members of our audit team do not accept material hospitality or gifts (the value does not exceed the normal social matters standard) from the Company or its Director, supervisor, manager, major shareholders.
5. All the members of our audit team have performed required self-examination procedures for independence and conflict of interest, and no violated or unsolved conditions haven been identified.

Yu Feng Huang

Deloitte & Touché  
Taipei, Taiwan  
Republic of China

October 5, 2022

Recipient: GRAPE KING BIO LTD

Subject:

Deloitte & Touché (“D&T” or “we” or “us” or “our”) is engaged to audit the financial statements for the year then ended December 31, 2023 of GRAPE KING BIO LTD (the “Company” or “you” or “your” or “its”). We hereby affirm that we are independent accountants with respect to the Company, within the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China, No.10 “Integrity, Objectivity and Independence”. All the members of our audit team have declared to comply with the following norms and no violation of independence.

Declaration:

1. All the members of our audit team and their spouse or dependents do not :

- (1) Hold a direct or indirect material financial interest with the Company;
- (2) Have a business relationship with the Company or its Director, supervisor and manager that may cause an effect on independence.

2. During the period of our audit engagement, all the members of our audit team and their spouse or dependents do not serve as the Company’s Director, supervisor, manager or is in a key position having a direct and significant influence over the audit work.

3. All the members of our audit team do not have close family members, such as spouse, lineal, immediate affinity and sibling, who are the Director, supervisor, manager of the Company.

4. All the members of our audit team do not accept material hospitality or gifts (the value does not exceed the normal social matters standard) from the Company or its Director, supervisor, manager, major shareholders.

5. All the members of our audit team have performed required self-examination procedures for independence and conflict of interest, and no violated or unsolved conditions haven been identified.

Ming Yuan Chung

Deloitte & Touché  
Taipei, Taiwan  
Republic of China

October 5, 2022

Note 4: Directors Training in 2022

Title	Name	Date	Organizer	Course	Hours
Chairman	Shenglin Andrew Tseng	2022.11.07	Taiwan Institute of Directors	Thinking outside the organizational framework - critical thinking for corporate transformation strategy	3
		2022.04.28	Taiwan Institute of Sustainable Energy	The 28th TCCS Council Meeting and CEO Lecture	2
		2022.03.28	Taiwan Institute of Sustainable Energy	The 27th CEO Lecture and Keynote Speech	2
Director	Mei-Ching Tseng	2022.11.07	Taiwan Institute of Directors	Thinking outside the organizational framework - critical thinking for corporate transformation strategy	3
		2022.08.10	Taiwan Institute of Directors	Taiwan industry amid global supply chain reformation	3
Director's corporate representative	Kao Shioh Ling	2022.10.18	Taiwan Institute of Directors	Discovering new growth drivers for the future and creating a new look for the brand	3
		2022.04.20	Taiwan Institute of Directors	New trend in business model – Subscription Model	3
Director	Yen-Shiang Huang	2022.11.07	Taiwan Institute of Directors	Thinking outside the organizational framework - critical thinking for corporate transformation strategy	3
Director	Jue-Jia Chang	2022.08.10	Taiwan Institute of Directors	Taiwan industry amid global supply chain reformation	3
		2022.11.07	Taiwan Institute of Directors	Thinking outside the organizational framework - critical thinking for corporate transformation strategy	3
Director	Chih-Sheng Chang	2022.08.10	Taiwan Institute of Directors	Taiwan industry amid global supply chain reformation	3
		2022.11.07	Taiwan Institute of Directors	Thinking outside the organizational framework - critical thinking for corporate transformation strategy	3
Director	Hsing-Chun Chen	2022.09.30	Taiwan Association Corporate Governance	International business variables and corporate governance	3
		2022.09.23	Taiwan Association Corporate Governance	Cyber big bang: The future of Metaverse development, cryptocurrency and blockchain	3
Director	Chih-Wei Lai	2022.11.07	Taiwan Institute of Directors	Thinking outside the organizational framework - critical thinking for corporate transformation strategy	3
		2022.08.10	Taiwan Institute of Directors	Taiwan industry amid global supply chain reformation	3
Independent Director	Feng-I Lin	2022.11.07	Taiwan Institute of Directors	Thinking outside the organizational framework - critical thinking for corporate transformation strategy	3
		2022.08.10	Taiwan Institute of Directors	Taiwan industry amid global supply chain reformation	3
Independent Director	Ching-Pu Chen	2022.11.07	Taiwan Institute of Directors	Thinking outside the organizational framework - critical thinking for corporate transformation strategy	3
		2022.08.10	Taiwan Institute of Directors	Taiwan industry amid global supply chain reformation	3
Independent Director	I-Fan Miao	2022.11.07	Taiwan Institute of Directors	Thinking outside the organizational framework - critical thinking for corporate transformation strategy	3
		2022.08.10	Taiwan Institute of Directors	Taiwan industry amid global supply chain reformation	3
Independent Director	Chen Jing Ning	2022.11.22	Taiwan Association Corporate Governance	Corporate Social Responsibility – a talk on corporate governance in relation to human rights policy	3
		2022.11.07	Taiwan Institute of Directors	Thinking outside the organizational framework - critical thinking for corporate transformation strategy	3
Independent Director	Chen Jing Ning	2022.11.07	TWSE, Geogeson and Quantum International Corp.	Discussion on independent directors from an international perspective and the 2022 shareholders' meeting	1
		2022.03.10	TWSE, Geogeson and Quantum International Corp.	Discussion on independent directors from an international perspective and the 2022 shareholders' meeting	1





(5) If the Company has a Remuneration Committee, please disclose its composition, duties and operation:

i. Remuneration Committee Member Information

Identity	Criteria Name	Professional qualification and experience (Note 1)	Independence Criteria (Note 2)	No. of other listed companies working as remuneration committee member for
Independent Director	Feng-I Lin	<ul style="list-style-type: none"> <li>● Education:               <ol style="list-style-type: none"> <li>1. Master of Economics, Nankai University</li> <li>2. Bachelor of Accountancy, Soochow University</li> </ol> </li> <li>● Experience and expertise:               <ul style="list-style-type: none"> <li>Want Want Group Deputy General Manager with background in finance and accounting.</li> </ul> </li> </ul>	Independent directors have met the qualifications specified in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act two years before the election and during their tenure. Also, the independent directors have the right to fully participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, and to perform relevant duties.	2
Independent Director	Ching-Pu Chen	<ul style="list-style-type: none"> <li>● Education:               <ol style="list-style-type: none"> <li>1. PhD in Decision Sciences, Harvard University</li> <li>2. Master of Engineering Science, Harvard University</li> <li>3. Bachelor of Electrical Engineering, math, Virginia Military Institute</li> </ol> </li> <li>● Experience and expertise:               <ul style="list-style-type: none"> <li>Current professor at Yuan Ze University, specializing in decision sciences, police analysis and planning, crisis decision-making and management, as well as leadership and change</li> </ul> </li> </ul>		0
Independent Director	I-Fan Miao	<ul style="list-style-type: none"> <li>● Education:               <ul style="list-style-type: none"> <li>Master of Laws, Peking University</li> </ul> </li> <li>● Experience and expertise:               <ul style="list-style-type: none"> <li>Currently a practicing lawyer who assists in communication between Consumer Foundation and consumers</li> </ul> </li> </ul>		0

Note 1: For professional qualification and work experience of the Remuneration Committee members, please refer to "professional qualification and work experience" in the "Disclosure of the Directors' Professional Qualification and the Independence of the Independent Directors" on page 26-35 of this report.

Note 2: Independence Criteria: specify if the Remuneration Committee members meet the independence criteria, including but not limited to the member himself/herself, his/her spouse, relative within the second degree of kinship who is not a Director, supervisor, or employee of the Company or its affiliates; the number of shareholding and ratio of members themselves, their spouse, relative within the second degree of kinship (or other persons); if the member himself/herself is a Director, supervisor, or employee of an enterprise related to the Company (refer to Article 6, Paragraph 1, Subparagraph 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange; remuneration received in the past two years for providing business, legal, financial, and accounting services to the Company or its affiliates.

ii. Remuneration Committee Operation Status

(i) The Company's Remuneration Committee is composed of three people.

(ii) Current member's tenure: The tenure of office of the 5th term Remuneration Committee is between August 2, 2021 to July 14, 2024. In 2022 the Remuneration Committee held three meetings (A), and the member qualifications and attendance are as follows:

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Feng-I Lin	3	0	100	Convener of this committee
Independent Director	Ching-Pu Chen	3	0	100	
Independent Director	I-Fan Miao	3	0	100	

Other matters to be recorded:

A. If the Board of Directors did not adopt or amend the suggestion of the Remuneration Committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the Company's handling of the suggestion of the Remuneration Committee (if the remuneration passed by the board is better than the suggestion of the Remuneration Committee, please state the difference and the reasons): Nil.

B. If any member had objections or reservations about the resolution of the Remuneration Committee and there is a record or a written statement, please indicate the date and session number of the Remuneration Committee meeting, the contents of the motion, all the opinions of the members and how the opinions were handled: Nil.

C. The functions of the Remuneration Committee are to professionally and objectively evaluate the policies and systems for compensation of the Directors and managerial officers of the Company, meetings of the Remuneration Committee shall be held at least two times a year and submit recommendations to the Board of Directors for its reference in decision making.

(A) Operational Responsibilities of the Remuneration Committee:

The Committee operation is subject to the "Remuneration Committee Charters" of the Company. It shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion.

- a. Periodically reviewing the Remuneration Committee Charter and making recommendations for amendments.
- b. Establishing and periodically reviewing the performance assessment standards, and the policies, systems, standards, and structure for the compensation of the Directors and managerial officers.
- c. Periodically assessing and setting their individual compensation for the Directors and managerial officers.

(B) The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

- a. Ensuring that the compensation arrangements of the Company comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
- b. Performance assessments and compensation levels of Directors and managerial officers shall take into account the general pay levels in the industry, also to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure.
- c. There shall be no incentive for the Directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.
- d. For Directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
- e. No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

D. Information on the cycle and period, scope, method and content of the Remuneration Committee's self-evaluation: please refer to "Other matters to be recorded 3" in the "Operation of the Board of Directors" on page 47 of this annual report.

E. Matters for Discussion and Resolution of Remuneration Committee, and Company's handling of member opinions:

Date	Matters for Discussion	Resolution and Opinion of the Company
2022.01.14	Motion 1: Election of the convener and meeting chair for the 5th session of the Remuneration Committee meeting.  Motion 2: Set up the managers' year-end bonus for 2021	Motion 1: Feng-I Lin was elected by all members present.  Motion 2: (The stakeholders (General Manager Shenglin Andrew Tseng and CFO Nick Hung) were requested not to be present when the decision was made.)  1. The case was passed and the proposal was submitted to the Board of Directors for resolution.





	Motion 3: The "2021 Annual Excessive Profit Bonus Scheme" for Shanghai Grape King Enterprises Co., Ltd.	Motion 3: (There is no distribution of bonus payments based on excess profits this year.) (The stakeholder (General Manager Shenglin Andrew Tseng) was requested not to be present when the decision was made.) The case was passed and the proposal was submitted to the Board of Directors for resolution.
2022.02.23	Motion 1: Issues on remuneration of employees and distribution of remuneration of Directors of the Company in 2021.	Motion 1: The case was passed and the proposal was submitted to the Board of Directors for resolution.
2022.05.11	Motion 1: The Company's 2021 (paid in 2022) managers' compensation.	Motion 1: (The stakeholders (General Manager Shenglin Andrew Tseng and CFO Nick Hung) were requested not to be present when the decision was made.) The case was passed and the proposal was submitted to the Board of Directors for resolution.

Notes:

- I. If any Remuneration Committee member leaves the Company before the end of the year , please state in the remarks column the departure date, the actual attendance rate (%) calculated based on the number of Remuneration Committee meetings and the number of actual meetings attended during the tenure.
- II. If there is a Remuneration Committee member election before the end of the year, please list both the new and the old members, and indicate in the remarks column whether the member is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of Remuneration Committee meetings held and the actual number of meetings attended during the tenure.

(6) Sustainable Development Implementation Status, Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:

Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
1. Has the Company set up a sustainable development governance structure and a dedicated (or concurrent) sustainable development promotion unit which is authorized by the Board of Directors to be managed by high-level management and supervised by the Board of Directors?	V	<p>Summary</p> <p>1. The Company had passed the "Corporate Social Responsibility Best Practice Principles of Grape King Bio Ltd." and implemented Corporate Social Responsibility-related initiatives in 2015. To strengthen its corporate social responsibility efforts, its Corporate Social Responsibility committee underwent restructuring in 2020. The Committee is under the General Manager's Office. The chairman/general manager holds the highest position in the Company. The ESG framework is classified into 16 major issues according to importance of the nature of operation. It is also connected to the competency of each division. A senior manager serves as a leading authority responsible for setting short, medium, and long-term goals with respect to each major issue, as well as overseeing operations and cross-division cooperation, and reporting the implementation status quarterly.</p> <p>The Company actively carries out and promotes environmental, social, and corporate governance which includes sustainable development in its annual operational goals. This helps instill a spirit of sustainable development throughout the organization.</p> <p>2. After the amendment was approved at the 3rd meeting of the 20th Board of Directors on January 14, 2022, it was renamed "Sustainable Development &amp; ESG Committee" with the purpose of achieving the Company's sustainable development goals; namely, corporate governance, product responsibility, R&amp;D, happy workplace, prosperous society and a green environment.</p> <p>Main tasks are as follows:</p> <ul style="list-style-type: none"> <li>- Create and revise the Sustainable Development Report</li> <li>- Plan and implement ESG annual plan</li> </ul> <p>3. The "Sustainable Development and ESG Committee" regularly reviews and reports the implementation results and improvements, and holds a meeting once a year to follow up on management indicators and implementation status. It also reports to the Board of Directors the implementation result of sustainable development and future plans. Two meetings were held in 2022 with the following motions: (1) international trend on carbon reduction and SBTi practical analysis; (2) stakeholder analysis; (3) Analysis on TCFD questionnaires and benchmark comparison; (4) Practical analysis on Grape King Bio's SBTi goal setting; (5) Report on implementation status on the annual goal from teams in charge of each issue. The implementation status of sustainable development promotion in 2022 was reported to the Board of Directors on January 6, 2023. The 6 major sustainable development topics were formulated based on corporate culture with technology, health, and hope in mind.</p> <p>4. The Board of Directors reviews the sustainable development report from the committee, along with the implementation content and direction, and supervises the operational team for any adjustments to be made as deemed necessary. For more details, please refer to the ESG Management Structure in the Preface section of the 2022 ESG Report.</p>	No major difference
2. Has the Company conducted risk evaluation for the environmental, social and corporate governance issues related to the operations of the Company based on the materiality principle, and formulated related risk management policies or strategies?(Note 2)	V	<p>The information disclosed by the Company includes the Group's sustainable development performance between January and December in 2022. Risk assessment boundary includes the Company and the subsidiaries in Taiwan regions. The Company evaluates environmental, social and corporate governance issues related to operations based on material principles and communicates the results with internal and external stakeholders. The main risks after evaluation are classified into five aspects: climate change-related risks, operational risks, hazardous risks, financial risks, and strategic risks. The Company determines material ESG issues based on the evaluation listed above, and formulates risk management policies that can effectively identify, measure, evaluate, supervise, and control. It also adopts specific action plans to reduce the impact of relevant risks. .</p> <p>After risk evaluation, relevant risk management policies or strategies are formulated as follows:</p>	No major difference



Promoted Item	Implementation Status (Note 1)		Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons									
	Yes	No											
			<table border="1"> <thead> <tr> <th>Material issue</th> <th>Risk evaluation aspect</th> <th>Risk management policies or strategies</th> </tr> </thead> <tbody> <tr> <td>Environmental</td> <td>Risks relevant to climate change</td> <td> <p><b>Climate change and environmental risk:</b> In response to low rainfall due to climate change, the Company complies with the government's water conservation policies and continues to implement relevant water recycling procedures, i.e. RO concentrate wastewater recycling, optimization of the cooling tower's water replenishment process, etc.</p> <p>The Pingzhen headquarters passed the ISO 14001 environmental management system certification and continues to promote various environmental protection measures using the PDCA operating method. The ISO 50001 energy management system was introduced in 2019, along with the international renewable organization RE 100. The Company promises to utilize 100% renewable energy by 2035. Through green power purchased in 2022, the Company has reached the goal of 1% renewable energy usage. At the same time, the ISO 14064 greenhouse gas inventory system was introduced. The Company plans to obtain ISO 14064 greenhouse gas inventory system certification and commit to the Science Based Target initiative (SBTi) in 2023. It also aims to complete scientific carbon reduction goal setting in 2024.</p> <p><b>Talent development and employee welfare:</b> In terms of talent management, the Company prioritizes character and competency, and creates a two-way communication that matches suitable talents with the right positions. It also sets up channels to get employee feedback. In addition, it actively improves and enhances safety measures in the workplace, so as to mitigate employee health and safety risks.</p> <p>The Company has conducted risk evaluation and identification in connection with occupational safety since 2017, and has designed occupational safety countermeasures in response to items identified as high risk. Based on the risk evaluation result, it has set up a goal management system for high risk environmental and occupational safety factors. The Company has established an Occupational Safety and Health Committee and hired full-time registered nurses. It holds health seminars regularly and has obtained ISO/CNS 45001 occupational safety and health management system certifications. It organizes sports activities and maintains a safe and healthy workplace for employees while reducing possible occupational safety risks.</p> <p>(1) <b>Financial risk:</b> Ensure effective response that impacts interest rates, exchange rates and credit risks.</p> <p>(2-1) <b>Supply chain risk:</b> Continue to manage customers and suppliers, regularly conduct supplier evaluation; on-site evaluation and monitoring of supply quality can help maintain a smooth supply chain and reduce supply chain risk.</p> <p>(2-2) <b>Food safety risk:</b> In compliance with relevant regulations on food safety, establish supplier and manufacturer's profile and quality history to keep track of information about various materials used in products, and maintain</p> </td> </tr> <tr> <td>Social</td> <td>Operational risk Hazardous risk</td> <td> <p>(1) Financial risk</p> <p>(2) Operational risk</p> </td> </tr> </tbody> </table>	Material issue	Risk evaluation aspect	Risk management policies or strategies	Environmental	Risks relevant to climate change	<p><b>Climate change and environmental risk:</b> In response to low rainfall due to climate change, the Company complies with the government's water conservation policies and continues to implement relevant water recycling procedures, i.e. RO concentrate wastewater recycling, optimization of the cooling tower's water replenishment process, etc.</p> <p>The Pingzhen headquarters passed the ISO 14001 environmental management system certification and continues to promote various environmental protection measures using the PDCA operating method. 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It organizes sports activities and maintains a safe and healthy workplace for employees while reducing possible occupational safety risks.</p> <p>(1) <b>Financial risk:</b> Ensure effective response that impacts interest rates, exchange rates and credit risks.</p> <p>(2-1) <b>Supply chain risk:</b> Continue to manage customers and suppliers, regularly conduct supplier evaluation; on-site evaluation and monitoring of supply quality can help maintain a smooth supply chain and reduce supply chain risk.</p> <p>(2-2) <b>Food safety risk:</b> In compliance with relevant regulations on food safety, establish supplier and manufacturer's profile and quality history to keep track of information about various materials used in products, and maintain</p>	Social	Operational risk Hazardous risk	<p>(1) Financial risk</p> <p>(2) Operational risk</p>	No major difference
Material issue	Risk evaluation aspect	Risk management policies or strategies											
Environmental	Risks relevant to climate change	<p><b>Climate change and environmental risk:</b> In response to low rainfall due to climate change, the Company complies with the government's water conservation policies and continues to implement relevant water recycling procedures, i.e. RO concentrate wastewater recycling, optimization of the cooling tower's water replenishment process, etc.</p> <p>The Pingzhen headquarters passed the ISO 14001 environmental management system certification and continues to promote various environmental protection measures using the PDCA operating method. The ISO 50001 energy management system was introduced in 2019, along with the international renewable organization RE 100. The Company promises to utilize 100% renewable energy by 2035. Through green power purchased in 2022, the Company has reached the goal of 1% renewable energy usage. At the same time, the ISO 14064 greenhouse gas inventory system was introduced. The Company plans to obtain ISO 14064 greenhouse gas inventory system certification and commit to the Science Based Target initiative (SBTi) in 2023. It also aims to complete scientific carbon reduction goal setting in 2024.</p> <p><b>Talent development and employee welfare:</b> In terms of talent management, the Company prioritizes character and competency, and creates a two-way communication that matches suitable talents with the right positions. It also sets up channels to get employee feedback. In addition, it actively improves and enhances safety measures in the workplace, so as to mitigate employee health and safety risks.</p> <p>The Company has conducted risk evaluation and identification in connection with occupational safety since 2017, and has designed occupational safety countermeasures in response to items identified as high risk. Based on the risk evaluation result, it has set up a goal management system for high risk environmental and occupational safety factors. The Company has established an Occupational Safety and Health Committee and hired full-time registered nurses. It holds health seminars regularly and has obtained ISO/CNS 45001 occupational safety and health management system certifications. It organizes sports activities and maintains a safe and healthy workplace for employees while reducing possible occupational safety risks.</p> <p>(1) <b>Financial risk:</b> Ensure effective response that impacts interest rates, exchange rates and credit risks.</p> <p>(2-1) <b>Supply chain risk:</b> Continue to manage customers and suppliers, regularly conduct supplier evaluation; on-site evaluation and monitoring of supply quality can help maintain a smooth supply chain and reduce supply chain risk.</p> <p>(2-2) <b>Food safety risk:</b> In compliance with relevant regulations on food safety, establish supplier and manufacturer's profile and quality history to keep track of information about various materials used in products, and maintain</p>											
Social	Operational risk Hazardous risk	<p>(1) Financial risk</p> <p>(2) Operational risk</p>											

Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
		<p>high internal quality management to ensure quality and safety. At the same time, increase employee awareness of food safety culture and conduct a comprehensive campaign, e.g., post-knowledge and slogans about food safety in the plant publish food safety quarterly magazines to promote news and events about food safety.</p> <p>(2-3) <b>Trade secrets, patent and trademark rights:</b> Protect trade secrets, patent and trademark rights to strengthen core technologies and ensure brand advantage.</p> <p>(3) <b>Product development and release:</b> Analyze and evaluate changes in market demand and implement various countermeasures. Internally, establish a product parameter database. The lab would conduct competency tests of products in batches before formal massive production. Externally, conduct a full market survey before product development. Monitor the market after product launching. Get to know the changing market trends and use them in the development of future products.</p>	
		<p>(3) Strategic risk</p>	
		<p>For the 2022 risk management operations status, please refer to 7. Other important information to help understand the implementation of corporate social responsibility programs: For more details, please refer to 1.3 Risk Management in CH1 Ethics Governance of the 2022 ESG Report.</p>	
<p>3. Environmental issues</p> <p>(1) Has the Company established an appropriate environmental management system according to its industrial characteristics?</p>	V	<p>(1) The Company has taken the following environmental management-related actions in 2022:</p> <p>i. Compliance with the regulatory obligations: Make every effort to promote environmental protection policies, strictly abide by relevant environmental protection laws and regulations, comply with regulatory obligations, take the initiative to regularly identify environmental protection laws and regulations, and pay attention to environmental protection issues and development trends. Regularly perform preventive maintenance of environmental protection facilities in each plant to ensure that various environmental protection systems maintain normal operation.</p> <p>ii. Risk reduction: (1) Zhongji Factory laid the groundwork for the second sewage treatment plant to improve wastewater processing. (2) Pingzhen Factory is equipped with a new screen enclosure to effectively filter and improve wastewater treatment efficiency, thus ensuring effluent quality parameters.</p> <p>iii. Implementation of environmental protection: Evaluate and make plans to reduce various wastes and improve recycling programs; add gas treatment equipment in the process area of Grape King's Biotech Research Institute to improve indoor air quality.</p> <p>iv. Friendly workplace environment: Introduce green procurement, actively promote and advocate the use of environmental protection labels, energy saving labels, water-saving labels, etc.; add mufflers onto the process equipment at Zhongji Plant to continuously protect the environment.</p> <p>v. Supporting green energy: Proactively join RE100 and commit to using 100% renewable energy by 2035; engaged in a 2-year contract of green power purchase with a renewable-energy-based electricity retailing enterprise in 2021. Green power (solar energy) has been transferred to Pingzhen headquarters since June, 2022. The total transferred volume until November 30, 2022 was 300,000 kW, which reached the goal of 1% renewable energy usage. Longtan Plant spent 8 million dollars to install a 180kW solar power system and has been operational since November 10, 2022. It was estimated to generate 183,960kW electricity in the first year, which can reduce carbon dioxide by 92,347kg. As of December 31, 2022, the accumulated electricity generated was 11,183kW, which can reduce carbon dioxide by 5,915kg.</p>	No major difference



Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
<p>(2) Is the Company committed to improving the efficiency in the use of resources, and the use of recycled materials with low environmental impact?</p> <p>(3) Is the Company aware of the impact of climate change on its operations, and has it implemented greenhouse gas checking and developed a strategy for reduction of energy consumption and carbon emission as well as greenhouse gas reduction?</p>	<p>Yes</p>	<p>No</p>	<p>vi. Improving energy efficiency: Zhongli Factory has improved the efficiency of the liquid line 200P brain system and replaced the old system that has high energy consumption. The start-stop operation schedule of the vertical air handling unit in the manufacturing and packaging section of Pingzhen Plant was adjusted. Similarly, the start-stop operation schedule of the vertical air handling unit in the changing room of the production line at Longtan Plant was also adjusted, reducing windmill energy consumption, which is a total of 9 energy-saving measures.</p> <p>vii. Encouraging active participation: Implement an environmental management system by keeping all employees well-informed, actively promote energy conservation and carbon reduction activities in the workplace, and continue street cleaning activities at Zhongli Plant as part of the organization's corporate social responsibility initiatives.</p> <p>viii. Continuous cycle improvement: With reference to the core value of ISO 14001 environmental management system, adopt PDCA management mode to continuously improve the risks and opportunities of the environmental management system to ensure that sustainable operation is achievable in an environmentally friendly environment.</p> <p>ix. Obtained management system certifications:                      ISO 50001 energy management system certification (Valid from October 8, 2022 until October 8, 2025)                      ISO 14001 environmental management system certification (Valid from Sep. 11, 2020 until Sep. 11, 2023)                      For more details, please refer to Environmental Management in CH6 Green Environment of the 2022 ESG Report.</p> <p>(2)</p> <p>i. Maintaining ISO14001 management system: By implementing an environmental management system, there is continuous improvement, optimization and review of various environmental protection management operations.</p> <p>ii. Reusing waste materials: Reuse food sludge as a source of organic fertilizer to improve the reuse rate of waste and reduce environmental burden.</p> <p>iii. Recycling and reclaiming water: The cold and heat exchange discharged by the process equipment is recycled to improve the recycle rate of reclaimed water.</p> <p>iv. Adopt aluminum can design: Grape King Bio PowerBOMB energy drink uses aluminum cans as packaging because aluminum is 100% recyclable. It can be recycled and reproduced many times. In the future, the Company will adopt light packaging as primary container to reduce environmental impact from resource extraction.</p> <p>v. Adopt a resource that is environmentally-friendly: use green paper pulp that is 100% certified by the Forest Stewardship Council (FSC) for packaging to ensure that the source of paper material is legit and properly managed to prevent deforestation.</p> <p>For more details, please refer to 3.3.2 Design of Green Product Package in CH3 R&amp;D Innovation and Environmental Management in CH6 Green Environment of 2022 ESG Report.</p> <p>(3) The influence and impact of climate change on the global economy, society and environment has become more significant. At the same time, the Accord de Paris which provides clearly defined carbon reduction goals was approved by the United Nations in 2015. The issue of climate change has drawn public attention. Hence, the Company has made green operations, environmental protection and sustainable development as part of its social responsibilities and commitment. It has promoted environmental protection initiatives and clearly defined its obligations to implement environmental protection through environmental, safety and health management policies. It also actively implements ISO50001 energy management system and takes the issue of climate change into account in its risk management framework, which is regularly evaluated and reviewed by relevant departments. It is expected to respond and handle risk incidents in real time to reduce impact.</p> <p>In December 2021, the Company was the first company in the Taiwan Health Care industry to successfully sign up as a</p>

Promoted Item	Implementation Status (Note 1)		Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons															
	Yes	No																	
			<p>Task Force on Climate-related Financial Disclosures, TCFD) supporter.</p> <p>At present, the Company uses energy sources such as natural gas and electricity that can cause climate change. To mitigate climate change and potential risks of certain energy sources, the following control mechanisms have been developed:</p> <table border="1"> <thead> <tr> <th>Identification of climate change risk</th> <th>Risk or impact</th> <th>Response measures and related actions taken in the year</th> </tr> </thead> <tbody> <tr> <td>Global Warming</td> <td>The combustion efficiency of boilers is not ideal. There is air pollution (i.e., black smoke, carbon monoxide and hydrocarbon) as well as higher gas and fuel costs.</td> <td>In addition to regularly monitoring gas and water consumption, boiler operators in 2020 ensured an efficiency value above 90% weekly in accordance with Bureau of Energy regulations by utilizing flue gas analyzers to estimate the level of boiler oxygen, as well as attaining combustion efficiency and other data. They also conducted random site visits to ensure normal operation of every facility in the engine room.</td> </tr> <tr> <td>Climate change leads to heavy storm events and grid outages</td> <td>Unexpected outages occur at TaiPower grid due to weather disturbances that cause operational interruptions and require emergency recovery manpower. This may result in manpower consumption.</td> <td>The power source of TaiPower utilizes an underground cable design to protect the power transmission and distribution network of electric poles from weather disturbances. 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<p>(4) Has the Company calculated the greenhouse gas (GHG) emissions, water consumption and total weight of waste for the past two years, and formulated strategies for GHG emission reduction, water conservation and management of other forms of waste?</p>			<p>2022. The accumulated carbon reduction was 5,100kg. The water-saving ratio increased by 2.7% compared to that in 2021.</p> <p>For more details, please refer to 1.3 Risk Management in CH1 Ethics Governance of the 2022 ESG Report.</p> <p>(4) The Company first introduced ISO14064-1:2018 external inventory in 2022. The organizational boundary includes Taipei Sales Office, Pingzhen Plant, Zhongli Plant, and Longtan Science Park Branch, Shinsheng Distribution Center, telemarketing center, Pro-Partner Co., Ltd., and Rivershine Ltd.</p> <p>The carbon emissions in the past two years are as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Scope1 : Direct emission volume (metric ton).</td> <td>3,862.04</td> <td>5,633.72</td> </tr> <tr> <td>Scope2 : Indirect emission volume (metric ton).</td> <td>14,829.39</td> <td>16,544.05</td> </tr> <tr> <td>Greenhouse gas total emission (metric ton) (note 1).</td> <td>18,691.43</td> <td>22,177.77</td> </tr> <tr> <td>Unit product emission (kgCO2e/kg).</td> <td>3.47</td> <td>2.83</td> </tr> </tbody> </table> <p>Covering scope: The GHG emission of 2022 included Pingzhen Plant, Zhongli Plant, Longtan Plant, Pro-Partner Ltd, Rivershine Ltd, Shinsheng distribution center, Taipei Sales Office and Telemarketing Center were newly added in 2022.</p> <p>Explanation: The scope of GHG emission included, diesel, gasoline, natural gas, CO2 fire extinguishers and process power purchase.</p> <p>Note 1 : The main GHG emissions of the Company included three categories; namely, CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O.</p> <p>Note 2 : Inventory and verification were carried out based on operational control. The Global Warming Potential (GWP) value came from the 6th evaluation report of the IPCC (2013). All data were verified and recorded in the Deloitte's auditor report on page 141 and 113 of the 2022 and 2021 sustainability reports, including greenhouse gas emissions (scope 1 and scope 2). Please refer to page 142 and 114 of the 2022 and 2021 sustainability reports.</p> <p>Data on water source and waste management in the past two years are as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Water consumption (million liters).</td> <td>280.43</td> <td>338.11</td> </tr> <tr> <td>Waste water discharge volume (million liters).</td> <td>215.84</td> <td>260.03</td> </tr> </tbody> </table>	Item	2021	2022	Scope1 : Direct emission volume (metric ton).	3,862.04	5,633.72	Scope2 : Indirect emission volume (metric ton).	14,829.39	16,544.05	Greenhouse gas total emission (metric ton) (note 1).	18,691.43	22,177.77	Unit product emission (kgCO2e/kg).	3.47	2.83	Item	2021	2022	Water consumption (million liters).	280.43	338.11	Waste water discharge volume (million liters).	215.84	260.03
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	Yes	No	
			No major difference
		<p><b>Summary</b></p> <p>510kW, accounting for 0.5% of the total power consumption of the Center, and CO2 emissions were reduced by about 260 kg CO2e/year. The Solar Photovoltaic System at the Longtan Plant was completed on November 10, 2022 to generate electricity for self-consumption. The capacity was 180KW. The electricity generated in the first year was estimated to be 183,960kW, which correspond to 92,347kg of carbon reduction. The Company has signed a 2-year contract to purchase 0.9 million kilowatt-hours of green power (solar energy) from a renewable-energy-based electricity retailing enterprise. Its Pingzhen headquarters was expected to switch to green power in June, 2022. As of November 30, the transferred volume has reached the 300,000 kW target at the first stage.</p> <p>(iv) Received certification of ISO 50001 (energy management system) on October 8, 2019. (Validation period: October 8, 2022~ October 8, 2025).</p> <p><b>Water resources management:</b></p> <p>(i) Promotion measure: The Company continues to evaluate the introduction of water-saving equipment, expand waste water treatment, and increase water recycling rate at the same time to effectively reduce water usage and waste water disposal. Preventive maintenance is necessary to ensure that the wastewater equipment is functioning properly.</p> <p>(ii) Reduced target: To increase the efficiency of water resources, RO concentrate wastewater recycling system was added into the Pingzhen Plant, Zhongli Plant, and Longtan Plant with an estimated 5,000T of recycled water annually.</p> <p>(iii) Achievement: To continue increasing the efficiency of water resources in 2022, RO concentrate wastewater recycling system was added into Pingzhen Plant, Zhongli Plant, and Longtan Plant to reuse recycled water from the air conditioning cooling tower. A total of 34,071T of water was saved in 2022, and 5,110 kg of carbon emissions were reduced.</p> <p><b>Waste management:</b></p> <p>(i) Promotion measure: In order to reduce environmental impact and effectively control business waste, the Company has implemented waste classification, collection, storage, management, and cleanup, so as to manage waste effectively. In accordance with environmental protection laws and regulations, it has conducted waste cleanup, treatment and recycling operations, as well as increased its waste recycling rate and reduced environmental burden.</p> <p>(ii) Reduced target: Actively preparing for environmental certification such as ISO 14001.</p> <p>(iii) Achievement: Maintain ISO 14001 management system - the Company reviews environmental protection and management operations through the environmental management system to achieve long-term improvement. To strengthen waste management, the Company continues to intensify waste cleanup and transportation, as well as evaluate and conduct feasibility studies on various waste recycling projects, so as to achieve waste reduction goals and higher recycling rate.</p> <p>(iv) Relevant certifications: Received ISO14001 certification (environmental management system) on September 11, 2020 (Validity period: September 11, 2020~ September 11, 2023)</p> <p><b>Other environment-related management</b></p> <p>(i) Promotion status:</p> <ul style="list-style-type: none"> <li>● Strengthen pollution prevention: Burners use natural gas as fuel to reduce environmental pollution. Gas treatment equipment was added in the process area of Longtan Biotech Research Institute to improve environmental quality.</li> <li>● Promote green procurement: The Company resolved and replaced equipment with poor energy efficiency by using green, energy-saving and water-saving products. "Grape King fulfills its CSR and is committed to energy efficiency and carbon reduction. It implements pollution prevention and energy conservation measures to continuously comply with related laws and regulations." This statement was added to the inquiry form in 2019. The purchasing personnel of the Company included energy performance as one of the evaluation items, so as to demonstrate the importance of energy performance to suppliers. In addition, suppliers were required to provide data on energy utilization efficiency in the major energy consumption</li> </ul>	

Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	
		<p>equipment evaluation form as reference for the purchasing personnel.</p> <p>Relevant certifications:            Received certification of ISO 45001 (occupational safety and health management system) on August 28, 2020. (Validation period: August 28, 2020~ August 28, 2023).            Received certification of CNS45001 (Taiwan occupational safety and health management system) on August 28, 2020. (Validation period: August 28, 2020~ August 27, 2023).</p> <p>For more details, please refer to CH6 Green Environment of the 2022 ESG Report.</p>	
<p>4. Social issues</p> <p>(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>		<p>(1)</p> <p>In accordance with labor-related laws and regulations; i.e., Labor Standards Act, Occupational Safety and Health Act, and Act of Gender Equality in Employment, the Company regularly holds labor-management meetings to discuss and resolve issues that are continuously updated and revised based on employee work rules. At the same time, The Company initiatively established "Grape King Bio's Human Rights Policy" based on the "Guiding Principles on Business and Human Rights" by the United Nations, "Universal Declaration of Human Rights", "The United Nations Global Compact", as well as human rights and employment-related laws in Taiwan and China.</p> <p>The Company has an Employee Welfare Committee which regularly holds labor meetings in accordance with the law and has developed employee rules, and formulates the "Grape King Bio Ltd. Human Rights Policy" with reference to the international human rights convention.</p> <p>The Company has implemented the following management schemes to safeguard human rights:</p> <p>i. It has set up communication channels for reporting and submitting appeals to protect the rights of employees; these are provided for employees in case there are infringements or abuse of their legal rights and issues that could not be reasonably resolved. No cases of discrimination or appeal, or violation against human rights were reported in 2022.</p> <p>ii. Sexual harassment prevention as well as control measures and regulations were clearly defined and publicly posted on the bulletin board. A harassment complaint box was set up, but no sexual harassment cases were reported in 2022. This undertaking will continue for the long-term.</p> <p>iii. Labor conditions were established in accordance with labor-related government laws and regulations. The working hours of each department were tracked regularly. Labor practices in 2022 complied with laws and regulations, with no cases of forced labor reported.</p> <p>iv. At the same time, the Company demonstrates its respect in the workplace by listening to employee feedback from multiple parties. In order to facilitate communication between labor and management, the Company appoints labor representatives on a regular basis and holds labor-management meetings (on a quarterly basis) in accordance with the law. It gathers the opinions of all parties/departments to ensure that their voices are heard.</p> <p>A team that handles workplace violence was set up in 2018 for the purpose of creating a timetable to prevent liability arising from damage as well as handling prevention and settlement of disputes due to workplace violence. Relevant training sessions were offered and the timetable was separated into four stages. The training hours in 2019 took 5.5 hours (2 sessions) with a total of 53 trainees including high-risk unit supervisors, department heads, EAP employees, and members of the team that handle workplace violence. In 2019, a total of 3 sessions were organized for employees, offering professional consultation and stress relief activities. Subsequently, professional consultations were also provided for high-risk personnel to help prevent and relieve stress. In addition, operations meetings were organized regularly for review and discussion. 2020 was the maintenance period. There was an executive course on stress relief training, which lasted 8 hours (2 sessions) with 184 participants. For high-risk personnel, an EAP specialist was assigned to conduct visits and guidance programs, totaling 6 sessions. In 2021, there was an executive course on stress relief training, which lasted 6 hours (2 sessions) with 53 participants. For high-risk personnel, an EAP specialist was assigned to conduct visits and guidance programs, totaling 15 sessions. Training courses were held in an innovative way in 2022. Three sessions of improvising lecture on relieving and eliminating</p>	No major difference



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	Yes	No	
<p>(2) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other welfares), and reflect the operating performance or achievement in the compensation of the employees properly?</p>	<p>Yes</p>	<p>No</p>	<p>stress were held, which were 3 hours in total. A total of 96 people had attended the training with a 93.4% satisfaction. Also, there were three sessions employing creative board games - "ethical performance" for individual case practice and risk evaluation to ensure employees have established correct concept when dealing with ethical dilemma and relevant human rights issue. Meanwhile, For high-risk personnel, an EAP specialist was assigned to conduct visits and guidance programs, totaling 5 sessions. In addition, objectives and goals were communicated through internal journals - GK Life and on the bulletin board as reminders to help cultivate an employee-friendly workplace.</p> <p>For more details, please refer to 4.1 Talent Recruitment and Structure in CH4 Happy Workplace of the 2022 ESG Report.</p> <p>(2) The Company has developed reasonable welfare measures, including salary, employee vacation, and employee benefits. All of which were established and implemented in accordance with relevant management regulations, and reflected the Company's operational performance:</p> <ol style="list-style-type: none"> <li>i. The Board of Directors has established the Remuneration Committee in charge of handling the manager's compensation policy, system, structure, and review.</li> <li>ii. Salary system: Overall employee compensation includes a fixed salary and bonus. Fixed salary is based on the employee's education, work experience, professional knowledge and skill, and seniority, as well as market conditions; whereas bonus is given depending on the performance evaluation and compensation distribution policy.</li> <li>iii. Performance evaluation system : The initial goals for each department are set in accordance with the Company's annual important goals (including the Company's goal, department goal, and individual goal). Progress review will be confirmed in the middle of the year; whereas evaluation interview will be conducted at the end of the year. The evaluation results are used as the basis for promotion, salary adjustment, and compensation and bonus distribution.</li> <li>iv. Compensation and bonus distribution: The Company connects the compensation and bonus distribution to its operation performance, annual net profit, and employee performance evaluation, as well as following the Articles of Incorporation to allocate 6% to 8% as employee's compensation. The compensation and bonus are distributed in accordance with the Rules for Performance Evaluation.</li> <li>v. Employee vacation and welfare plans are fully discussed during the regular labor-management meetings, so as to ensure fairness and regulatory compliance of employee welfare programs. Unpaid leave is also applicable to long-term leaves such as childcare, major injuries, or major incidents for personal and family needs.</li> <li>vi. To improve employee welfare, the Company offers various subsidies (marriage, childbirth, children's education, retirement, and bereavement), birthday cash gift, cash gift/gift box during three major festivals, employee trip, and group insurance.</li> <li>vii. The average salary adjustment rate for managerial and non-managerial positions in Taiwan was 1% to 3% in 2022.</li> <li>viii. The Company has built an inclusive and friendly workplace to promote workplace diversity and gender equality. In 2019, the Company began to introduce systematic functional recruitment, and deepened the establishment of a talent recruitment and selection mechanism of "right talent and right position". There is no difference in compensation, promotion, and various company benefits regardless of gender, age, pregnancy, race, political or religious group for job seeker or employee. We are dedicated to providing a friendly workplace that upholds gender equality, the percentage of male and female employees was 47.9% and 52.1% in 2022. The proportion of male to female new employees in 2022 was 1:1.17. The ratio of male and female initial salary and benefit value was 1:1, ratio of male to female employees, which demonstrates the Company's right strategy in hiring talents. Recruitment is based on functionality and qualification for the job; there is no difference between male and female employees. There were an average of 47.9% female employees and 43.2% female managers in 2022.</li> </ol> <p>Employee welfare programs: Regarding the Company's employee welfare programs, retirement system and their implementation, please refer to page 135 of this annual report. For employee safety and workplace protection measures and their implementation, please refer to page 136-137 of this annual report.</p> <p>For more details, please refer to 4.2 Talent Recruitment and Structure and 4.3 Employee Remuneration, Welfare and Healthcare in CH4 Happy Workplace of the 2022 ESG Report.</p>

Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																							
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(3) Does the Company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees?		<p>(3) The Company is dedicated to disaster prevention and protection. A total of 1,856 hours of occupational safety and health training was held in 2022. The number of participants decreased due to COVID-19, there were three occupational injury in 2022, three person with temporary disability (0.6% of the total number of employees at the end of 2022), disabling injury frequency rate (FR) was 3.02 (Peers 2.91 + 3% higher), disabling injury severity rate (SR) was 13 (Peers 89, 85% lower), Frequency-Severity Indicator, FSI was 0.19 (Peers 0.51, 62% lower). Occupational accident rate is far lower than that of peers, and the Pingzhen Plant also reached 830,000 accident-free working hours in May 2022, the goal of zero injury has yet to be achieved. The Company is continuously reviewing improvement measures and countermeasures, strengthening automatic inspection items, and controlling machine safety interlock devices. It reiterates its commitment to safety, while initiating health care management to ensure employee health and safety, and a comfortable working environment.</p> <p>The Company's training and promotion in the past two years:</p> <table border="1"> <thead> <tr> <th>Occupational safety training</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Participant category (Employee / Contractor)</td> <td>Employee</td> <td>536</td> <td>378</td> </tr> <tr> <td>Contractor</td> <td>25</td> <td>50</td> </tr> <tr> <td>Total number of participants</td> <td>561</td> <td>428</td> </tr> <tr> <td rowspan="2">Hour</td> <td>Employee</td> <td>2,008</td> <td>1,706</td> </tr> <tr> <td>Contractor</td> <td>25</td> <td>150</td> </tr> <tr> <td>Total training hour</td> <td>2,033</td> <td>1,856</td> </tr> </tbody> </table> <p>The Pingzhen plant and Longtan plant (certified in November 2022) have obtained ISO 45001 and Taiwan Occupational Safety and Health Management System (TOSHMS) certifications. (2020/08/28-2023/08/27)</p> <p>For more details, please refer to 4.4 Talent Recruitment and Structure and 4.3 Employee Remuneration, Welfare and Healthcare in CH4 Happy Workplace of the 2022 ESG Report.</p>	Occupational safety training	2021	2022	Participant category (Employee / Contractor)	Employee	536	378	Contractor	25	50	Total number of participants	561	428	Hour	Employee	2,008	1,706	Contractor	25	150	Total training hour	2,033	1,856	No major difference
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(4) Has the Company developed an effective training program for employees?		<p>(4) The Company's efforts have been directed toward the improvement of both business operations and employee career developments. The Company encourages employees to participate in various learning opportunities, and in turn, the employees are willing to provide feedback to the Company on the knowledge they have acquired, thus creating a positive learning cycle within the organization. Through the introduction of TTQS training quality system, the Company's training system has become more complete. The Company received the TTQS Silver Medal in 2019. The development program for potential talents has been carried out since 2019. The HR Dept. and Supply Chain Division jointly planned and designed courses to develop potential talents, which include management competency training, innovation and leadership training, practices, quality improvement proposals, etc. The program is aimed at developing and cultivating potential talents, who will be promoted to important positions in order to make significant contributions in the future. In 2020, Human Resources continued to assist departments that require staff training. Apart from providing professional training and guidance, it also implemented strategies to improve and assist in developing a training blueprint or plan of action. Human Resources maintained its TTQS Silver Medal training quality system in 2021 to ensure implementation of training quality, while launching a training academy plan for the Management Division. It completed projects such as inventory, establishment of a learning</p>																								



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	<p>map, and talent development training. An innovative R&amp;D center of the R&amp;D Division and training college project of the Quality Assurance Department are set up in 2022. Items include job analysis inventory and learning map establishing while trying to connect with the training course. Implementing agile project management education training course and showcasing the result of achieving LEVEL3 learning. The connection between training effect and performance will benefit the performance result. The Company continues to maintain ESG implementing strategy and connect to human capital development strategy in 2022. There were three implementing focuses and nine checking indicators. The Company will maintain the implementation and review. In addition to completing the existing training college project, The company works with the Supply Chain Division to combine Decision Making and Trial Evaluation Laboratory (DEMATEL) with talents management 360 evaluation method to make competence assessment and training project suggestion for the management team. In 2023, the Company will continue to implement ESG and human capital development strategy, as well as apply for TTQS qualification. Moreover, we will attempt to evaluate and establish the training system to enhance the training and development.</p>																																																																																																												
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Promoted Item	Implementation Status (Note 1)		Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																			
	Yes	No																					
<p>(5) Did the Company follow relevant laws and international codes regarding product/service, customer health, safety, customer privacy, marketing and labeling, as well as formulate related policies to protect the rights and interests of consumers and develop a complaint-handling procedure?</p> <p>(6) Did the Company formulate supplier management policies and require suppliers to follow relevant standards on environmental protection, occupational safety and health, or labor rights, as well as specify the implementation process?</p>			<p>Average hours of annual training</p> <table border="1"> <tr> <td>Supervisor above management level</td> <td>13.8</td> <td>10.5</td> <td>14.6</td> <td>13.4</td> <td rowspan="3">16</td> <td rowspan="3">17</td> <td rowspan="3">15</td> <td rowspan="3">13</td> </tr> <tr> <td>Personnel on production line</td> <td>14.1</td> <td>7.1</td> <td>13.4</td> <td>8.6</td> </tr> <tr> <td>Other personnel</td> <td>19.7</td> <td>19.6</td> <td>15.0</td> <td>14.5</td> </tr> </table> <p>For more details, please refer to 4.2 Talent Cultivation and Performance Incentives in CH4 Happy Workplace of the 2022 ESR Report.</p> <p>(5) The Company follows food safety and health laws and food labeling regulations announced by Taiwan Food and Drug Administration for marketing and promotion of products and services. Our product packaging and labels comply with legal requirements and we continue to review and update them as needed. Following the announcement that the "Regulations Governing Food Allergen Labeling" would become effective starting on July 1, 2020, increasing allergen labels from 6 to 11 types, our factories revised and updated package labeling to provide consumers with the most complete and accurate information when making purchases. In addition, a 0800 hotline has been set up and service personnel have been assigned to provide product consultation. Customers can receive after-sales consultation or complaint management services. For more details, please refer to 2.3.4 Traceability and Regulatory Compliance Management in CH2 Product Liabilities and 3.4 Customer Service in CH3 R&amp;D Innovation of the 2022 ESG Report.</p> <p>(6) The Company has established a "Code of Conduct for Suppliers" that require suppliers to comply with related regulations on issues such as labor rights, occupational safety and health, environmental protection, and code of ethics, while following the "Supplier Appraisal Process" in consideration of regulatory compliance, good credit, protection of employee rights and interests, as well as food safety and environmental protection when auditing suppliers. It evaluates whether suppliers have complied with relevant regulations by forming a cross-department team to conduct supplier evaluations and monitor improvements, and establishes a sustainable supply chain management mechanism. In 2015, the Company added a CSR clause in the new version of the contract. According to the field assessment procedure for suppliers, if there is any major breach involving any supplier, the cooperation shall be terminated until the supplier takes corrective actions. The Grape King Bio Code of Conduct for Suppliers was formulated and announced on the Company's website in October 2019, which was read and followed by suppliers. Specific implementations are as follows:</p> <ol style="list-style-type: none"> <li>1. On-site evaluations: 56 suppliers were evaluated (including 34 new suppliers) in 2022. Two of the new suppliers were not qualified and no transaction was made on account of the evaluation result.</li> <li>2. Supplier audit : The Company conducted on-site audit for 284 raw material suppliers in 2022, with a 100% audit rate.</li> <li>3. Management of supplier classification: Four major factors; namely, quality, cost, delivery, and service/cooperation were classified as the basis for supplier risk management.</li> <li>4. Management of project contractors: The Company has set up a "hazard prevention notice" to reinforce safety awareness in the workplace along with counseling, auditing, and promoting before contractors start their work. To enhance and facilitate contractors' and suppliers' occupational safety and health management, the Company established the "Grape King Safety and Health Family" with 20 other vendors in cooperation with the Taoyuan City Government's Department of Labor in January 2022. It aims to lead and gather supplier chain members to improve overall occupational safety and health management. The Company has conducted many promotions, trainings, and sharing activities for contractors and suppliers, and was presented the "Safety and Health Family Dedication Award" by the Taoyuan City Government's Department of Labor in December 2022. For more details, please refer to 2.2 Supply Chain Management in CH2 Product Liabilities of the 2022 ESG Report.</li> </ol>	Supervisor above management level	13.8	10.5	14.6	13.4	16	17	15	13	Personnel on production line	14.1	7.1	13.4	8.6	Other personnel	19.7	19.6	15.0	14.5	No major difference
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Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
<p>5. Did the Company follow internationally recognized guidelines in preparing and publishing reports; i.e., corporate social responsibility report to disclose non-financial information about the Company? Did the Company hire a third-party verification or assurance provider for such reports?</p>	V	<p>The Company's 2022 ESG Report was based on the "Core" option of the Global Reporting Initiative (GRI) Standards, the 2021 edition requirements AA1000 (2008) Standard, and Sustainability Accounting Standards Board standards for the Household &amp; Personal Products and Processed Foods industries. Developed in consultation with Ernst and Young. The Grape King Bio Sustainability Report's assurance engagement was planned and executed in accordance with the Statements of Assurance Engagement Standards No.1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" by Deloitte. Deloitte provides limited assurance on the completeness and accuracy of the claims and performance data presented in the 2022 Sustainability Report. Please refer to the ESG report for details of the assurance report.</p> <p>The 2022 ESG Report of the Company was issued in April, 2023 and is also available on the Company website (<a href="http://www.grapeking.com.tw">www.grapeking.com.tw</a>) for viewing and downloading.</p> <p>For more details, please refer to the About section of the 2022 ESG Report.</p>	No major difference
<p>6. If the Company has its own sustainable development code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the difference between its operation and the prescribed code: No major difference.</p>			
<p>7. Other important information to help understand the implementation of corporate social responsibility programs:</p> <p><b>2022 Governance Performance</b></p> <ul style="list-style-type: none"> <li>● Corporate governance                             <ol style="list-style-type: none"> <li>(1) "Sustainable Development and ESG Committee" continues to promote sustainable goals of each ESG team.</li> <li>(2) Refer to Audit Quality Indicators (AQIs) to evaluate the competency of the CPA from 2022. The CPA evaluation and appointment has been approved by the Audit Committee and the Board of Directors on February 22, 2023.</li> <li>(3) The performance evaluation results of the Board of Directors, individual director, and functional committees are "excellent" in 2022.</li> <li>(4) The Company was invited to attend 6 investor conferences (domestic and abroad).</li> <li>(5) Zero case regarding integrity management was filed or reported (including anonymous report) in 2022.</li> <li>(6) The risk evaluation result of anti-corruption and integrity management in 2022 was low risk.</li> <li>(7) Adopted SASB indicators (processed food industry was added to existing personal and household goods industry) for ESG communication with investors.</li> </ol> </li> <li>● Product innovation                             <ol style="list-style-type: none"> <li>(1) There were 37 journals published and 34 patents applied in 2022.</li> <li>(2) A total of 3 products -Baby Drink, Qing Cai Xian Capsule, Elderly Meal Supplement had received Symbol of National Quality (SNQ) - in nutritional and health food category in 2022.</li> <li>(3) Received NT\$11.2 million subsidy for "Development for dominant fungi future meat that is high in fiber and protein" project from the Ministry of Economic Affairs.</li> <li>(4) Received NT\$3 million subsidy for iPAS corporate digital talents cultivation subsidy plan from Industrial Development Bureau, MOEA.</li> <li>(5) A total of 289,884,000 dollars was invested in innovation and development in 2022.</li> </ol> </li> <li>● Food safety and supply chain management                             <ol style="list-style-type: none"> <li>(1) Completed the trace to source of Combibloc and soft bag dosage in 2022 Q4.</li> <li>(2) Completed cGMP identification and improvement, established food safety plan for Zhongji Plant and Pingzhen Plant, passed the PCQI qualifications verification of quality assurance personnel, and established PCQI personnel in both plants.</li> <li>(3) Completed 2022 TGA GMP standard inventory operation and identify the difference.</li> <li>(4) 92.22% recovery rate from sustainability self-assessment surveys of key suppliers in 2022.</li> <li>(5) 60 items were developed for multiple material sources in 2022.</li> <li>(6) Maintain 100% compliance on the annual regular supplier evaluation.</li> <li>(7) The Smart Multi-level Communication Platform for Suppliers' participation rate was 81.34% in 2022.</li> </ol> </li> <li>● Customer satisfaction and regulatory compliance                             <ol style="list-style-type: none"> <li>(1) Review telephone customer service satisfaction on a monthly basis, and make discussion and optimized solution for cases with low satisfaction to improve the service quality of telephone customer service.</li> </ol> </li> </ul>			

- (2) Completed product refresher training courses every month led by professional nutritionists on new products and common product inquiries from customers to enhance service quality.
- (3) Renew frequently asked customer questions and established a database to promptly address customers' needs and ensure consistency as well as correctness of responses.
- (4) Established customer complaint SOPs for common types of customer complaints.

- Brand value

- (1) Received a Platinum Award from TCSA corporate sustainability report in 2022.
- (2) Received a Comprehensive Sustainability Award from TCSA top 100 sustainable corporate models in 2022.
- (3) Received Silver medal from Taiwan Sustainability Action Award in 2022.
- (4) Received No. 9 in Excellence in Corporate Social Responsibility in mittelstand corporate and Best Newcomer Award.
- (5) Rank in top 5% of the listed companies for excellent corporate governance by the TWSE in 2022 for two consecutive years.
- (6) Received "Excellent healthy workplace - maternal health friendly" recognition from Health Promotion Administration, MOHW in 2022.

- Social Performance in 2022

- Talent development and employee welfare

- (1) Received AED safe place certifications from Department of Public Health, Taoyuan City Government - Pingzhen Plant, Zhongli Plant, and Longtan Science Park Branch in 2022.
- (2) Received the "Influenza Prevention Alliance Gold Award" from the Corporate Epidemic Prevention Alliance of Taiwan Immunization Vision and Strategy in 2022.
- (3) 2022 potential talent cultivation (KPI) for 1 person from each division with an 80% success rate.
- (4) The ratio of male employee to female employee was maintained at 50:50 in 2022.
- (5) Potential talent and section manager training in "Ethical performance" course was completed in 2022 Q3, with a total of 3 sessions.

- Community investment

- (1) Completed campus needs survey for disadvantaged children in 2022 and donated 1.31 million dollars to 10 schools

School	Ping Jhen Junior High School	Long Xing Junior High School	Long Gang Elementary School	Chung-Li Junior High School	Dong An Junior High School	Fu-Fong Junior High School	Beishih Elementary School	Ping Hsing Junior High School	Long Tan Junior High School	Fu-Tai Elementary School
Amount	NT\$200,000	NT\$150,000	NT\$200,000	NT\$200,000	NT\$100,000	NT\$50,000	NT\$200,000	NT\$100,000	NT\$50,000	NT\$60,000

- (2) Donated 3 units of meal plans for disadvantaged group, serving a total of 16,275 persons

- (3) Ordered 200 boxes of Mid-Autumn Festival mooncakes from Baby Development Center in Taoyuan City for sharing love and care in the neighborhood community in 2022.
- (4) The Company has planned cooperation project with three associations in 2022 for "Increase in industry relevant social participation project".

- Risk or opportunity of the community:

The Company makes sure to be friendly to the neighborhood. Over the years, we have provided venue, manpower, material and electricity supply for health checkup in the Zhenxing village near the Zhongli Plant to promote physical and mental health of the resident, and we send out giftboxes to the neighboring village (Beixing village, Zhenxing village, and Longxing village) every Dragon Boat Festival and Mid-Autumn Festival to celebrate the holidays and build good relations.

Type	Content	Amount
Sponsor	Dragon Boat Festival giftbox, Mid-Autumn Festival giftbox, and neighborhood activity	NT\$1,270,000







Issue	Current status	Action plan
Zhongli Plant - Zhenxing Village Pingzhen Plant-Beixing Village	Mid-Autumn Festival giftbox neighborhood safety, and environmental improvement NT\$380,000 Mid-Autumn Festival gifts NT\$100,000	1. Request the vendor that processes waste water discharge to reinforce the supervision on the discharge, and conduct monthly analysis and supervision on discharge sample by nearby residents' request. 2. As a precautionary measure to improve the smell, we have invested NT\$83,000 in an automated cleaning system to improve the smell of the channel.
Improve noise prevention	1. Waste water discharge in Pingzhen plant is in compliance with the regulation, but the nearby residents still have concern and supervise the discharge sample analysis result. 2. Clean recycled water flows through a channel in Zhongli plant. The smell of the channel has drawn the residents' attention. The sound of cleaning packing boxes has drawn the residents' attention.	Change the cleaning location and communicate with the residents to avoid disturbing the neighborhood.

Because the plant is closely located near the residential area, different people may provide feedback about the different problems depending on how their feel. We value every feedback and try our best to improve and reduce impact on the neighborhood, as well as implement social responsibility as a local corporate.

Risks to the neighborhood were identified with situation analyzing chart of management system in 2022:

Event period	Type	Name of event	Way of sponsor
2022/05/28	Art event	Hard-working Music Festival	Sponsor energy drinks worth NT\$30,000.
2022/06/25~2022/09/11	Exhibition	Minxiong Haunted House	Sponsor energy drinks worth NT\$210,000.
2022/08/19~2022/08/28	Art event	Taoyuan Film Festival	Sponsor energy drinks worth NT\$90,000.
2022/08/28~2022/08/31	Drama	Young Dudes	Sponsor energy drinks worth NT\$10,000.
2022/08/26~2022/08/28	Art event	Taiwan International Queer Film Festival	Sponsor energy drinks worth NT\$20,000.
2022/09/03~2022/09/04	Art event	Taiwan International Queer Film Festival	Sponsor energy drinks worth NT\$20,000.
2022/12/23~2022/12/25	Drama	Ming Xing nursing	Sponsor energy drinks and health food

For more details, please refer to "5.2 Neighborhood Devotion" in "CH5 Co-prosperity with the Society" of the 2022 Sustainability Report.

- Support domestic culture development

The Company continues to expand sustainable development and supports domestic cultural development events through its own high quality products in 2022.

Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
		home	
		worth NT\$400,000.	
<p><b>Environmental Performance in 2022</b></p> <ul style="list-style-type: none"> <li>● Climate commitment and environmental advocacy <ol style="list-style-type: none"> <li>(1) Waste water was 100% in compliance with the regulations in 2022 and is better than the average standard of 30% Chemical Oxygen Demand (COD).</li> <li>(2) Completed the comprehensive reduction of waste water discharge <math>\geq</math> 3%.</li> <li>(3) Passed the ISO14001 management system certification in November 2022.</li> <li>(4) Audited 3 vendors of waste disposal that were in compliance with the law in 2022 (annual goal on the number of audit: <math>\geq</math> 1 per year).</li> <li>(5) Held public welfare event "Spreading Love with White Bottles" in 2022, the environmental protection department recycled 400kg of empty plastic bottles and sent them to recycling plants in July to make into plastic pellets for recycling and reuse.</li> </ol> </li> <li>● Energy and water management <ol style="list-style-type: none"> <li>(1) Total electricity saving from the three plants was 396,339kW, which was 201,737kg reduction on CO2 emission and 1.44% on electricity saving rate in 2022.</li> <li>(2) Invested NT\$8 million in establishing the "Solar Photovoltaic System" at the Longtan plant. It was completed in November 2022 to generate electricity for self-consumption. The electricity generated in the first year was estimated to be 183,960kW, which equaled to 92,347kg of carbon dioxide reduction, according to statistics, as of December 31, 2012, the cumulative power generation was 11,183kw, and the CO2 emission was reduced by 5,915 kg.</li> <li>(3) Purchased NT1.48 million for green power in 2022. The total transferred volume up to the end of November was 300 thousand kW, which had achieved the goal to use renewable energy by 1% in phrase 1.</li> <li>(4) The water recycling volume from the three plants was 34,071 tons in 2022. The carbon dioxide reduction was 5,110kg.</li> </ol> </li> </ul>			

Note 1: If "Yes" is selected for the implementation status, please specifically explain the important policies, strategies, measures and implementation status. If "No" is selected for the implementation status, please explain the deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons, as well as related policies, strategies and measures to be implemented in the future. As for promotion item 1 and 2, listed companies should describe the governance and management structures in sustainable development, including but not limited to management guidelines, strategy and goal setting, and review measures. The risk management policy or strategy and evaluation status of the environment, society, and corporate governance issues related to operations should also be described.

Note 2: The material principle refers to environmental, social and corporate governance issues that have significant influence on the Company's investors and other interested parties.



(7) Implementation of Ethical Corporate Management Status, Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:

Evaluation Item	Implementation Status		Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<p>1. Setting business Ethical Corporate Management policies and programs</p> <p>(1) Does the Company develop business integrity policies to be passed by the Board, and express its commitment to the policies and practices of Ethical Corporate Management in its regulations and in the external documents, and do the Board of Directors and the management actively implement the business policies?</p> <p>(2) Has the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly adopted precautionary measures in respect of business activities with a high risk of dishonesty and at least include preventive measure in Article 7 (2) of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Has the Company set up a program for the prevention of dishonesty as well as the procedures, conduct guidelines and a disciplinary and appeals system in various programs and implemented them?</p>	<p>✓</p>	<p>Abstract Illustrations</p> <p>(1) The Company has set up the "Ethical Corporate Management Best Practice Principles" based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, which was passed in the 4th meeting of the 18th Board held on November 10, 2015, to prevent the occurrence of dishonesty and clearly states that the Company's Directors, managers, employees or persons having substantial control over the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary that damage the interests and reputation of the Company, etc. The Company also undertakes on its website sound corporate governance and compliance with the laws and regulations and the Code of Business Ethics.</p> <p>(2) To implement business integrity policies and actively prevent unethical conduct, the Company formulated the "Unethical Conduct Prevention Program" pursuant to the provisions of Article 7 of the Ethical Corporate Management Best Practice Principles", which was passed at the 9<sup>th</sup> meeting of the 19<sup>th</sup> Board held on November 11, 2019. This was used to regularly evaluate operating activities with high ethical risk within the business scope, in which the unethical conduct prevention schemes were determined:</p> <ul style="list-style-type: none"> <li>- Bribery.</li> <li>- Provision of illegal political contributions.</li> <li>- Improper charitable donation or sponsorship.</li> <li>- Provision or acceptance of inappropriate gifts, entertainment or other benefits.</li> <li>- Infringement of intellectual property rights.</li> <li>- Engagement in unfair competition.</li> <li>- Provision of products or services damaging to interested parties.</li> </ul> <p>According to the evaluation of unethical conduct risks by the Corporate Governance Team in 2022, the Company's current rules and regulations could effectively reduce unethical risks, thus having a low risk evaluation result.</p> <p>(3) The Company has set out relevant operating procedures and guidelines specified in the "Unethical Conduct Prevention Program" to prevent unethical behavior, and formulated related disciplinary and appeal systems in Article 18 of the "Unethical Conduct Prevention Program" and the "Merits and Demerits Management Regulations".</p> <p>We have zero tolerance for corruption and prohibit any form of bribery, fraud, or misuse of Company assets, or damage to Company interests in exchange for personal benefits. Our integrity management unit is responsible for evaluating integrity risks, modifying prevention plans and other related measures regularly in order to strengthen and implement our integrity management system. We have also published the abovementioned regulations on our internal website to let employees inquire anytime and to keep everyone informed about issues such as anti-corruption, integrity and ethics. The ethics clauses are added into the labor contract signed by new recruits. Through annual education, advocacy and testing related to business integrity management, the values of integrity and justice are disseminated, so as to deepen ethical principles. An anti-corruption course and supplementary test have been included in the new employee</p>	<p>No major difference</p>

Evaluation Item	Implementation Status		Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<p>2. Implementation of Ethical Corporate Management</p> <p>(1) Does the Company assess the integrity record of its business partner, and stipulate the terms of conduct on integrity in the contract with the business partner?</p> <p>(2) Has the Company set up a dedicated (or concurrent) corporate integrity promotion unit under the Board of Directors which report to the Board of Directors on a regular basis (at least once a year) on supervising the implementation of the ethical corporate management policies and prevention programs?</p> <p>(3) Has the Company formulated policies to prevent conflicts of interest, provided appropriate channels for statements and implemented them?</p>			<p>orientation to ensure employee awareness of anti-corruption practices. Ninety-seven (97) people in total were tested in 2022.</p> <p>(1) The Company fulfills the contract of commercial activities in accordance with the principle of fairness and integrity, the provisions of the relevant laws and regulations and the contract terms, and follow the "Code of Ethics" and "Code of Conduct for Suppliers" to evaluate the integrity of business partners. Unethical business behavior and practices such as bribery, corruption, and extortion are included in the contract with business partners to ensure compliance.</p> <p>(2) The Corporate Governance Team of the Company is the dedicated business integrity unit that helps formulate the "Ethical Corporate Management Best Practice Principles" and promotes the implementation of business integrity. Through annual education, advocacy and testing related to business integrity management, it promotes the values of integrity and justice, and reports the implementation status to the Board on an annual basis. The promotion of "Business Integrity and Insider Trading Prevention in 2022" was reported at the 9rd meeting of the 20th Board of Directors held on January 6, 2023.</p> <p>(3) We included an avoidance of conflict of interest clause in the "Ethical Corporate Management Best Practice Principles" and "Corporate Governance Best Practice Principles", requiring Directors, managers and all employees to avoid conflict of interest and to refrain from receiving illegal interest. Furthermore, do not use their position or influence in the company to obtain improper benefits for themselves or others</p> <p>The Directors and managers of the Company have issued a commitment letter stating compliance with "Ethical Corporate Management Best Practice Principles", the Rules of Procedure in the Board of Directors and Audit Committee Charter include an avoidance of conflict of interest clause to avoid conflict of interest. If a Director or juristic representative of a Director has personal interest in any of the agenda items which could be prejudicial to the Company's interests, the Director may not participate in the discussion or voting on the matter, and may not exercise voting rights as proxy on behalf of another Director.</p> <p>The Company's transactions with related parties and related companies follow Article 17 of the "Corporate Governance Code of Practice". The business transactions are based on the principle of fairness and reasonableness. The financial and business transactions between each other have written regulations, and the price conditions and payment for the contracted matters are clearly defined. way, put an end to unconventional transactions, and strictly prohibit the transfer of interests. Transactions of major related parties and related companies need to be approved by the audit committee and then submitted to the Board of Directors for resolution</p> <p>The Company has independent directors, who can provide objective suggestions based on their profession and experience. When discussing motions, the opinion of independent directors are fully considered by the Board of Directors, The reasons or opinions for objection or reservation shall be included in the meeting minutes to effectively protect the interests of the company.</p> <p>We also developed a complete internal control system and operating regulations, as well as provided educational training for all employees based on their scope of work to facilitate division of labor and to prevent internal conflict of interest. In addition, we established open reporting channels, fair and reasonable investigation mechanisms, and a statement system to further reduce the risk and impact of any conflict of interest.</p>
			No major difference



Evaluation Item	Implementation Status		Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<p>(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, which is checked by the internal auditing unit based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and examine accordingly the compliance with the prevention programs or engage audited by external auditors?</p> <p>(5) Does the Company hold regular internal and external training on business integrity?</p>			<p>No major difference</p>
<p>3. Operation of the Company Reporting System</p> <p>(1) Has the Company set up specific reporting and reward systems and a convenient reporting channel, and does the Company assign appropriate personnel to investigate the person being reported?</p>	V		<p>No major difference</p>

Evaluation Item	Implementation Status		Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
(2) Has the Company set up standard investigation procedures, follow-up measures to be adopted after investigations of cases reported are completed and a related confidentiality mechanism for the matter being reported?			(A) The grievance opinions are consolidated and handled by the audit department. (B) Appeal opinions are consolidated and handled by the human resources department. (ii) Express opinion via email or website: Opinions will be handled by the Company's designated personnel. All reports and appeals should consolidate and report to the general manager for review and instruction, and then could be closed. (2) The Company's "Grievance and Complaint Management Procedures" is the standard operating procedure for handling grievances, follow-up measures to be adopted after investigations of cases reported are completed and related confidentiality matters. Any personnel shall treat the case with strict confidentiality. Any information breach shall be subject to severe punishment in accordance with relevant disciplinary regulations to prevent any form of retaliation or mistreatment against a reporter.
(3) Does the Company take measures to protect the reporter from improper treatment?			(3) The safety of the complainant shall be protected. Care shall be taken in accordance with the precautionary notes of the confidentiality statement, and no improper punishment shall be imposed for the grievance.
4. Strengthening of Information Disclosure (1) Does the Company disclose the contents of Ethical Corporate Management Best Practice Principles and the effectiveness on its website and MOPS?	V		The Company has the "Ethical Corporate Management Best Practice Principles" which are published on the Company's website and MOPS. The Company has disclosed the implementation and effectiveness on website
5. If the Company has its own Ethical Corporate Management Best Practice Principles in accordance with the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the difference between them: In order to establish a corporate culture of integrity and improve its operation, the Company has formulated and followed Ethical Corporate Management Best Practice Principles with reference to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". No difference.			No major difference
6. Other important information that will help to understand the operation of the Company's integrity: Anti-corruption, integrity management and implement ethical values practices constitutes as our core values and basic operating principles. The Board of Directors has established the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines Conduct", "Unethical Conduct Prevention Programs", "Code of Integrity Practice", and "Code of Conduct for Suppliers" as guidelines for all employees and business partners to follow. Anti-corruption, Ethical Corporate Management practices and implement ethical values cover the following: 1. Employees (1) On the day of employment, all newcomers should take an anti-corruption course and test to ensure their understanding of the subject, the Company holds an "Ethics and Morals" course for all employees in order to improve their business ethics. To demonstrate the Company's core competency of integrity, the goal is to have all employees fully participate in the training course within three years. (2) The Company has rules regarding acceptance of gifts, all employees must decline lavish gifts or corporate gifts including dinners, kickbacks, bribes, hospitality, etc. Whether a gift is big or small, the employee is required to report to it to their line manager. (3) When dealing with unethical behavior, all employees are asked to notify the Company through the proper channels, internal suggestion box, whistleblowing hotline, email or website. (4) The whistleblowing procedures clearly state that whistleblowers and employees involved in the investigation are protected from unfair retaliatory action or treatment. (5) In 2022, there were 0 (zero) complaints and reports (including anonymous reports) related to integrity management. (6) The Company prevents employees in conducting unethical behaviors through the regulations in the Code of Integrity Practice, strict internal control system, and continuous internal communication and training. 91.6% of employees participated in the recent employee satisfaction survey, and the perspective of "moral values" received the highest score. (7) The Company organizes information campaigns every year, promoting integrity management, reporting and filing of complaints, and the Ethical Code of Conduct, as well as holding relevant prize quizzes. This helps take precautionary measures while on the job, strengthen anti-corruption practices and establish a mechanism for managing and preventing unethical behavior. 2. Business Partners : (1) Before establishing a business relationship with distributors, suppliers or other business partners, it is important to evaluate the entity's commercial legitimacy and reasonableness, as well as relevant records indicating any ethical management violation. During the business process, it is necessary to refuse to provide, promise, demand or accept commissions in any form or name whether directly or indirectly, and to			



Evaluation Item	Implementation Status		Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<p>cease communication and transaction once there is evidence of unethical activity.</p> <p>(2) Distributors are required to state in the contract the reasonable terms of payment, prohibitions against bribery, commissions, kickbacks, gifts and other aspects related to profiteering.</p> <p>(3) Suppliers should abide by the "Code of Conduct for Suppliers" during the purchasing process. It is necessary to add warnings on the purchase orders in accordance with trade secrets and anti-corruption policies, as well as to remove violators from the supplier list as punishment.</p> <p>(4) Sent out policy propaganda questionnaire to 80 critical suppliers in 2022 and received 100% feedback to complete the propaganda of the Company's business confidentiality policy and anti-corruption policy. Meanwhile, irregular announcement and propaganda was made through supplier smart management platform to strengthen policies of business confidentiality and anti-corruption. No violation was found related to corruption, integrity management, and ethical value behavior in 2022.</p> <p>(5) The Company has set up report and complaint hotlines and a dedicated mailbox for business partners on the Company website, and will be handled by designated personnel. To protect the complainant and whistleblower/reporter, the designated personnel will investigate the case confidentially. It is strictly forbidden to disclose information to anyone who is irrelevant to the case. When investigating with relevant personnel, only information related to that personnel and the case may be discussed in order to protect the complainant's right. In 2022, there were 0 (zero) complaints and reports (including anonymous reports).</p> <p>3. Evaluation of Anti-corruption and Ethical Corporate Management Practices :</p> <p>(1) The Corporate Governance Team specifically evaluates operating activities with high ethical risk and ensures that internal rules and regulations are capable of reducing corruption and unethical corporate management risks by implementing corresponding prevention plans.</p> <p>(2) As for political donation, it may be done in accordance with the Political Donations Act after obtaining approval with the "Level of Authority Form". All donations shall obtain legal certification and be recorded in the accounting books for inspection. The Company does not have any inner account or secret account. The political donations in 2022 and 2021 were NT\$770,000 and NT\$0 respectively, which accounted for 0.007% and 0% of the total revenue.</p> <p>(3) The evaluation result in 2022 indicated low risk, this is provided as a reference to the internal audit for developing the audit plan.</p> <p>4. Supervisory functions of the Board of Directors :</p> <p>(1) The Board of Directors has established the "Code of Ethics", "Insider Trading Prevention Management Regulations", "Unethical Conduct Prevention Program", "Procedures for Ethical Management and Behavior Guidelines" and "Procedures for Handling Material Inside Information" to implement anti-corruption, integrity management practices, and instill moral values.</p> <p>(2) The Company's "Code of Ethics" explicitly prohibits insiders from using undisclosed information in the market to trade securities. Trainings are held for insiders at least once a year to prohibit insiders from using undisclosed information in the market to conduct their business, so that shareholders' interest may be protected.</p> <p>(3) The Company amended Article 10 of the "Corporate Governance Best Practice Principles" in 2022, which stipulated that insiders who are familiar with the Company's annual financial report or sales performance, are prohibited from trading shares during the closed period, which is 30 days before the publication of the Company's financial report and 15 days prior to the publication of the quarterly financial report.</p> <p>(4) The Corporate Governance Team presents the anti-corruption and ethical corporate management results to the Board of Directors on a regular basis, so the Board of Directors could monitor the implementation of anti-corruption, integrity management practices, and moral values. The Corporate Governance Team would also review relevant regulations and see if any addition or amendment is required, and shall be implemented after the Board of Directors' approval. Established the "Procedures for Handling Material Inside Information" and amended the "Corporate Governance Best Practice Principles" and "Reporting and Compliance Management Procedures" in 2022.</p> <p>(5) The Audit Department will conduct internal control review and report to the Audit Committee and Board of Directors when any non-compliance is identified, and to assist the Audit Committee and Board of Directors to verify the implementation of anti-corruption and integrity management practices, and instilling of moral values.</p> <p>(6) The 2022 report on "Ethical Corporate Management and Prevention of Insider Trading" was presented to the Board of Directors at the 9<sup>th</sup> meeting of the 20<sup>th</sup> Board of Directors on January 6, 2023. Below is the summary:</p> <ul style="list-style-type: none"> <li>● The Company sent out an advocacy letter; i.e., "Business Integrity and Insider Trading Prevention and Procedures for Handling Material Inside Information" to all employees (including managers), including the importance of business integrity, confidentiality of material information, legal liabilities in case of breach and case studies.</li> <li>● The "Business Integrity and Insider Trading Prevention and Procedures for Handling Material Inside Information" test was conducted for leaders above section chief level. A total of 120 persons were tested, with 100% passing rate (score above 80 points). Conduct educational propaganda on "integrity management, prevent insider trading and handling material inside information" to all Directors.</li> <li>● The Company provided training programs on "Business Integrity and Insider Trading Prevention and Procedures for Handling Material Inside Information" for all Directors.</li> <li>● A total of 27 Directors participated in the business integrity-related courses (including courses related to group tax management) for 75 hours in total.</li> <li>● The Company held internal and external training related to the issues of integrity management, including corporate governance seminar, corporate governance intellectual property law training, internal auditor's compliance of regulations and fraud prevention related to information security and personal privacy practice, the Business Mergers and Acquisitions Act and practical case analysis on corporate governance, Personal Information Protection Act and privacy information management introduction, corporate fraud prevention practice: legal responsibility, identification, and big data analysis, etc, for a total of 1,311 times and 3,761 hours.</li> </ul>			Abstract Illustrations

- (8) Inquiry on Corporate Governance Best Practice Principles and related regulations: The Company has its Corporate Governance Best Practice Principles which can be checked on MOPS or the Company's website.
- (9) Other important information to enhance the understanding of the corporate governance of the Company: They can be checked on MOPS or the Company's website.



## (10) Implementation of the internal control system

## i. Internal Control Statement

**Statement of Internal Control System**

Date: February 22, 2023

The internal control system in 2022, according to the result of self-assessment is thus stated as follows:

- (i) The Company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The internal capital system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and protection of assets), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
- (ii) The internal control system has its innate restriction. An effective internal control system can only ensure the foregoing three goals are achieved; nevertheless, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. However, the internal control system of the Company has self-monitoring function and the Company will take corrective action once any defect is identified.
- (iii) According to the effective judgment items for the internal control system specified in "Highlights for Implementation of Establishing Internal control System by Listed Companies" (hereinafter referred to as "Highlights") promulgated by Securities and Futures Commission, Ministry of Finance R.O.C., the Company has made judgment whether or not the design and execution of internal control system is effective. The judgment items for internal control adopted by "Highlights" are, based on the process of management control, for classifying the internal control into five elements: A. Control environment; B. Risk assessments; C. Control activities; D. Information and communication; and E. Monitoring. Each element also includes a certain number of items. For the foregoing items, refer to "Highlights".
- (iv) The Company has adopted the aforesaid judgment items for internal control to evaluate the effectiveness of design and execution of internal control system.
- (v) Based on the above-mentioned result of evaluation, the Company suggests that the internal control system, including the design and execution of internal control relating to the effectiveness and efficiency of operation, the reliability of financial reporting the compliance of applicable law and regulations has been effective and they can reasonably assure the aforesaid goals have been achieved.
- (vi) This statement will be the main content for annual report and prospectus and will be disclosed publicly. If the above contents have any falsehood and concealment, it will involve in the liability as mentioned in Article 20, 32, 171 and 174 of Securities and Exchange Law.
- (vii) This statement has been approved by the meeting of Board of Directors on February 22, 2023, and those 12 Directors in presence all agree at the contents of this statement.

Grape King Bio Ltd.

Chairman: Shenglin Andrew Tseng

General Manger: Shenglin Andrew Tseng

ii. If the Securities and Futures Commission requires the Company to commission an accountant to audit its internal control system, please disclose the accountant's audit report: Nil.

(11) The punishment to the Company and its employees in accordance with the law, the Company's punishment to its employees for violation of the provisions of its internal control system, the major defects and the improvements made in the latest year and as of the date of publication of the annual report: Nil.

(12) Important resolutions of the shareholders' meeting and the board meetings in the latest year and as of the date of publication of the annual report:

i. Important resolutions of the shareholders' meeting and the status of implementation

The Company's 2022 general shareholders' meeting was held on May 27, 2022 at No. 402, Section 2, Jinling Road, Pingzhen District, Taoyuan City (Pingzhen Headquarters). The resolution by the attending shareholders and the implementation status are as follows:

No.	Resolution of shareholders' meetings	Status of implementation	approval votes	disapproval votes	invalid votes	abstention votes / no votes
1	Acknowledgement of the Company's 2021 business report and financial statements.	The relevant documents have been filed with the competent authorities for record and announcement in accordance with the Company Art and other relevant laws and regulations.	114,649,053 votes, 99.07% of total votes	7,727 votes, 0.00% of total votes	0 votes, 0.00% of total votes	1,066,316 votes, 0.92% of total votes
2	Acknowledgement of the Company's 2021 profit distribution.	Proposed June 21, 2022 as the record date, and July 12, 2022 as the payment date (cash dividend of NT\$6.1 per share).	114,672,946 votes, 99.09% of total votes	22,134 votes, 0.01% of total votes	0 votes, 0.00% of total votes	1,028,016 votes, 0.88% of total votes
3	Approved the amendment to the Company's Article of Incorporation.	The resolution was passed and announced on the Company's website.	114,684,278 votes, 99.10% of total votes	9,082 votes, 0.00% of total votes	0 votes, 0.00% of total votes	1,029,736 votes, 0.88% of total votes
4	Passed the amendment to the "Procedures for the Acquisition and Disposal of Assets".	The resolution was passed and reported on the MOPS, and announced on the Company's website.	114,676,548 votes, 99.09% of total votes	17,034 votes, 0.01% of total votes	0 votes, 0.00% of total votes	1,029,514 votes, 0.88% of total votes



ii. Important resolutions of the Board of Directors:

Board of Directors	Resolution content and subsequent handling	Matters in §14-3of the Securities Exchange Act	Independent Directors' objection or reserved opinion	
The 3 <sup>th</sup> board meeting of the 20 <sup>th</sup> -term Board of Directors January 14, 2022	1. Passed the "2021 management bonus scheme" proposed by the Remuneration Committee.	V		
	2. Passed the 2022 business plan.	V		
	3. Passed the 2022 assessment of the independence and the appointments of its certifying accountants.	V		
	4. Passed the amendments to "Rules of Procedures for the Board of Directors", "Rules Governing the Scope of Powers of Independent Directors", "Regulations Governing Halt of Dealings and Resumption of Exchange Applications", "Code of Integrity Practice", and "Procedures for Accusation and Complaint Management".	V		
	5. Passed the amendment to "Corporate Social Responsibility Best Practice Principles" and renamed it as "Sustainable Development Best Practice Principles" and its clauses.	V		
	6. Passed the amendment to "Corporate Governance Best Practice Principles".	V		
	7. Passed the Company's proposed credit line and credit line renewal application with Land Bank of Taiwan for its business operation's needs.	V		
	Independent Directors' opinions: Nil			
	The Company's handling of Independent Directors' opinions: Nil.			
	Result of the resolutions: Motion 1, after the Chairman explained the difference from last year, it was approved upon the consent of all attending Directors; All other motions were approved upon the consent of all attending Directors. Interest avoidance situation: For Motion 1, Shenglin Andrew Tseng, CFO Nick Hung, and Chief Auditor Yi Chun Lee have a stake in in a matter under discussion in the meeting, shall recuse themselves from the voting due to the conflict of interests.			
The 4 <sup>th</sup> board meeting of the 20 <sup>th</sup> -term Board of Directors February 23, 2022	1. Passed the 2021 remuneration distribution to employees and Directors.	V		
	2. Passed the 2021 business report and financial statements.	V		
	3. Passed the Company's 2021 earnings distribution proposal.	V		
	4. Passed the amendment to the "Articles of Incorporation".	V		
	5. Passed the amendment to the "Procedures for the Acquisition and Disposal of Assets".	V		
	6. Passed the Company's 2022 shareholders' meeting date, venue and agenda: Date: 9am on May 27, 2022 (Friday) Venue: Auditorium on the 8th floor of the Company at No. 402, Section 2 Jinling Road, Pingzhen District, Zhongli District, Taoyuan City (Pingzhen headquarters) Agenda of the shareholders' meeting: (1) 2021 business report. (2) 2021 Audit report by the Audit Committee. (3) Report on 2021 remuneration distribution for employees and Directors. Matters for Ratification: (1) Adoption of the 2021 business report and financial statements. (2) Adoption of the proposal for distribution of 2021 profits. Matters for discussion: (1) Amendment to the "Articles of Incorporation". (2) Amendment to the "Procedures for the Acquisition and Disposal of Assets". 1. Extempore motion	V		
	7. Passed the 2020 "Validity Assessment of Internal Control System" and "Statement of Internet Control System" of the Company.	V		
	8. Passed the investment amount for Yongfeng Plant Building Phase 1, and authorized the Chairman to handle relevant matters.	V		
	9. Passed the safe keeper of the stamps for endorsement and guarantee.	V		
	Independent Directors' opinions: Nil.			

Board of Directors	Resolution content and subsequent handling	Matters in §14-3of the Securities Exchange Act	Independent Directors' objection or reserved opinion
	The Company's handling of Independent Directors' opinions: Nil. Result of the resolutions: Motion 3 it was approved upon the consent of all attending Directors to increase the dividend per share from \$6.0 to \$6.1; All other motions were approved upon the consent of all attending Directors.		
The 5 <sup>th</sup> board meeting of the 20 <sup>th</sup> -term Board of Directors May 11, 2022	1. Adopted the Remuneration Committee's proposal of the 2021 remuneration for managers.(2022 pay)	V	
	2. Approved the Company's 2022Q1 consolidated financial statements.	V	
	3. Passed the Company's proposed credit line and credit line renewal application with Hua Nan Bank for its business operation's needs.	V	
	Independent Directors' opinions: Nil. The Company's handling of Independent Directors' opinions: Nil.		
	Results of the Board of Directors; For Motion 1, the Directors except for the concerned party who had abstained, approved the proposal. All other motions were approved upon the consent of all attending Directors. Interest avoidance situation: For Motion 1, Shenglin Andrew Tseng, CFO Nick Hung, and Chief Auditor Yi Chun Lee have a stake in a matter under discussion in the meeting, shall recuse themselves from the voting due to the conflict of interests.		
The 6 <sup>th</sup> board meeting of the 20 <sup>th</sup> -term Board of Directors May 27, 2022	1. Passed a motion for the appointment of executive directors and supervisors for the reinvestment subsidiary –Shanghai Rivershine Ltd.	V	
	2. Passed the Company's proposed credit line and credit line renewal application with Chang Hwa Bank for its business operation's needs.	V	
	Independent Directors' opinions: Nil. The Company's handling of Independent Directors' opinions: Nil.		
	Result of the resolutions: All attending Directors agreed to pass the resolutions. Interest avoidance situation: For motion 1, there was no remuneration for the reappointment of executive directors and supervisors, thus no withdrawal from the voting session was required.		
The 7 <sup>th</sup> board meeting of the 20 <sup>th</sup> -term Board of Directors August 10,2022	1. Approved the Company's 2022Q2 consolidated financial statements.	V	
	2. Passed a motion for the telemarketing team's rental of real estate from a stakeholder.	V	
	3. Passed a motion for the signing of contract between the Company and stakeholder in which the latter's name would be borrowed for real estate registration.	V	
	4. Passed a motion for the Company's annual acquisition and disposal of securities which reached 10% of the capital.	V	
	Independent Directors' opinions: Nil.	V	
	The Company's handling of Independent Directors' opinions: Nil.	V	
	Result of the resolutions: For motion 2, all directors gave their approval except for stakeholders who recused themselves. For motion 3, after hearing the explanation from the chief legal officer, lawyer, chief financial officer, and audit manager, all directors gave their approval except for stakeholders who recused themselves. Other motions were passed by all directors present. Interest avoidance situation: For Motion 2 and 3, Shenglin Andrew Tseng has a stake in a matter under discussion in the meeting, shall recuse themselves from the voting due to the conflict of interests.		
The 8 <sup>th</sup> board meeting of the 20 <sup>th</sup> -term Board of Directors November 7, 2022	1. Passed the 2023 assessment of the independence and appointment of CPAs.	V	
	2. Passed the 2023 certification fee for financial statements prepared by CPAs.	V	
	3. Approved the Company's 2022Q3 consolidated financial statements.	V	
	4. Passed the amendments to the "Rules of Procedure for the Board of Directors"	V	
	5. Passed the amendments to the "Regulations for the Performance Evaluation of the Board of Directors and Functional Committees"	V	
	6. Passed the establishment of "Procedures for Handling Material Inside Information"	V	
	7. Pass the 2023 Audit Plan.	V	
	8. Passed the amendments to documents pertaining to "production cycle," "purchase and payment cycle," "sales and collection cycle,"	V	



Board of Directors	Resolution content and subsequent handling	Matters in §14-3of the Securities Exchange Act	Independent Directors' objection or reserved opinion
	"computerized information cycle" and "internal audit system," and added new "General guidelines for internal control system"		
	9. Passed the Company's proposed credit line and credit line renewal application with Land Bank of Taiwan for its business operation's needs.		
	Independent Directors' opinions: Nil.		
	The Company's handling of Independent Directors' opinions: Nil.		
	Result of the resolutions: All attending Directors agreed to pass the resolutions.		
The 9 <sup>th</sup> board meeting of the 20 <sup>th</sup> -term Board of Directors January 6, 2023	1. Passed the amendments to the "Remuneration Committee Charters".	V	
	2. Passed the "2022 management bonus scheme" proposed by the Remuneration Committee.	V	
	3. Passed the 2023 business plan.	V	
	Extempore motion: Passed a motion for the job position adjustment of the R&D manager.	V	
	Independent Directors' opinions: Nil.		
	The Company's handling of Independent Directors' opinions: Nil.		
	Results of the Board of Directors; For Motion 2, the Directors except for the concerned party who had abstained, approved the proposal. All other motions were approved upon the consent of all attending Directors. Interest avoidance situation: For Motion 2, Shenglin Andrew Tseng, CFO Nick Hung, and Chief Auditor Yi Chun Lee have a stake in in a matter under discussion in the meeting, shall recuse themselves from the voting due to the conflict of interests.		
The 10 <sup>th</sup> board meeting of the 20 <sup>th</sup> -term Board of Directors February 22, 2023	1. Passed the 2022 remuneration distribution to employees and Directors.	V	
	2. Passed the 2022 business report and financial statements.	V	
	3. Passed the Company's 2022 earnings distribution proposal.	V	
	4. Passed the audit quality index (AQI) evaluation and CPA appointment of 2023.	V	
	5. Passed the Company's Rules of Procedure for Shareholders' Meetings.	V	
	6. Passed the establishment of Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises.		
	7. Passed the Company's 2023 shareholders' meeting date, venue and agenda: Date: 9am on May 31, 2023 (Wednesday) Place: No.402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City, Taiwan (R.O.C.), (Pingzhen Headquarters) Method of Convening the Meeting: Physical shareholders meeting Agenda of the shareholders' meeting: (1) 2022 business report. (2) 2022 Audit report by the Audit Committee. (3) Report on 2022 remuneration distribution for employees and Directors. Matters for Ratification: (1) Adoption of the 2022 business report and financial statements. (2) Adoption of the proposal for distribution of 2022 profits. Matters for discussion: (1) Amend the Company's Rules of Procedure for Shareholders' Meetings. Extempore motion	V	
	8. Passed the 2022 "internal control system and assess the efficiency of its operations" and "internal control system statement".	V	
	Independent Directors' opinions: Nil.		
	The Company's handling of Independent Directors' opinions: Nil.		
Result of the resolutions: All attending Directors agreed to pass the resolutions. Interest avoidance situation: For Motion 4, Yu Feng Huang have a stake in a matter under discussion in the meeting, shall recuse themselves from the voting due to the conflict of interests.			

(13) If the Directors or supervisors have different opinions about important resolutions adopted by the board in the latest year and as of the date of publication of the annual report, and there are records or written statements: Nil.

(14) Summary of the resignation of the Company's related personnel

Summary of the resignation and dismissal of personnel relevant to the financial report in 2022 and as of the date of publication of the annual report (including the Chairman, general manager, chief accountant, chief financial officer, internal audit manager, R&D Director, etc.):

Title	Name	Date of take office	Date of resign	Reason for dismissal
Deputy GM, R&D Division	Jin-Chu Chen	2014.01.01	2023.01.05	Considering the talent development and succession plan, the deputy general manager of R&D Division, Jin-Chu Chen, is transferred to Longtan Branch as general manager.

**5. Accountant Fees**

Unit: NT\$ thousand

Accounting firm	CPA name		Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Yu Feng Huang	Ming Yuan Chung	Jan 1, 2022 - Dec. 31, 2022	3,481	529	4,010	

Please describe the service content of the non-audit fees: Assurance services for ESG report is NT\$358,000, transfer pricing report is NT\$161,000, and inventory for bonded goods is NT\$10,000.

- (1) If there is a change of the accounting firm, and in the year of the change the audit fee is lower than that in the previous year, please disclose the audit fees before and after the change and the reasons: Nil.
- (2) If the audit fee is reduced by more than 10% over that in the previous year, please disclose the amount of audit fee reduced, the proportion and reason for the reduction: NA.

**6. Change of Accountants:** Nil.

**7. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Firm of the Auditing CPA or Its Affiliated Businesses in the Past Year:** Nil.

## 8. Particulars about Changes in Shareholding and Equity Pledge of Directors, Managers and Shareholders Holding More than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report:

### (1) Changes in Shareholding of Directors, Managers and Major Shareholders

April 2, 2023 Unit: share

Title (Note)	Name	2022		Current year as of April 2	
		Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)	Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)
Chairman and GM	Shenglin Andrew Tseng	-	-	-	-
Director	Mei-Ching Tseng	(2,200,000)	-	-	-
Director	UNI-PRESIDENT ENTERPRISES CORP. (Note2)	-	-	-	-
Director (Legal representative)	Kao Shiow Ling (Note2)	-	-	-	-
Director	Yen-Shiang Huang	-	-	-	-
Director	Jue-Jia Chang	-	-	-	-
Director	Chih-Sheng Chang	-	-	-	-
Director	Hsing-Chun Chen	87,000	-	-	-
Director	Chih-Wei Lai	-	-	-	-
Independent Director	Feng-I Lin	-	-	-	-
Independent Director	Ching-Pu Chen	-	-	-	-
Independent Director	I-Fan Miao	-	-	-	-
Independent Director	CHEN Jing Ning	-	-	-	-
GM of Longtan branch	Jin-Chu Chen	-	-	-	-
Deputy GM, Business Division	Yuan-Tsung Lin	-	-	-	-
CFO and Corporate Governance Officer	Nick Hung	-	-	-	-
CLO	Bing-Jyun Cuei	-	-	-	-
Director of Management	Du-Sheng Wang	(15,000)	-	-	-
Director of R&D	Hsu Sheng-Chieh	Note3	Note3	Note4	Note4

Note 1: The Company has no shareholders with more than 10% of the Company's total shares.

Note 2: Uni-President Enterprises Corp. has appointed Shou-Lin Kao as the corporate shareholder representative and was elected as a Director.

Note 3: Took office on January 5, 2023, therefore the changes in shareholding and pledged share were not calculated.

Note4: Took office on January 5, 2023, the changes here was compared with the changes of shareholding as of April 2, 2023.

(2) Share Trading Information: NA

(3) Share pledge Information: NA.



9. Information about the top 10 shareholders who are related parties

April 2, 2023

Unit: share; %

Name	Own shareholding		Shareholdings of the spouse and minor children		Shareholding in other people's names		Name and relationship of top 10 shareholder who has the interested-party relationship per the Financial Accounting Standards Bulletin No. 6		Remarks
	Shareholding	Shareholding %	Shareholding	Shareholding %	Shareholding	Shareholding %	Name	Relationship	
UNI-PRESIDENT ENTERPRISES CORP.	11,851,000	8.00	-	-	-	-	Nil	Nil	
Fubon Life Insurance	10,445,000	7.05	-	-	-	-	Nil	Nil	
Shenglin Andrew Tseng	6,511,244	4.40	-	-	1,038,000	0.70	Mei-Ching Tseng	Sister and brother	
Nanshan Life Insurance Co., Ltd.	4,227,000	2.85	-	-	-	-	Nil	Nil	
Ching Biao Biotech Co., Ltd	3,051,000	2.06	-	-	-	-	Nil	Nil	
Mei-Ching Tseng	2,954,117	1.99	-	-	49,000	0.03	Shenglin Andrew Tseng	Sister and brother	
BNP Paribas Wealth Management Taipei Branch	2,200,000	1.49	-	-	-	-	Nil	Nil	
Chih-Sheng Chang	2,093,957	1.41	992,530	0.67	-	-	Nil	Nil	
Tseng Shui Chao Welfare Charitable Foundation	1,916,385	1.29	-	-	-	-	Nil	Nil	
Investment account of Norges Bank managed by Citibank Taiwan	1,864,000	1.26	-	-	-	-	Nil	Nil	

**10. Total comprehensive shareholding ratio for the number of shares held by the Company, the Company's Directors, managers and the Company directly or indirectly controlled by the Company in the same investment business.**

December 31, 2022 Unit: thousand share; %

Re-invested businesses (Note)	The Company's investment		Investment by Directors, supervisors, managers or directly or indirectly controlled businesses		Total investment	
	Shareholding	Shareholding %	Shareholding	Shareholding %	Shareholding	Shareholding %
Pro-Partner Ltd.	10,560	60	-	-	10,560	60
Grape King International Investment INC.	24,890	100	-	-	24,890	100
Shanghai Grape King Enterprise Co., Ltd.	No shareholding as it is a limited company	100	No shareholding as it is a limited company	-	No shareholding as it is a limited company	100
Rivershine Ltd.	3,000	100	-	-	3,000	100
Shanghai Rivershine Ltd.	No shareholding as it is a limited company	100	No shareholding as it is a limited company	-	No shareholding as it is a limited company	100
GK BIO International SDN. BHD.	2,100	35	-	-	2,100	35
Shanghai Biotechnology Co., Ltd.	No shareholding as it is a limited company	35.1	No shareholding as it is a limited company	-	No shareholding as it is a limited company	35.1
Shanghai Xinquan Biotechnology Co., Ltd.	No shareholding as it is a limited company	45	No shareholding as it is a limited company	-	No shareholding as it is a limited company	45
ELITE PROPARTNER HOLDINGS SDN. BHD.	300	100	-	-	300	100

Note: The investment of the Company based on the equity method.





# IV

## Capital and Shares

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1. Capital and Shares
  2. Corporate Bonds
  3. Preferred Shares
  4. Overseas Depositary Receipts
  5. Employee Stock Options
  6. Issuance of Restricted Stock for Employees
  7. Issuance of New Shares for Merger, Acquisition or Exchange of Other Companies' Shares
  8. Financing Plans and Implementation

## 1. Capital and shares

### (1) Source of Share Capital

April 2, 2023 Unit: NT\$ ; share

Year	Par Value (NT\$)	Approved Capital		Paid-in Capital		Amount	Source of Capital	Remarks	Capital Increased by Assets Other than Cash	Others
		Shares	Amount	Shares	Amount					
1969	1000	5,000	5,000,000	5,000	5,000,000	5,000,000	Establishment with cash		Nil	China Fusang
1971	1000	18,000	18,000,000	18,000	18,000,000	18,000,000	Capital increase		Nil	
1971	1000	500	500,000	500	500,000	500,000	Establishment with cash		Nil	Grape King Food
1973	1000	25,000	25,000,000	25,000	25,000,000	25,000,000	Capital increase		Nil	
1973	1000	500	500,000	500	500,000	500,000	Establishment with cash		Nil	Head & Shoulders
1977	1000	66,100	66,100,000	66,100	66,100,000	66,100,000	Capital increase		Nil	
1977	1000	48,600	48,600,000	48,600	48,600,000	48,600,000	Capital increase		Nil	
1977	1000	10,000	10,000,000	10,000	10,000,000	10,000,000	Capital increase		Nil	
1979	10	15,000,000	150,000,000	15,000,000	150,000,000	150,000,000	Capital increase		Nil	Grape King Enterprise
1982	10	19,380,000	193,800,000	19,380,000	193,800,000	193,800,000		In 1981, there was a capital increase of NT\$10,500,000 from earnings, an appreciation from asset revaluation of NT\$25,104,000, a merger with Head & Shoulders for NT\$3,696,000, and a capital increase of NT\$4,500,000.	Nil	
1984	10	23,000,000	230,000,000	23,000,000	230,000,000	230,000,000		Approval ref. "73 Tai-Tsai-Cheng (1) No. 1925" for a capital increase of NT\$36,200,000	Nil	
1990	10	27,692,000	276,920,000	27,692,000	276,920,000	276,920,000		Approval ref. "79 Tai-Tsai-Cheng (1) No. 31424" for a capital increase of NT\$46,920,000 from 1988 earnings	Nil	
1990	10	53,365,700	533,657,000	53,365,700	533,657,000	533,657,000		Approval ref. "79 Tai-Tsai-Cheng (1) No. 02854" for a capital increase of NT\$200 million and a capital increase of NT\$56,737,000 from 1989 earnings	Nil	
1991	10	75,000,000	750,000,000	58,857,550	588,575,500	588,575,500		Approval ref. "80 Tai-Tsai-Cheng (1) No. 03453" for a capital increase of NT\$54,918,500 from 1991 earnings	Nil	
1992	10	75,000,000	750,000,000	64,909,085	649,090,850	649,090,850		Approval ref. "81 Tai-Tsai-Cheng (1) No. 02709" for a capital increase of NT\$60,515,350 from 1991 earnings	Nil	
1993	10	75,000,000	750,000,000	71,543,276	715,432,760	715,432,760		Approval ref. "82 Tai-Tsai-Cheng (1) No. 30931" for a capital increase of NT\$66,341,910 from 1992 earnings	Nil	
1994	10	78,920,310	789,203,100	78,920,310	789,203,100	789,203,100		Approval ref. "83 Tai-Tsai-Cheng (1) No. 42929" for a capital increase of NT\$73,770,340 from 1993 earnings	Nil	
1995	10	111,000,000	1,110,000,000	86,945,448	869,454,480	869,454,480		Approval ref. "84 Tai-Tsai-Cheng (1) No. 39338" for a capital increase of NT\$80,251,380 from 1994 earnings	Nil	
1996	10	111,000,000	1,110,000,000	95,768,491	957,684,910	957,684,910		Approval ref. "85 Tai-Tsai-Cheng (1) No. 41796" for a capital increase of NT\$88,230,430 from 1995 earnings	Nil	

April 2, 2023 Unit: NT\$ ; share

Year	Par Value (NT\$)	Approved Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
1997	10	111,000,000	1,110,000,000	105,441,166	1,054,411,660	Approval ref. "86 Tai-Tsai-Cheng (1) No. 73312" for a capital increase of NT\$96,726,750 from 1996 earnings	Nil	
1998	10	130,920,000	1,309,200,000	111,818,587	1,118,185,870	Approval ref. "87 Tai-Tsai-Cheng (1) No. 71962" for a capital increase of NT\$63,774,210 from 1998 earnings	Nil	
1999	10	130,920,000	1,309,200,000	130,818,587	1,308,185,870	Approval ref. "87 Tai-Tsai-Cheng (1) No. 92331" for a capital increase of NT\$190,000,000	Nil	
2005	10	150,000,000	1,500,000,000	133,435,040	1,334,350,400	Approval ref. "Jin-Guan-Cheng (1) No. 0940133992" dated Aug 17, 2005 for a capital increase of NT\$26,164,530 from earnings	Nil	
2008	10	150,000,000	1,500,000,000	130,235,040	1,302,350,400	Approval ref. "Tai-Cheng-Shang No. 09700286141" dated Sept. 23, 2008 for a capital cancellation of NT\$32,000,000	Nil	
2015	10	150,000,000	1,500,000,000	130,300,141	1,303,001,410	Conversion of convertible corporate bond into shares for NT\$651,010, approval ref. "Jing-Shou-Shang No. 10501040870" dated Mar 8, 2016	Nil	
2016	10	150,000,000	1,500,000,000	135,214,211	1,352,142,110	Conversion of convertible corporate bond into shares for NT\$49,140,700, approval ref. "Jing-Shou-Shang No. 10601033480" dated Mar 17, 2017	Nil	
2017	10	150,000,000	1,500,000,000	135,221,060	1,352,210,600	Conversion of convertible corporate bond into shares for NT\$68,490, approval ref. "Jing-Shou-Shang No. 10701023750" dated Mar 16, 2018	Nil	
2018	10	150,000,000	1,500,000,000	136,286,373	1,362,863,730	Conversion of convertible corporate bond into shares for NT\$10,653,130, approval ref. "Jing-Shou-Shang No.10701150430" dated Nov 11, 2018	Nil	
2019	10	180,000,000	1,800,000,000	136,286,373	1,362,863,730	Authorized Capital increased, approval ref. "Jing-Shou-Shang No. 10801073880" dated June 20, 2019	Nil	
2021	10	180,000,000	1,800,000,000	148,137,373	1,481,373,730	Authorized issuing new common shares-11,851,000 shares for cash in private placement to increase capital, approval ref. "Jing-Shou-Shang No. 11001016050" dated February 8, 2021.	Nil	

Share Type	Authorized Capital		Total	Remarks
	Issued Shares	Un-issued Shares		
Common Stock	148,137,373 shares	31,862,627 shares	180,000,000 shares	Listed shares (with 11,851,000 private placement shares, offering date (stock issue date) January 19, 2021)

Summary reporting system related information: NA

(2) Status of Shareholders

April 2, 2023 Unit: person; share; %

Holding	Shareholder structure	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Foreigners	Total
Number		5	22	236	45,151	268	45,682
Shareholding %		826,000 0.56	20,115,722 13.58	27,464,291 18.54	69,853,931 47.16	29,877,429 20.16	148,137,373 100.00

Note: The Company is a Non-foreign issuer, no requirement of disclosing the shareholding ratio by the PRC.



## (3) Shareholding Distribution Status

Common Shares: Face value NT\$10 per share

April 2, 2023 Unit: person; share; %

Shareholding Tiers	No., of Shareholders	Shareholding	%
1 to 999	35,854	1,621,240	1.09
1,000 to 5,000	8,543	14,911,486	10.07
5,001 to 10,000	631	4,828,154	3.26
10,001 to 15,000	170	2,121,767	1.43
15,001 to 20,000	89	1,618,519	1.09
20,001 to 30,000	98	2,441,556	1.65
30,001 to 40,000	60	2,141,373	1.45
40,001 to 50,000	38	1,751,405	1.18
50,001 to 100,000	68	4,641,204	3.13
100,001 to 200,000	37	5,312,808	3.59
200,001 to 400,000	34	9,349,205	6.31
400,001 to 600,000	12	6,072,733	4.10
600,001 to 800,000	8	5,308,869	3.58
800,001 to 1,000,000	7	6,451,181	4.36
1,000,001 or more	33	79,565,873	53.71
Total	45,682	148,137,373	100.00

Preferred shares: NA

## (4) Major Shareholders

April 2, 2023 Unit: share; %

Name	Shares	Shareholding	%
Uni-President Enterprises Corporation		11,851,000	8.00
Fubon Life Insurance		10,445,000	7.05
Shenglin Andrew Tseng		6,511,244	4.40
Nanshan Life Insurance Co., Ltd.		4,227,000	2.85
Ching Biao Biotech Co., Ltd		3,051,000	2.06
Mei-Ching Tseng		2,954,117	1.99
BNP Paribas Wealth Management Taipei. Branch		2,200,000	1.49
Chih-Sheng Chang		2,093,957	1.41
Tseng Shui Chao Welfare Charitable Foundation		1,916,385	1.29
Investment account of Norges Bank managed by Citibank Taiwan		1,864,000	1.26

## (5) The Share's Market Price, Net Worth, Earnings and Dividends for the Past Two Years

Unit: NT\$; share; %

Item		Year	2021	2022	Current year as of April 2, 2023
Market price per share (Note 1)	Highest		184.00	170.00	191.00
	Lowest		159.00	120.00	154.00
	Average		169.30	142.10	175.52
Net worth per share (Note 2)	Before distribution		60.68	64.60	(Note 6)
	After distribution		54.58	-	-
Earnings per share	Weighted average number of shares		147,552,940	148,137,373	148,137,373
	Earnings per share (Note 3)		8.81	9.84	(Note 6)
Dividend per share	Cash dividend		6.10	6.90 (Note 7)	-
	Bonus shares	By Retained earnings	-	-	-
		By Paid-in Capital	-	-	-
	Accumulated undistributed dividends		-	-	-
Investment return analysis	Price / Earnings ratio (Note 4)		19.22	14.44	-
	Price / Dividend ratio (Note 5)		27.75	20.59 (Note 7)	-
	Cash dividend yield rate (Note 6)		3.60	4.86 (Note 7)	-

Note 1: The highest and lowest market prices of ordinary shares in each year; the average annual market price is calculated based on the annual turnover and volume.

Note 2: Based on the number of shares issued as of the end of the year, and in accordance with the Board of Directors or the resolution of the annual shareholders' meeting in the next year on earnings distribution.

Note 3: Price / Earnings ratio = average closing price per share for the year / earnings per share.

Note 4: Price / Dividend ratio = average closing price per share for the year / cash dividend per share.

Note 5: Cash dividend yield rate = cash dividend per share / average closing price per share for the year.

Note 6: As of the date of publication of the annual report, the information hasn't been CPA audited or reviewed.

Note 7: The 2022 annual earnings distribution has not yet been approved during the shareholders' meetings.

## (6) Dividend Policy and Implementation Status

i. The Company is in a stable growth stage. It takes into account the current and future development plans, the investment environment, capital needs and domestic and overseas competitions, as well as the interests of shareholders and other factors in order to maintain a stable and sustainable operation. The Company distributes no less than 60% of the balance of the current annual surplus as dividends, but will not distribute dividends if the accumulated surplus is less than 10% of the paid-in capital. The dividends can be made in cash or stock, and the cash dividend will not be less than 10% of the total dividends.

If there is a surplus in the Company's annual accounts, after paying taxes and making up for the accumulated loss in accordance with the law, 10% will be allocated as the statutory reserve. However, if the statutory reserve has reached the paid-in capital amount of the Company, then no further allocation will be made and a provision or reversal of special reserve will be made from the balance in accordance with the law. If there is a balance of current surplus, it will be combined with accumulated undistributed surplus, and the Board of Directors will propose a surplus distribution motion for the dividend distribution resolution of the shareholders' meeting.

ii. The proposed dividend distribution:

On Feb 22, 2023, the Board of Directors adopted the proposed cash dividend of NT\$1,022,147,874 (NT\$6.9 per share) to shareholders, subject to the resolution of the 2023 shareholders' meetings.

iii. Is there any significant change to be made to the dividend policy: Nil.

## (7) Impact of the Proposed Bonus Shares on the Company's Operating Performance and Earnings per

Share: There were no bonus shares.

(8) Bonuses of Employees and Directors:

- i. The percentage or scope of the bonuses of Employees and Directors stipulated in the Articles of Incorporation :

According to the stipulations of the Articles of Incorporation, if there is a profit for the year, the Company shall pay 6% to 8% of it for the employee bonus and not more than 2% for the supervisor bonus. However, if there is still a cumulative loss, an amount to make up for the loss should be retained in advance. The aforesaid employee bonus shall be paid in shares or cash, and shall be approved by a board meeting with the attendance of more than two-thirds of the Directors and the consent of more than half of the attending Directors, and then be reported to the shareholders' meeting. The Company also has an "Employee Remuneration Management Procedure", which has been reviewed by the Remuneration Committee and approved by the Board of Directors, to regulate the details and methods of distribution.

- ii. The basis for the estimation of the amount of bonus of employees and Directors in the current period, and the accounting treatment if there is a difference between the actual employee bonus paid in shares or cash and the estimated amount: If there is a discrepancy between the estimated number and the actual amount in the resolution of the Board of Directors, it will recognize as profit and loss for the next year.

- iii. Bonus distribution as passed by the board meeting:

(i) Bonus of employees and Directors paid in shares or cash:

A. Employee bonus: cash NT\$136,129,388; share distribution: Nil.

B. Bonus for Directors: NT\$34,032,347.

(ii) Employee bonus paid in shares as a percentage of the total amount of the current net profit after tax and the total employee bonus: Nil.

- iv. If there is a difference between the actual distribution of bonus of employees, Directors and supervisors (including the number of shares, the amount and the share price) in the previous year and the provision for the bonus, please describe the difference, the reason and the accounting treatment:

There is no discrepancy between the actual remuneration paid to employees, Directors and supervisors in 2022 and the amount in the resolution of the Board of Directors.

- v. To effectively achieve our two goals of talent retention and motivation, we have designed a competitive compensation system that exceeds industry standards.

(i) Salary and bonus: considering factors such as employee's annual performance, goal achievement status, and the Company's annual surplus.

(ii) Changes and raise: considering factors such as rationality of employee's current salary, performance, future potential, annual budget increase, internal and external salary balance, and price level.

## (9) Buyback of Treasury Stock

April 2, 2023

Treasury stocks: Batch Order	2 <sup>nd</sup> Trench
Purpose of buy-back	Share distribution to employees
Timeframe of buy-back	January 4, 2017 ~ March 3, 2017
Price range	118.00~349.50
Class, quantity of shares bought back	508,000 ordinary shares
Value of shares bought-back (in NT\$ thousand)	NT\$91,061,773
Ratio of number of shares bought back to the number of shares to be repurchased	16.93%
Shares sold/transferred	508,000 shares
Accumulated number of company shares held	0 shares
Percentage of total company shares held (%)	0%

2. **Corporate Bond:** Nil.

3. **Preferred Shares:** Nil.

4. **Overseas Depositary Receipts:** Nil.

5. **Employee Stock Options:**

(1) Employee Stock Options: Nil.

(2) The name, acquisition and subscription of the manager, as well as the top 10 employees, who have obtained the Employee Stock Options: Nil.

6. **Issuance of restricted share for employees:**

(1) Issuance of restricted share for employees: Nil.

(2) The name, acquisition and subscription of the manager, as well as the top 10 employees, who have obtained the restricted share for employees: Nil.

7. **Issuance of New Shares for Merger, Acquisition or Exchange of Other Companies' Shares:** Nil.

8. **Financing Plans and Implementation:**

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: In 2021, we completed the capital increase through private placement. No circumstance of matters that are completed with unrealized project benefits within three years.



A person in a grey suit and blue tie is pointing with a green pen at a bar chart on a clipboard. The chart has blue bars and a red line. The background is a blurred office setting. An orange semi-transparent box is overlaid on the right side of the image, containing a white 'V' and the text 'Operations Profile'.

V

Operations Profile



1. Business Scope
2. Market and Sales Overview
3. Employee Information for the Past Two Years and as of the Publication of the Annual Report
4. Environmental Expenditure Information
5. Labor Relations
6. Cyber security management
7. Important Contracts

## 1. Business Scope:

### (1) Business scope

#### i. Main businesses:

- (i) C103050 Canned, Frozen, Dehydrated Food Manufacturing
- (ii) C106010 Flour Milling
- (iii) F203010 Retail sale of Food and Grocery
- (iv) F102170 Wholesale of Food and Grocery
- (v) C201010 Prepared Animal Feeds Manufacturing
- (vi) F202010 Retail sale of Animal Feeds
- (vii) F102040 Wholesale of Nonalcoholic Beverages
- (viii) C114010 Food Additives Manufacturing
- (ix) F121010 Wholesale of food additives
- (x) F221010 Retail of food additives
- (xi) C109010 Seasoning Manufacturing
- (xii) F501030 Coffee/Tea Shops and Bars
- (xiii) C802041 Drugs and Medicines Manufacturing
- (xiv) F108021 Wholesale of Drugs and Medicines
- (xv) F208021 Retail Sale of Drugs and Medicines
- (xvi) F208050 Retail Sale of the Second Type Patent Medicine
- (xvii) F108031 Wholesale of Drugs, Medical Goods
- (xviii) F208031 Retail sale of Medical Equipment's
- (xix) C802100 Cosmetics Manufacturing
- (xx) F108040 Wholesale of Cosmetics
- (xxi) F208040 Retail Sale of Cosmetics
- (xxii) C802090 Cleaning Products Manufacturing
- (xxiii) F207030 Retail Sale of Cleaning Preparations
- (xxiv) F107030 Wholesale of Cleaning Preparation
- (xxv) C105010 Edible Oil Manufacturing
- (xxvi) C102010 Dairy Products Manufacturing
- (xxvii) F206020 Retail Sale of Articles for Daily Use
- (xxviii) F106020 Wholesale of Articles for Daily Use
- (xxix) F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
- (xxx) F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
- (xxxi) F401010 International Trade
- (xxxii) H201010 Investment
- (xxxiii) H701010 Residence and Buildings Lease Construction and Development
- (xxxiv) C110010 Beverage Manufacturing
- (xxxv) C199990 Other Food Manufacturing Not Elsewhere Classified
- (xxxvi) F102030 Wholesale of Tobacco Products and Alcoholic Beverages
- (xxxvii) F203020 Retail Sale of Tobacco and Alcoholic Beverages
- (xxxviii) I401010 General Advertising Services
- (xxxix) JE01010 Rental and Leasing Business
- (xl) IZ12010 Manpower Services
- (xli) A101040 Edible Fungus and Algae
- (xlii) A101030 Special Crops
- (xliii) A101050 Flower Gardening
- (xliv) IG01010 Biotechnology Services
- (xlv) F401171 Alcohol Drink Import



- (xlv) F107080 Wholesale of Environment Medicines
- (xlvii) F207080 Retail Sale of Environment Medicine
- (xlviii) C802080 Pesticides Manufacturing
- (xlix) H703100 Real Estate Rental and Leasing
- (l) F601010 Intellectual Property
- (li) I101090 Food Consultancy
- (lii) C201020 Pet food processing
- (liii) F106060 Wholesale of pet food and appliances
- (liv) F206050 Retail of pet food and appliances
- (lv) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

ii. Business weighting:

Unit: NT\$ thousand; %

Product Type	Amount	Percentage
Health food	8,822,937	85
ODM	921,210	9
Beverage	295,526	3
Others(Note)	351,558	3
Total	10,391,231	100

Note: Others refer to cosmetics, general food, pet food, etc.

iii. The Company's current products:

The manufacturing and trading of health care products, beverages, etc.

iv. Development plan for new products in 2023:

Grape King Bio plans to launch 20 products under its own brand this year, including specific channel of distribution versions and upgrading other popular products, functional snacks, beverages with new flavors, and vitamin supplement, etc. to satisfies consumers with more nutrition supplement needs with a diverse types of healthcare product The company will also develop various channels of distribution to stay close to emerging market trends and healthcare needs such as: new flavor energy drinks that improve stamina, new flavor beverages that helps with digestive tract function, products that maintain beauty, regulate physique and physiological function, and stay healthy. We also continue to conduct further research on probiotics and expand product development and utilization.

In line with its development of health foods, Pro-Partner is planning to launch a variety of products with new dosage in 2023 and will actively expand its product type. In addition to health food products that improve stamina and maintain digestive function, there will be more comprehensive health food products available for pets. Grape King Bio will also increase self-developed raw materials for daily applications to expand its products' benefits in providing health and nutrition for the entire family.

(2) Industry overview

i. Industry status and development

The global pandemic has led to investments of massive resources in governments worldwide from the biotechnology industry. With manufacturers urgently developing various reagents, vaccines, and drugs for treatment, all eyes were on the biotechnology industry. Multiple innovative technologies emerged with the deluge of funds pouring into the industry and the development schedule for vaccines was reduced. Also, given the emergency use authorization (EUA) granted to governments around the world, vaccines were quickly made available on the market worldwide.

The massive demand for vaccines has brought fast development for the global biotechnology industry, and the development and application of innovation technology have injected growth momentum into the biotechnology industry.

Changes in the global environment have driven demand for health and nutritional products. Factors such as aging population, low birth rate, chronic diseases, and rising incidence of obesity have caused increasing pressure on medical care cost and health insurance expense. Along with improving living standards, consumers are also pursuing health and physical improvement. The continuous threat of COVID has led to increased interest in one's physical and mental wellbeing as well as re-examination of one's daily diet, with growing concern for overall health, immunity, intestinal health, brain health, stress relief, emotional wellbeing, and psychology. According to Business Research Company forecast, the global functional food ingredients market was US\$93.1 billion in 2021 and estimated to grow to US\$101.3 billion in 2022. Probiotics and fiber are expected to grow rapidly due to their connection to intestinal health, reduced cholesterol, and blood sugar control. Based on the research conducted by HealthFocus, two-thirds of consumers around the world associate microorganisms and probiotics to digestive health and immunity. They believe that those ingredients affect daily energy, emotion, and weight management. Increased consumer awareness of health food ingredients helps the development and market expansion of health food and nutritious products and services worldwide. With changes in technology and living environment due to the pandemic, consumers have become inspired to engage in personal physical training and avail health and nutritional services. Personalized health and nutrition is expected to gain traction around the world. Cross-functional cooperation among people involved in health and nutritional products, digital technology, test data, service platform, and customer experience creation will lead to innovative business opportunities in the future.

With the efforts of the government and the private sector over the years, Taiwan's biotechnology industry continues to expand. In 2021, its turnover reached NT\$666.5 billion, up 10.9% from 2020. The private sector's investment in biotechnology was more than NT\$60.895 billion. The sales volume from the health and wellness industry was the largest with NT\$212.7 billion, equivalent to 3.5% growth; NT\$236.3 billion for medical equipment, NT\$125.8 billion for biotech applications, and NT\$91.7 billion for pharmaceuticals.

Aging population, slow living, increasing demand for health due to chronic diseases, exercise and fitness, and increasing awareness of preventive self-care, as well as severe COVID cases have increased people's interest in improving their immunity. The domestic market for health and nutritional food continued to grow in 2022. Based on industrial production statistics from the Ministry of Economic Affairs, the value of production for health food products such as capsules, tablets, granules and powder, infant formula and toddler formula supplements, patient supplements, and other nutritional food was NT\$21.5 billion in 2021, which was equivalent to 10.22% growth compared to that in 2020. According to the research of food institute ITIS, Taiwan's health food market reached NT\$151.2 billion in 2020, which corresponds to 5.4%. The growth rates in dietary supplements and traditional food were 6.8% and 3.6%, respectively. Overall health requirements have grown significantly. Domestic manufacturers of probiotics, antrodia, turmeric, monascus, and oats, including Grape King Bio products outperformed in terms of revenue. The market scale was estimated to be NT\$159.6 billion in 2021, which is equal to 5.6% growth.

Higher wages and living standards depend on a country's economic growth. Changing one's dietary habit could cause imbalanced nutrition. The rapid development of technology has led to faster communication, making life changes and work more stressful which are the factors that can be harmful people's health. Although seeking medical care is convenient in Taiwan, taking nutritional supplements has become widely accepted by many people. In recent years, the demand

for nutritional supplements has been growing with various types and sources of nutritional supplements now available. Health requirements have accelerated the expansion of local nutritional supplements, which in turn attracted suppliers in the same industry and other industries, utilizing their core advantages as product focus, e.g. raw material selection, health care request, product type, physical or platform channel cooperation and marketing operation strategy. It emphasized on domestic and multinational companies such as Uni-President Enterprises Corp. therefore they became a shareholder by private placement to collaborate in expanding the future health foods market.

As health care products have high added values, and different health care products can be offered to meet the needs of different groups of customers, they can easily form a separate market segment and attract manufacturers in the food, biotechnology and drug industries to invest in the development. Even upstream dealers of food ingredients or direct marketing/marketing companies are optimistic about the rapid growth of the health food market, and are investing in the development of health care products. In view of the large volume of foreign health food imports, domestic health food manufacturers have taken a localization strategy to incorporate the resources of research institutions to jointly develop Taiwan's local health care ingredients for their products. This can not only reduce the price fluctuation impact of foreign resources, but because of the use of local health care ingredients, the products are easy to be accepted by the local people, and can form a separate market segment from the international market. In order to expand their businesses more quickly, manufacturers also actively seek suitable products or partners to penetrate foreign markets. For example: To establish retail channels for its proprietary products in Mainland China, the Company has partnered with All Cosmos Bio-Tech to set up GK BIO International SDN. BHD., a joint venture in Malaysia. By combining the advantages of both agencies and distributors, it has tapped the nutrition and health food market in Malaysia.

With the "Health Food Management Law" published, health food is differentiated from general food. The Department of Health announced the effectiveness assessment of health care products to serve as a basis for manufacturers' application for health food product reviews. At present, the health food safety assessment items announced by the Department of Health include 13 items: the regulation of blood fat, regulation of blood sugar, allergy adjustment, immunity improvement, anti-formation of body fat, fatigue resistance, bone care, aging resistance, gastrointestinal function improvement, liver protection, dental care, and regulation of blood pressure and promotion of iron absorption. The Department has also established health food standards for products such as meniscus and fish oil.

In direct marketing, there were 347 multi-level marketing companies registered with the Fair Trade Commission as of the end of 2021. Domestic companies were about 81.84%; whereas foreign companies were 18.16%. The total number of multi-level distributors in Taiwan were 3.6487 million in 2021, with a total revenue of NT\$106.845 billion. The majority of multi-level marketing products were nutritional food and beauty care products, followed by cleaning products. These have not changed over the years. However, these multi-level marketing companies changed their sales strategy from face-to-face sales to e-commerce, a business mode with no direct contact or interaction with customers. With the new community and distribution channel becoming active, the fast growing contactless economy post-pandemic has enabled domestic companies to have new distribution channels for health and nutritional food. The traditional face-to-face sale may be combined with digital technology. Many companies have brought their businesses to e-commerce platforms, or invested in an original e-commerce platform. The sales potential for online, multi-level marketing, and live stream sales looks promising. Since the pandemic is not ending anytime soon, the domestic distribution channel for health and nutritional food is transitioning to a contactless

business.

In the Chinese market, the State Council of China has announced the "14th 5-year National health plan" as a strategy to promote public health. The government will take the lead in developing a plan to strengthen the health industry. According to oIBP's nutritional supplement market data, China has been a fastest growing market in recent years and has become one of the largest markets for nutritional supplements in the world, second to the US. Overall, the long-term development of the health industry has been stable. Even though the pandemic had a great impact on the global economy last year, it also prompted consumers to pay more attention to health. Apparently, this has benefitted the industry which is expected to grow further in the future.

Shanghai Grape King focuses on OEM/ODM for health and nutritional food products. Not only does it have exclusive ingredient support from Grape King Biotechnology Institute, but it also has the best functional materials sourced worldwide in order to provide comprehensive health food products for its consumers. Our customers include direct sales companies, pharmaceutical companies, aesthetic clinic chains, branding agencies etc. We have received good customer feedback for our service and product quality and have established stable partnerships.

With increasing GDP and higher income for people, there has been a growing need for a more diverse and wider product range. Consumers are getting younger as well. Meal replacements and innovative beauty and health products are gaining popularity among the younger generation who are looking to improve their quality of life. In recent years, there has been a growing demand for healthy food snacks that are diverse and convenient to eat. Many brands have been advocating a healthy lifestyle as a fashionable trend through social media in addition to promoting the distinct functional appeal of their products being portable, unique, customized, eco-friendly, sustainable (packaging), etc.

## ii. Relationship among the industry's up, mid and down streams

Upstream: material development, formula development and upgrading.

Midstream: manufacturing.

Downstream: distribution channels, including the traditional physical stores (such as discount stores, beauty shops and supermarket chains), virtual channels such as online shopping malls or TV shopping, and direct marketing channels.

The Company has a complete industry chain. The upstream is the core manufacturing technology of microbial fermentation which is used to develop key ingredients such as lactic acid bacteria, *Ganoderma lucidum* and *Antrodia mycelium*. The midstream is the preparation and packaging capability and the downstream is the Company's own distribution channels and brands. Therefore, the Company can make a flexible response to the overall industry change and continue to win consumer favor and trust.

## iii. Product development trends

- (i) Immunoregulation is the focus of the Company's development of health care products, and *Ganoderma lucidum* related products have obtained the health food certification of the Department of Health.
- (ii) Lactic acid bacteria products have become one of the most popular intestinal health products in recent years. The lactic acid bacteria products of the Company are not only rich in bacteria, but are very popular with consumers. They also obtained health food certification numbers, and have the two functions of gastrointestinal function improvement and allergy adjustment.
- (iii) For Taiwan's common liver diseases, the Company developed health care products such as *Antrodia King* and *Antrodia Aqua* has obtained a health food certification number from the Department of Health for liver protection and blood pressure regulation functions).

- (iv) For the aging society, the Company developed health care products for the silver-haired group for delay of aging and prevention of Alzheimer's disease.
- (v) The Company developed ergot sulfide beauty drinks and facial masks with a strong anti-oxidative ability.
- (vi) For the different health needs of men and women, the Company developed energy drinks for men and beauty drinks for women.
- (vii) Develop and add precious plant extracts that protect the eyes and provide essential healthcare foods for 3C users.
- (viii) Develop a series of unique "Grape King" style snack and beverages to be sold exclusively at the Company's tourist factory.

#### iv. Competition

##### (i) Product competition:

- A. With the expansion of the domestic health food market, domestic Chinese and western pharmaceutical manufacturers and biotech companies have also stepped into the health food market, and grown quickly with their name recognition and existing technology in the pharmaceutical industry.
- B. With their policy changes, some foreign governments have allowed the sales of health care products in foreign countries which were originally for domestic sales only. Because of the citizens' infatuation with overseas brands, the participation of overseas health care brands will make the competition keener.
- C. On the direct marketing side, the increasing output value of the multi-level marketing industry year after year reflects the high potential of the direct marketing channel. However, the greater the output value, the higher the attractiveness for more enterprises to transform into multi-level marketing companies, and the more foreign multi-level marketing companies will enter the Taiwan market for market shares. The degree of competition is therefore increasing every year.

##### (ii) Channel competition:

With the change of market demand and consumption habits, health care products and beauty care products can be seen not only in the roadside open-shelf drug stores, suburban discount stores and existing multi-level marketing channels, but also in convenience stores around the corner. This accessibility has offered more options to consumers. Various industry groups have increased their investments in health food products and actively promote them through online media and physical channels, enabling customers to enjoy the most convenient way to purchase. Therefore, how to enhance product uniqueness, attract the attention of consumers and provide better after-sales service are the matters which require careful consideration.

The output value of the multilevel marketing has been increasing over the years, which demonstrates the consuming capacity in multilevel marketing distribution. All companies work together, forming a positive and healthy competition. It is through everyone's efforts that competition continues to grow and remain stable. It is also important to maintain good relationships to further enhance sales performance in the years to come.

#### (3) Overview of Technology and R&D

- i. Hericium mycelium fermentation technology: The 40 ton-liquid fermentation technology is now in production.
- ii. Lactic acid bacteria recovery technology: The continuous centrifugal technology in the recovery of lactic acid bacteria was developed, and the first domestic liquid nitrogen process was completed.
- iii. The anti-aging Hericium health care product was developed and launched.

iv. Grape King Biotech Research Institute was expanded and an automatic freeze-drying process was introduced in 2020. The Company's total fermentation capacity is 386 metric tons.

v. Awards won

- (i) "A COMPOSITION FOR MODULATION OF TESTOSTERONE AND ITS USE" was awarded a Gold medal at 2022 Russian Archimedes International Invention Exhibition.
- (ii) "USE OF LACTOBACILLUS REUTERI GKR1 FOR PREPARING COMPOSITION OF REDUCING URIC ACID" was awarded a Gold medal at 2022 Russian Archimedes International Invention Exhibition.
- (iii) "A LACTOBACILLUS RHAMNOSUS GKLC1, A COMPOSITION AND ITS USE FOR IMPROVING ALCOHOLIC INJURY IN LIVER, STOMACH AND/OR INTESTINE" was awarded a Gold medal at 2022 MTE!
- (iv) "USE OF LIGNOSUS RHINOCERUS MYCELIA ACTIVE SUBSTANCE FOR MANUFACTURING AN ANTIVIRAL COMPOSITION" was awarded a Silver medal at 2022 MTE!
- (v) "Use of Cordyceps Cidadae mycelium active substances for manufacturing a composition preventing, postponing or treating changes in the anterior/posterior chamber volume, vitreous humour, and/or retinal detachment" was awarded a Bronze medal at ITEX 2022!
- (vi) "An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity" was awarded a Bronze medal at ITEX 2022!
- (vii) "An active substance of Morchella, its use and a composition thereof for improving the reproductive function" was awarded Gold medal at EURO Invent 2022!
- (viii) "Lactobacillus plantarum strain, composition comprising the same, method of producing the same and its use for inhibiting or reducing oral pathogens" was awarded a Gold medal at EURO Invent 2022!
- (ix) "An active substance of Morchella, its use and a composition thereof for improving the reproductive function" was awarded a Special medal at EURO Invent 2022!
- (x) "LACTOBACILLUS FERMENTUM GKF3, COMPOSITION CONTAINING THE SAME AND ITS USE FOR IMPROVING PSYCHATAxia" was awarded a Gold medal at the World Genius Convention and Education Expo 2022!
- (xi) "Use of Preparing a Pharmaceutical Composition for Improving Myelination of Central Nervous System by Hericium erinaceus Mycelia Extract" was awarded a Gold medal at the World Genius Convention and Education Expo 2022!
- (xii) "(GKM3/GKS6) Uses of Treating, Preventing or Improving bone diseases by Lactobacillus Bacteria, Pharmaceutical composition and edible composition thereof" was awarded a Gold medal at ASIE 2022!
- (xiii) "An active substance of Morchella, its use and a composition thereof for improving the reproductive function" was awarded Gold medal at ASIE 2022!
- (xiv) "(GKM3/GKS6) Uses of Treating, Preventing or Improving bone diseases by Lactobacillus Bacteria, Pharmaceutical composition and edible composition thereof" was awarded Special medal at ASIE 2022!
- (xv) "An active substance of Morchella, its use and a composition thereof for improving the reproductive function" was awarded Special medal at ASIE 2022!
- (xvi) "Active substance of Cicada and its application for prevention, delay or treatment of Cataract" was awarded Gold medal at WIC!
- (xvii) "LACTOBACILLUS BREVIS GKJOY, composition containing the same and its use for improving PSYCHATAxia and Promoting nerve function" was awarded a Gold medal at WIC!

- (xviii) "LACTOBACILLUS FERMENTUM GKF3, COMPOSITION CONTAINING THE SAME AND ITS USE FOR IMPROVING PSYCHATAXIA" was awarded a Gold medal at 2022 All American DAVINCI International Innovation.
- (xix) "An active substance for preventing hearing loss, method for preparing thereof and pharmaceutical composition" was awarded Gold medals at 2022 All American DAVINCI International Innovation.
- (xx) "Use of Lactic Acid Bacteria for manufacturing and antiviral composition" was awarded a Gold medal at iCAN 2022!
- (xxi) "Use of Phellinus Linteus for Preparing Composition of Improving Sarcopenia" was awarded a Gold medal at iCAN 2022!
- (xxii) "Use of Lactic Acid Bacteria for manufacturing and antiviral composition" was awarded a Special medal at iCAN 2022!
- (xxiii) "Use of Phellinus Linteus for Preparing Composition of Improving Sarcopenia" was awarded a Special medal at iCAN 2022!
- (xxiv) "A Lactobacillus Rhamnosus GKLC1, a composition and its use for improving alcoholic injury in liver, stomach, and intestine" was awarded a Gold medal at 2022 International Invention and Trade Expo London (IITE)!
- (xxv) "Antioxidant multi-layer coating of probiotic particles" won a Gold Medal at the ITE in 2022.
- (xxvi) "A Lactobacillus Rhamnosus GKLC1, a composition and its use for improving alcoholic injury in liver, stomach, and intestine" was awarded a Special medal at 2022 International Invention and Trade Expo London (IITE)!
- (xxvii) "Antioxidant multi-layer coating of probiotic particles" won a Special Medal at the ITE in 2022
- (xxviii) "LACTOBACILLUS BREVIS GKJOY, composition containing the same and its use for improving PSYCHATAXIA and Promoting nerve function" was awarded a Gold medal at the Innovation Week in Africa (IWA) 2022!
- (xxix) "Use of LACTIC ACID BACTERIA for manufacturing an antiviral composition" was awarded a Gold medals at the Innovation Week in Africa (IWA) 2022!
- (xxx) "Use of PHELLINUS LINTEUS for preparing composition of improving Sarcopenia" was awarded a Silver Medal at the 2022 IIIC International Invention Exhibition.
- (xxxi) "Use of preparing a pharmaceutical composition for improving Myelination of the central nervous system by Hericium Erinaceus Mycelia Extract" was awarded Gold medal at the 2022 IIIC International Invention Exhibition
- (xxxii) "Use of Lactic Acid Bacteria for increasing resistance against ENTEROVIRUS 71" was awarded Gold medal at the 2022 IIIC International Invention Exhibition.
- (xxxiii) "LACTOBACILLUS FERMENTUM GKF3, COMPOSITION CONTAINING THE SAME AND ITS USE FOR IMPROVING PSYCHATAXIA" was awarded a Gold medal at Hong Kong International Invention and Design Competition.
- (xxxiv) Compositions comprising an active compound for treating dementia and methods of use thereof received a gold medal in the Hong Kong International Invention and Design Competition of 2022.
- (xxxv) "LACTOBACILLUS FERMENTUM GKF3, COMPOSITION CONTAINING THE SAME AND ITS USE FOR IMPROVING PSYCHATAXIA" was awarded a Gold medal at 18th Ukraine Innovation Awards 2022.
- (xxxvi) "Active substance of Cicada and its application for prevention, delay or treatment of Cataract " was awarded a Gold medal at 18<sup>th</sup> Ukraine Innovation Awards 2022.
- (xxxvii) "An active substance of Lactobacillus paracasei GKS6, a composition comprising

- thereof and its use for promoting longevity" won a Gold Medal from the 14th XV International Warsaw Invention Show 2022.
- (xxxviii) "(GKM3/GKS6) Uses of Treating, Preventing or Improving bone diseases by Lactobacillus Bacteria, Pharmaceutical composition and edible composition thereof" was awarded a Gold medal from the 14th XV International Warsaw Invention Show 2022.
  - (xxxix) "Use of Cordyceps Cidadae mycelium active substances for manufacturing a composition preventing, postponing or treating changes in the anterior/posterior chamber volume, vitreous humour, and/or retinal detachment" was awarded a Gold medal at the INOVA International Invention Show 2022.
  - (xl) "Use of LACTIC ACID BACTERIA for increasing resistance against Enterovirus 71" was awarded a Gold medal at the INOVA International Invention Show 2022.
  - (xli) "Use of Cordyceps Cidadae mycelium active substances for manufacturing a composition preventing, postponing or treating changes in the anterior/posterior chamber volume, vitreous humour, and/or retinal detachment" was awarded a Special medal at the INOVA International Invention Show 2022.
  - (xlii) "Use of LACTIC ACID BACTERIA for increasing resistance against Enterovirus 71" was awarded Gold medal at INOVA 2022!
  - (xliii) "Erinaceus A hericium Erinaceus mycelium" received the 2022 "Taiwan BIO Awards – Industrial Innovation Award".
  - (xliv) "Erinaceus A hericium Erinaceus mycelium" Received the 2022 Excellent Manufacturer Innovative Product Award from Hsinchu Science Park
  - (xlv) "Sliim Probiotics King" Received the "Innovation Award" from the Lactobacillus Association of Taiwan.
  - (xlv) "Xin Run Beauty Drink" Received the Excellence Award from the Lactobacillus Association of Taiwan.
  - (xlvii) "Baby Drink, Qing Cai Xian Capsule, Elderly Meal Supplement" had received Symbol of National Quality (SNQ).

vi. Patents obtained in the past three years:

Approving Country	Patent Name	Date	Patent No.
China	Cicada mycelia active essence and neuron-cell protective compounds	Apr. 10, 2020	ZL 2014 1 0738259.6
China	Antrodia Cinnamomea mycelium for reducing cancer cells, with active essence and compounds	Apr. 14, 2020	ZL 2015 1 0212041.1
China	Hericium Erinaceus for relieving pain, Hericium Erinaceus mycelium active essence; production methods, and medical compounds	May 15, 2020	ZL 2015 8 0000569.0
Japan	Cicada mycelium active essence for preventing, delaying or treating anterior and posterior chamber expansion, as well as vitreous humor expansion of the eyes and/or detachment of the retina	May 7, 2020	6700374
ROC	Antrodia Cinnamomea mycelium active essence for treating chronic lung disease	Jul. 11, 2020	I698243
ROC	Cicada mycelia active essence for preventing or treating acute lung injury; production methods and uses	Aug. 11, 2020	I701335
ROC	Antioxidant multi-layer embedded probiotic particles	Oct. 1, 2020	M602044
America	Cicada mycelium active essence for preventing, delaying or treating anterior and posterior chamber expansion, as well as	Nov. 17, 2020	US 10835563 B2



	vitreous humor expansion of the eyes and/or detachment of the retina		
China	Antrodia Cinnamomea mycelium active essence and neuron-protective compounds	Oct. 13, 2020	ZL 2014 1 0735439.9
ROC	Bifidobacterium lactis GKK2, compounds and methods to relieve asthma	Nov. 11, 2020	I709408
Japan	Cicada mycelia active essence for preventing or treating acute lung injury; production methods and uses	Nov. 5, 2020	6789339
America	Cicada active essence for preventing or treating acute lung injury; production methods and uses	Dec. 15, 2020	US 10865377 B2
ROC	Lactobacillus rhamnosus GKLC1, compounds and methods to relieve alcoholic liver disease, injury of stomach and/or intestines	Jan. 1, 2021	I715177
ROC	Embedded probiotic particles structure	Jan. 1, 2021	M605965
ROC	Calcium particles structure	Jan. 1, 2021	M605957
Canada	Cicada mycelium active substance applied for preparation of compositions for preventing, delaying or treating anterior and posterior chamber expansion, vitreous fluid expansion and/or retinal detachment	Mar. 9, 2021	3032527
ROC	An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity	Feb. 11, 2021	I718402
ROC	Lactobacillus reuteri GKR1 compound for lower uric acid and methods of use thereof	Feb. 21, 2021	I719691
Singapore	Cicada mycelium active substance applied for preparation of compositions for preventing, delaying or treating anterior and posterior chamber expansion, vitreous fluid expansion and/or retinal detachment	Feb. 9, 2021	10201902959U
Korea	Cicada mycelia active essence for preventing or treating acute lung injury; production methods and uses	Feb. 26, 2021	10-2223608
China	Compositions comprising an active compound for treating dementia and methods of use thereof	Mar. 19, 2021	2016 1 0002997.3
ROC	Method for manufacturing and the use of Paecilomyces hepialid mycelia active substance for preventing and/or ameliorating acute lung injury	Apr. 1, 2021	I723368
Japan	Use of Lactobacillus, its pharmaceutical compositions and ROC edible compositions applied for the treatment, prevention or improvement of bone diseases	Mar. 12, 2021	6852111
ROC	Use of Lignosus Rhinocerus Mycelia active substance for antivirus compounds	Apr. 11, 2021	I724890
ROC	Compositions for preventing, delaying or treating eye tissue disease and methods of use thereof	May. 1, 2021	I726255
Japan	Lactobacillus Fermentum GKF3, Composition Comprising the Strain and method for improving Psychataxia using the same	May. 12, 2021	6869312
ROC	Phellinus Linteus Extract Concentrate, its compound for improving sleep quality and methods of use thereof	Jun. 1, 2021	I729928
ROC	Lactobacillus Fermentum GKF3, Composition Comprising the Strain and method for improving Psychataxia using the same	Jun. 21, 2021	I731279
ROC	Lactobacillus plantarum, its compound for suppressing or reducing pathogenic bacterium and methods of use thereof	Jul. 11, 2021	I733207
China	Cicada active substance and its application of relieving intraocular pressure	Jul. 16, 2021	2016 1 119508.8
ROC	Bifidobacterium lactis GKK2, compounds and methods to relieve asthma	Sep. 21, 2021	I740057
America	Active substance of morel used for improving reproductive	Sep. 14, 2021	11,116,807 B2

	function, including its applications and compositions		
ROC	Adjusting testosterone, compounds and methods of use thereof	Sep. 21, 2021	1740199
Japan	An active substance of Lactobacillus plantarum GKM3, a composition comprising thereof and its use for promoting longevity	Sep. 27, 2021	6949906
Canada	Active substance of Cicada and its application for prevention, delay or treatment of cataract	Feb. 23, 2021	2986975
Japan	Hericium Erinaceus mycelium extracts, its pharmaceutical compositions and methods of use to improve myelination of the central nervous system	Sep. 30, 2021	6952812
ROC	Lactobacillus rhamnosus GKLC1, its compositions and methods of use for preventing or treating renal disorder	Nov. 1, 2021	1745003
America	Lactic acid bacteria GKM3/GKS6, its compositions and methods of use for promoting blood calcium and improving osteoporosis	Nov. 30, 2021	11,185,563
ROC	Isaria cicadae Miq extract and methods of use for relieving intraocular pressure	Dec. 11, 2021	1749362
China	Cicada mycelium active substance applied for preparation of compositions for preventing, delaying or treating eye disease	Dec. 7, 2021	ZL 201811103244.7
ROC	Lactobacillus brevis GKJOY, composition containing the same and its use for improving psychataxia and promoting nerve function	Dec. 21, 2021	1750788
America	Bifidobacterium lactis GKK2, compounds and methods for promoting longevity	Jul. 13, 2021	11,058,733 B2
America	An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity	Dec. 14, 2021	11,197,901 B2
Japan	Bifidobacterium lactis GKK2, compounds and methods to relieve asthma	Nov. 29, 2021	1750788
ROC	Use of LACTIC ACID BACTERIA for increasing resistance against Enterovirus 71	Feb. 11, 2022	1754929
ROC	Phellinus mycelium active substance and preparation of composition to fight against Enterovirus 71	Feb. 21, 2022	1755725
America	Lactobacillus Fermentum GKF3, Composition Comprising the Strain and method for improving Psychataxia using the same	Feb. 22, 2022	US 11,253,556 B2
Japan	Lactobacillus reuteri GKR1 compound for lower uric acid and methods of use thereof	Jan. 06, 2022	7004774
Vietnam	Chocolate products containing probiotics	Jan. 24, 2022	No. 2820
ROC	Use of LACTIC ACID BACTERIA for manufacturing an antiviral composition	Mar. 11, 2022	1757735
Singapore	Lactic acid bacteria GKM3/GKS6, its compositions and methods of use for promoting blood calcium and improving osteoporosis	Aug. 12, 2021	10201903639T
China	Antioxidant multi-layer coating of probiotic particles	Nov. 30, 2021	ZL 2020 2 3046313.0
Malaysia	Cicada mycelium active essence for preventing, delaying or treating anterior and posterior chamber expansion, as well as vitreous humor expansion of the eyes and/or detachment of the retina	May. 12, 2022	MY-190815-A
China	Lactobacillus Fermentum GKF3, Composition Comprising the Strain and method for improving Psychataxia using the same	Mar. 18, 2022	ZL 2019 1 1059860.1
ROC	Lactobacillus plantarum GKM3, a composition to delay aging	Apr. 11, 2022	1760548
Singapore	Lignosus Rhinocerus Mycelia active substance to ameliorate chronic obstructive pulmonary disease	Feb. 08, 2022	10201912777U

China	Cicada mycelia active essence for preventing or treating acute lung injury; production methods and uses	Apr. 15, 2022	ZL 2019 1 0211121.3
China	Lactobacillus plantarum and application to lower uric acid, reduce allergies, and lower blood sugar	Apr. 29, 2022	ZL 2017 1 1372565.2
China	Lactobacillus plantarum and application to eliminate body fat, lower hepatomegaly, and prevent inflammation	Apr. 29, 2022	ZL 2017 1 1372954.5
China	Lactobacillus plantarum and application to lower blood fat, liver function index, and uric acid as well as prevent inflammation	Apr. 29, 2022	ZL 2017 1 1372555.9
Japan	Bifidobacterium lactis GKK2, compounds and methods to relieve asthma	Apr. 18, 2022	7060555
ROC	Use of PHELLINUS LINTEUS for preparing composition of improving Sarcopenia	Jun. 01, 2022	I766394
ROC	Edible infusion device	Jun. 01, 2022	M625687
ROC	Heridium Erinaceus mycelium extracts, its pharmaceutical compositions and methods of use to improve myelination of the central nervous system	Jul. 21, 2022	I771561
ROC	Morchella active substance (for sarcopenia)	Aug. 01, 2022	I722922
ROC	The use of the active substance of Lignosus Rhinocerus Mycelia to prevent and/or ameliorate lung injury, its preparation method and application.	Aug. 21, 2022	I774903
Canada	Cicada mycelia active essence for preventing or treating acute lung injury; production methods and uses		Applied for the license
Malaysia	Bifidobacterium lactis GKK2, compounds and methods to relieve asthma		Applied for the license
ROC	Lactobacillus paracasei GKS6 for preventing or treating abnormal kidney function	Oct. 11, 2022	I780460
Malaysia	Bifidobacterium lactis GKK2, compounds and methods to relieve asthma	Aug. 24, 2022	MY-192498-A
Singapore	An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity	Nov. 21, 2022	10201907552T
ROC	Probiotics composition and application to stabilize bladder pressure and reduce frequent urination		Applied for the license
ROC	Pediococcus pentosaceus GKP4 and composition to prevent sarcopenia	Nov. 11, 2022	I783780
Japan	An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity		Applied for the license
Japan	Morchella mycelia for preventing sarcopenia		Applied for the license
ROC	Composition and application for suppressing angiogenesis	Nov. 01, 2022	I782862
Malaysia	Use of Lignosus Rhinocerus Mycelia active substance for Ameliorating Chronic Obstructive Pulmonary Disease		Applied for the license
ROC	Cicada mycelium active substance for treatment of macular degeneration		Applied for the license
China	Lactobacillus plantarum and application to eliminate body fat, lower hepatomegaly, and prevent inflammation	Apr. 29, 2022	ZL 2017 1 1372954.5
China	Lactobacillus plantarum and application to lower blood fat, liver function index, and uric acid as well as prevent inflammation	Apr. 29, 2022	ZL 2017 1 1372555.9
Japan	Bifidobacterium lactis GKK2, compounds and methods to relieve asthma	Apr. 18, 2022	7060555
Japan	Morchella mycelia for preventing sarcopenia		Applied for the license
ROC	Composition and application for suppressing angiogenesis	Nov. 01, 2022	I782862

Malaysia	Use of Lignosus Rhinocerus Mycelia active substance for Ameliorating Chronic Obstructive Pulmonary Disease		Applied for the license
ROC	Cicada mycelium active substance for treatment of macular degeneration		Applied for the license

vii. New products developed in the past five years:

Antrodia Drip Coffee, LGG Probiotics, Night Sliim Turmeric Complex, Probiotics King for Kids, Anti Starch 2.0, Deer Placenta Beauty Capsule, Essential QQ Collagen Drink, Kombucha, Ling Zhi Essential Drink, Ganoderma King Essential Drink (Low Sugar), Ren Shen Essence Drink, Good Night Probiotics, Probiotics King Plus Capsule, Natto Red Yeast Rice EX, Kombucha Honey Grapefruit Flavour, Marigold Lutein Complex, Sliim Turmeric Complex EX, Sliim Probiotics Sachet, Sliim & Joy Probiotics Powder, Premium Antrodia King, Tumeric & Red Vine Leaf Extract Complex Capsule, Antrodia King, PowerBOMB Lichi, Salt & Hops Flavor, Premium Sliim Turmeric Complex, Premium Ganoderma King, Ganoderma for Kids, Hangover-Free Essential Drink, Probiotic King Powder, Q10 Natto King(Vegetarian), Premium Night Sliim Turmeric Complex, Super 13 Pro & Prebiotics, Super 13 Pro & Prebiotics(N), TANGLIJIA, CHANG QIE LI, Coriolus versicolor Noodle, Happy Probiotics, Baby Drink, Qing Cai Xian Capsule, Elderly Meal Supplement , Bai Ke Sz Capsule(Vegan), Ai Yi Capsule, Ai Yi Capsule (Vegan), Lutein complex Capsule (Vegan), Wei Jay Capsule (Vegetarian), Huo Yue Capsule, Beauty Drink, Hericium Erinaceus Mycelium Capsule, Beauty Drink, Ning Kang Fu Capsule, Q10 Capsule, Nutrition Complex Capsule, Meal Supplement (Original Flavour), Meal Supplement, GK Lifeshine Beauty Essential Drink, GK LifeShine Fiber Enzyme Sachet, GK LifeShine Cranberry & Hyaluronan Probiotics, GK LifeShine 365 Energy Capsule.

viii. R&D Expenses in the past three years

Year	2020	2021	2022
Amount	252,857	292,228	289,884

Unit: NT\$ thousand

(4) Long-term and Short-term Development

With the continuous stimulation of market sales incentives, consumer spending habits change year by year, and the existing distribution channels are bound to face difficulties and the development is limited. For the sustainable development of the business, the short and long-term business directions are mainly on new channels and the development of new products to meet consumer demands better and expand the consumer base for performance growth. The business development plan is as follows:

i. Short-term business development

Looking forward, we will stay committed to our mission "Live Healthy, Think Grape King" while achieving our product objectives and meeting the health needs of the whole family. Besides maintaining our best-selling products, we expect to launch a variety of health products for preventing body fat accumulation, eye care, and cardiovascular health. By combining Grape King's excellent research and development strategies with high-quality functional raw materials and long-term health benefits, we have successfully launched various functional foods and snacks for people who want a healthy daily diet. Big data operation in digital marketing is introduced for the strategic planning of the distribution channel. It allows the Company to accurately determine potential customers with a positive business flow, to drive the membership growth, and to diligently improve the quality of customer service. We also strengthen our analysis from our member database, through which consumers are segmented accordingly with different promotions to increase reoccurring sales. Through this improvement in both the quality of our members and services, an overall performance growth is expected.

Pro-Partner will continuously develop and diversify its product range, meeting the various needs of Pro-Partner members, and further expand the sales performance of Pro-Partner brand operators / supporters, as well as intensify market expansion.

At Shanghai Grape King, OEM/ODM are the backbone of sales development, focused on research & development, production of health and nutritional food products as well as development of innovative formulations. The Company is likewise committed to technological research of dosage forms to provide comprehensive and precise product solutions for customers.

ii. Long-term business development

In response to the diversity of consumer health care requirements, we have planned the implementation, application and development of health food certification to comply with the regulatory requirements on the sales of products. In addition to the existing gastrointestinal, immunoregulatory, liver protecting, blood pressure reducing, anti-fatigue and preventing body fat accumulation products, we will add anti-allergy, bone health, blood glucose regulating and blood fats and other functional products to expand our product function range as the long-term product plan to expand the consumer base.

In terms of channel expansion, virtual e-commerce channels are currently the largest. Economic and business opportunities through zero-touch e-commerce and online home purchases during the pandemic, long-term membership sales will be the main growth driver in the future. Grape King Bio's in-house membership platform-e-Shop has gained more than 150,000 members. In the future, we will get more involved with Omni-media management to continue to increase the number of new members, and broaden the scope of new member management. It is expected that the number of new members will exceed 200,000 in the next five years. Backed by our high-quality R&D personnel and nutrition support team, we will provide complete health advice from a professional perspective, gradually manage the depth of membership, and become a comprehensive health expert. In terms of physical consumption channel operations, we will look to our new strategic partnership we formed with the Uni-President Group who has a vast amount of experience and is good at operating in the fast-moving consumer goods (FMCG) category. We aim to officially introduce recreational health foods to the consumer market too.

The Company has been through a shaky Chinese market due to the complete lockdown, but now it is ready to welcome a lively and vigorous consumer market. It continues to combine Taiwan's development capabilities with Shanghai Grape King's ODM advantage to plan and manufacture good quality products for the sales distribution team in China, aimed at restoring demand for health products post-pandemic as well as beauty and cosmetic products once the mask mandate is lifted, and expanding the Group scale of operations globally.

Pro-Partner's multi-level marketing (MLM) business has reached stability in Taiwan, and is now looking to branch out into markets abroad. They plan to first enter the Malaysian market due to the well acceptance of the MLM business model and health food products. This is an important milestone Pro-Partner in the mid to long term. Key evaluation points such as regulation, tax, culture, stability of politics and economy etc., will be carefully planned.

## 2. Market and Sales Overview

(1) Market analysis

- i. Main product sales area: Metropolitan areas of Taiwan Island.
- ii. Market share:

The Company's *Ganoderma lucidum* and *Antrodia camphorate* products have been the leading brands over the years with a market share of more than 50% respectively. While there are

other competing products, with our brand name recognition we are able to maintain a substantial market share. On the direct marketing side, the sales volume of the Company's direct marketing affiliates reached NT\$8 billion in 2021, accounting for 7.49% of the total multi-level marketing market's NT\$106.845 billion. With changes in China's national policy and better public awareness of health issues, the health food industry is poised to rebound with high growth potential, drawing interest from other industries. Many new companies have invested in the industry, creating a more fierce competition. Shanghai Grape King is a well-recognized ODM/OEM in the health food industry based on the positive feedback from customers. It has support from the strong R&D team of Grape King Bio Group. Hence, its overall sales development remains stable and is able to thrive in a fast- changing market and complex competitive environment.

iii. Future market supply and demand and growth:

The Company spares no effort in the development of new products to meet the health needs of the people. We apply accurate marketing strategies, supplemented by distribution channels which are familiar with the market, to introduce a variety of new products to continue the growth of our business. In the multi-level marketing industry, Pro-Partner Ltd. currently has around 44 products and competes with various companies. In the future, we intend to expand the product range both horizontally and vertically, and continue to develop various products in different categories, such as beauty care, daily-life, etc., so as to improve sales performance and gain market share.

In the Chinese market, Shanghai Grape King has the advantage of large-scale automotive production with abundant and complete formula database. It has been working with production facilities with similar operating philosophy and manufacturing capacity to meet customer demand for various health and nutritional food products. The post-pandemic era has made customers more health-conscious, prioritizing products that improve immunity. As the market economy recovers and consumption increases, Shanghai Grape King is confident and expects long-term development in the Chinese market despite increased competition in the health food industry.

iv. Favorable and unfavorable factors for development and countermeasures

(i) Favorable and unfavorable factors for development:

Favorable Factors	Unfavorable Factors
<p><u>Health food industry:</u></p> <ol style="list-style-type: none"> <li>1. Because of an aging population, the demand for health care products will increase year by year, and is not affected by the financial turmoil.</li> <li>2. The Company set up its biological center in 1991 and had an early start. As the hardware and software have matured, the Company is stepping into the development of key components to improve profitability and raise the entry barrier.</li> <li>3. The Company's products such as Ganoderma lucidum and Antrodia camphorate have been selected as those with high entry barriers for world-class manufacturers, etc. The Company therefore has an advantage in international competition.</li> <li>4. The Government provides NT\$10 billion per year to support the biotechnology industry, and the industry outlook is promising.</li> </ol>	<p><u>Health food industry:</u></p> <ol style="list-style-type: none"> <li>1. The implementation of the Health Food Law raises the cost of product research and development and increases operational difficulties. However, in the long run this can phase out the weak and only the strong will stay, and professional manufacturers will be protected as a result.</li> <li>2. With the continuing economic downturn, non-daily necessities such as health food have been bearing the brunt, and people's willingness to purchase has declined. This has impacted sales.</li> </ol>
<p><u>Food and beverage industry:</u></p> <ol style="list-style-type: none"> <li>1. Taiwan has a warm weather, and the demand for beverage is strong.</li> <li>2. With the development of the economy, the national income level is improving, and people are paying</li> </ol>	<p><u>Food and beverage industry:</u></p> <ol style="list-style-type: none"> <li>1. Government will significantly reduce import tariffs in order to join the WTO, and there will be more imported goods. In the future, the competition in the beverage market will be</li> </ol>

Favorable Factors	Unfavorable Factors
<p>more attention to the quality of life and leisure activities. With the expansion of consumption, beverage demand has improved, and there is a great potential in the development of the beverage market.</p>	<p>high.</p> <p>2. Beverage manufacturers like to swarm into a particular type of beverage, and the price competition will lower the profit.</p> <p>3. The product homogeneity of beverages is high, and the market competition is keen. In order to maintain the consumer's recognition of the brand and purchase intent, advertising expenses have to increase significantly.</p>
<p><u>Pharmaceutical Industry:</u></p> <ol style="list-style-type: none"> <li>1. The pharmaceutical industry is one of the top ten emerging industries of the country, and a key industry promoted and supported by the Government.</li> <li>2. As the population is aging and the living standards are improving, health issues are attracting more attention and the demand for drugs is increasing. Therefore, the size of the drug market is expanding.</li> <li>3. With the rise of health awareness, consumers are more attracted to health and health care related products.</li> <li>4. The Company was certified by the Department of Health as a "Pharmaceutical Manufacturer Implementing G.M.P" in 1987. The plant management and product quality are affirmed by the industry.</li> </ol>	<p><u>Pharmaceutical Industry:</u></p> <ol style="list-style-type: none"> <li>1. Most consumers prefer foreign original drugs. Though domestic GMP manufacturers produce drugs with the same effect, due to people's medication habits, domestic GMP manufacturers have long been in an inferior competitive position which is disadvantageous to the development of domestic pharmaceutical manufacturers.</li> <li>2. Large foreign pharmaceutical companies have come to Taiwan to erode the domestic drug market. This is disadvantageous to the development of domestic pharmaceutical manufacturers.</li> <li>3. At present, there are more than 100 domestic GMP pharmaceutical manufacturers and numerous small manufacturers. There is a fear of vicious competition.</li> </ol>

(ii) Countermeasures

The Company adopts a self-sufficient development model in the short run to reduce costs, create differentiation and increase profitability, and a central concept of "continuous R&D" to constantly upgrade the manufacturing process, introduce academic resources, and apply for government subsidies to ensure a leading position in the industry. The Company also increases its R&D expenses year by year, uses technology transfer and industry-academia cooperation to actively develop new products and new effects, and enhances the added value of the products by obtaining patents and health food certifications. The R&D focus is "going clinical and international", that means working with foreign scholars to publish journals and complete clinical trials to prove to foreign buyers the effectiveness of the Company's products or raw materials and raise their interest, so as to enter the international market.

(2) Important usage of the main products and production process

i. Important usage of the main products

- (i) Probiotics & Prebiotics: The product can change the body's bacterial plexus ecology, maintain the digestive function and adjust the physiological function.
- (ii) Bio Aid 995: The product can provide the necessary nutrients for a balanced body to help maintain good health.
- (iii) Antrodia Aqua: The health drink can balance the body's constitution, and has no side effects on the human body.
- (iv) Meal Supplement: The product can promote the body's metabolism, provide balanced nutrition for growth and help the body regain strength.
- (v) Li Sheng: The product can adjust the body's constitution and promote metabolism.
- (vi) Bai Ke Sz capsule: The product can nourish the body and adjust the body's constitution.

ii. The production process of the main products

(i) Super 13 Pro & Prebiotics

Material collecting	Cultivating	Blending	Capsule sorting	Filling	Packaging	Quality control	Awaiting testing	Warehousing
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(ii) Bio Aid 995 and Antrodia Aqua

Material collecting	Cultivating	Blending	Sterilizing	Flavoring	Filling	Sealing	Spray printing
Sterilizing	Packaging	Labeling	Packaging	Quality control	Awaiting testing	Warehousing	

(iii) Meal Supplement, Li Sheng and Bai Ke Sz capsule

Material collecting	Blending	Testing	Filling	Testing	Packaging	Warehousing
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(3) Supply of major raw materials

Main Materials		
Raw Material	Main Source	Status of Supply
Capsule	Domestic manufacturer	Normal
Granulated sugar	Domestic manufacturer	Normal
Vitamins and food additives	Foreign manufacturer	Normal
Alcohol	Foreign manufacturer	Normal
Chinese medicine	Domestic manufacturer	Normal
Aluminum foil carton	Foreign manufacturer	Normal
Carton	Domestic manufacturer	Normal
Carton box	Domestic manufacturer	Normal
Glass bottle	Domestic manufacturer	Normal

(4) Names of customers who accounted for more than 10% of the total amount of goods purchased/sold in the past two years, the amounts and percentages of the goods purchased/sold and the reasons for the increase or decrease.

- i. Major Suppliers in the past two years: The Company did not have any supplier who accounted for more than 10% of the total goods purchased in the past two years.
- ii. Major Customers in the past two years: The Company did not have any customer who accounted for more than 10% of the total goods sold in the past two years.

(5) Production in the last two years

Unit: NT\$ thousand

Major product (or department)	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Health food	Note	Note	799,224	Note	Note	853,937
Beverage - General Liquid (L)	Note	Note	120,796	Note	Note	114,691
Other (ODM, cosmetics, etc.)	Note	Note	821,773	Note	Note	648,993
Total			1,741,793			1,617,621

Note : Due to inconsistent product measurement units, the quantity is not aggregated.



Reason for change: There is no significant change in sales compared to the previous year.

(6) Shipments and sales in the last two years

Unit: NT\$ thousand

Major product	2021				2022			
	Import		Export		Import		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Health food	Note	8,112,795			Note	8,783,413		
Beverage - General Liquid (L)	Note	231,514			Note	492,258		
Other (ODM, cosmetics, etc.)	Note	1,355,169	Note	98,768	Note	1,035,185	Note	80,375
Total		9,699,478		98,768		10,310,856		80,375

Note : Due to inconsistent product measurement units, the quantity is not aggregated.

Reason for change: There is no significant change in sales compared to the previous year.

### 3. Employee Information for the Past Two Years and as of the Publication of the Annual Report:

Unit: person; %

Year		2021	2022	2023 as of the date of publication of the Annual Report (April 1, 2023)
Number of employees	Staff	404	530	521
	Technician	134	139	141
	Operator	133	148	154
	Total	771	817	816
Average age		37.85	37.91	38.24
Average service year		6.37	6.81	6.44
Academic distribution	Ph.D.	1.30	1.60	1.72
	Master's degree	14.92	14.21	13.60
	College	56.93	57.19	57.35
	High school	18.29	19.25	19.24
	Below high school	8.56	7.75	8.09

Note: The number of employees is the total number of employees of the Company and its subsidiaries (including contracted and expatriate employees).

### 4. Environmental Expenditure Information:

(1) Environmental expenditure items are mainly divided into water pollution preventing management, waste management, air pollution prevention and other related expenses.

(2) Various environmental management expenses are as follows:

Environmental administrative fees, environmental facilities maintenance costs, environmental treatment costs, environmental testing costs and environmental improvement costs.

(3) The overall environmental protection investment planning and cost in 2022 are as follows:

Unit: NT\$ thousand

Environmental management	Zhongli plant	Pingzhen plant	Longtan branch	Total
Wastewater management	34,521	578	1,637	36,736
Waste management	6,496	1,157	5,292	12,945
Air pollution management	49	-	359	408
Total	41,066	1,735	7,288	50,089

(4) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: There was a fine of NT\$6,000 in 2022, none as of the date of publication of the 2023 Annual Report. A new Waste Disposal Technician Class B has been set up.

Longtan branch: Violation of Article 20, Item 2 of the Waste Disposal Law and the announcement of "Designated Enterprises that Should Dispose of Waste Professionals and Technicians", the maximum monthly output of non-hazardous sludge is greater than 100 metric tons, and the capital is greater than 10 million, should set up One Waste Disposal Technician Class B, will be fined NT\$6,000. A new Waste Disposal Technician Class B has been set up.

## 5. Labor Relations:

### (1) Employee welfare:

The Company adopts a dual welfare system (dual welfare from the Company itself and the Welfare Committee). In order to ensure the Company's compensation and welfare system is advantageously above the industry level, we actively introduced various management system, such as the performance and target management system to effectively distinguish between the superior and inferior employees, so as to make the performance assessment fair and transparent. The Company also set up a merit and demerit bonus weighting system to effectively encourage employees to set high standards for themselves and exceed the goals set for them. The Company also introduced a reward and punishment system and a model employee system to create a positive influence through excellent employees and create a sense of honor. The welfare items are summarized as follows:

List of Welfare Items			
Year-end bonus	Festival gifts	Uniform and free cleaning	Salary account remittance fee discount
Employee compensation	Wedding cash gift	Shopping privilege	Parking facilities
Group insurance	Funeral support	Scholarship	Health center, breast feeding room
Employee dependency Insurance	Child birth cash gift	Scholarship for children	Employee travel
Travel insurance	Hospital support	Designated store discount	Retirement program
New staff health check	Birthday cash gift	Model employee selection	Meal subsidies
Regular staff health check	Year-end activity or cash gift	Dragon Boat Festival Cash gift	Mid-Autumn Festival Cash gift

### (2) Staff advanced study and training:

In order to implement the Company's training policy of "adhering to quality system training and developing not just the business but the careers of the employees as well", the Company continues to cultivate talents and receives the honor of "Silver Medal" from the TTQS system (a quality management system for talent development). We will continue to deepen and expand the theory of talents cultivation and development to build a talent echelon, while encouraging employees to participate in various learning opportunities to form a good learning atmosphere within the organization.

#### i. Training performance over the years:

- (i) The employees are encouraged to participate in relevant training courses organized by domestic and foreign government agencies and civil organizations to acquire the latest information and market trends.
- (ii) The Company combined government resources to develop training courses, and actively cultivated the employees for diversified talent development.
- (iii) The Company conducted orientation training to newcomers, and the training content included a description of the Company's business philosophy, operations, organizational structure, products and services, code of conduct, business confidentiality, personal data protection, internal rules and regulations, as well as an introduction to the information environment, labor safety, food safety, work content and work environment.
- (iv) Through regular access to the "GPS Navigation - Seeing the Technology of Grape King" each quarter, the staff will be able to understand more about the Company's operations and related hardware and software equipment and environment, so as to build staff loyalty.
- (v) The Company actively invited professional lecturers from domestic and foreign academic or educational institutions to make thematic speeches. Through a variety of interactive activities,

the employees could absorb new knowledge and exchange technical know-how.

ii. Analysis of training performance over the years:

Year	2021	2022	2023 as of the date of publication of the Annual Report (April 2, 2023)
Average no. of external training hours per month	190.9	185.1	261.3
Average no. of internal training hours per month	481.3	423.8	525.0
Average no. of employees receiving external training per month	23.4	22.3	23.3
Average no. of employees receiving internal training per month	176.5	176.8	254.7
Total annual training hours	8,066	8,215	2,359
Total no. of employees receiving training during the year	2,398	2,749	826
Annual training penetration rate (%)	98%	92%	74%

(3) Retirement system and its implementation:

The Company has formulated a staff retirement scheme in accordance with the Employee Retirement Measures of the Labor Law, and will fund a dedicated account on a monthly basis for such use in accordance with the provisions of the Employee Retirement Fund Provision and Management Measures. Employees who have served the Company for more than 15 years and are 55 years of age or older, or who have served the Company for more than 25 years, or who have served the Company for more than 10 years and are 60 years of age or older are entitled to old retirement applications. The Company will give a multiplier of 2 for every year of service, but for a service of more than 15 years, after the 15th year a multiplier of 1 will be given for every year of service, with the highest total of 45. A service of less than half a year will be calculated as half a year, and more than half a year will be calculated as a year. With the new employee pension scheme, the monthly allocation covered by the Company should not be lower than 6% of the employee's monthly salary transferred to the individual pension account of the Labor Insurance Bureau.

(4) In order to promote the harmonious relationship between the employees and the Company, we actively promote various measures to safeguard the rights and interests of all employees to ensure that the Company's corporate governance conforms to the relevant laws and regulations. The relevant safeguarding measures are as follows:

- i. Regularly holding labor meetings to ensure a smooth communication channel between the employees and the Company.
- ii. Providing multiple complaint and report channels (such as an opinion box and a report and complaint telephone line and email address).
- iii. Implementing satisfaction surveys to listen to the employees' voices.
- iv. The old and new employees meet from time to time to provide assistance or advice regarding the work of other employees.
- v. Implementing internal and external audit systems to strengthen the Company's operations.
- vi. Increasing policy advocacy methods (such as internal sites, email address, bulletin boards, meetings, briefings and written tests) to enhance the employees' understanding and participation.

(5) Working environment and employee personal safety protection measures:

The Company has long been committed to staff care, and looks forward to its growth as well as fulfilling its social responsibility in order to achieve sustainable development. The specific measures

are as follows:

- i. Company structure:
  - (i) Establishment of a level-one unit: Work Safety Department and Environmental Protection Department.
  - (ii) Establishment of a cross-department disaster prevention unit: the Occupational Safety and Health Committee.
  - (iii) Establishment of the Employee Health Management Center: Employed full-time Registered Nurses and Occupational Physician (concurrent)
- ii. Management policy:
  - (i) Following the strategy, "Perform compliance obligation, reduce risk of danger, implement environmental protection policy, friendly environment for workplace, promote participation of all and cycle improvement for sustainability" to promote occupational safety, healthcare and management solution.
  - (ii) Establishing occupational safety norms for employees to comply with: The Company has compiled a total of 36 procedures (i.e., occupational safety and health manuals, management of environmental safety and health risks and opportunities) and a total of 38 SOPs (i.e., code of conduct for occupational safety and health), that serve as operating guidelines to employees.
  - (iii) Fire prevention and public safety: The Company annually reports the fire equipment maintenance status and conducts public building safety inspections, and regularly holds fire and emergency evacuation drills for the employees' prevention awareness.
  - (iv) Education and training: Orientation training for new staff, fire prevention training (twice a year), vocational license annual re-training (for hazardous operation executives, stacker operators, crane operators, pressure vessel operators, etc.).
  - (v) Health protection related operating rules: The Company has formulated the "Working Rules for the Protection of Maternal Labor's Health", "Operating Procedures for Prevention of Abnormal Workloads Which Trigger Diseases", "Management Procedures for Prevention of Hazards Due to Human Factors", "Operating Procedures for Prevention of Unlawful Infringement in the Execution of Duties", "Operating Procedures for Worker Selection and Assessment", "Operating Procedures for Work Resumption Assessment", "Operating Procedures for Worker Dispatch Assessment" and "Health Management Procedures", and has arranged regular health checks, special operation-related health checks, influenza vaccinations, etc. for the staff health protection.
- iii. Implementation status:
  - (i) Confined space: For the cleaning and maintenance of fermentation tanks and other confined spaces, the Company has established the "Management Approach for Confined Space Operation" and requires the operator to wear oxygen detection equipment, anti-fall equipment, a helmet and other personal safety equipment before the work.
  - (ii) Chemicals and toxicants: The Company manages chemicals and toxicants for R&D and commodity inspection purposes in accordance with the requirements of the Occupational Safety and Health Ordinance and the Environmental Protection Regulations (on the storage of liquid ingredients and waste liquids, entry and exit registration, periodic filing and regular SDS updates).
  - (iii) Health management: According to the "Employee Health Check Practices" and related regulations, the Company annually offers special-operation health checks to employees who are exposed to noises or chemicals or in contact with the products, and offers a general health check for employees over a certain age every 3 to 5 years. In both 2020 and 2022, the

Company followed and excelled the statutory requirement of providing free health checks for all employees. In the future, the Company will strive for the goal of annual health checks to all employees.

Year	Number of Health Checks Performed
2020	400
2021	416
2022	445

For the prevention and handling of accidents in the plant, the plant is currently equipped with qualified nursing staff, nursing carts and the Health Management Center, and each production unit (at the entrance) is equipped with a first-aid box and AED equipment for emergency use.

(iv) Occupational hazards: The Company did not have any major occupational hazards from 2020 to 2022. Pingzhen Plant recorded 850,000 accident-free working hours in 2022.

iv. Relevant Certification :

- (i) AED Secure Places Certification from Taoyuan City Government in 2022.
- (ii) Safety and Health Family Dedication Award from Taoyuan City Government in 2022.
- (iii) Longtan plant has obtained ISO 45001 and Taiwan Occupational Safety and Health Management System (TOSHMS) certifications in 2022.
- (iv) Received a gold award from pandemic prevention envoy in 2022 .
- (v) Received the “Excellent Healthy Work Place – Mother-Friendly” award from the Health Promotion Administration, MOHW.

(6) Other important agreements: Nil. The Company regularly holds labor meetings to facilitate communication between the employees and the Company.

(7) Any loss due to labor disputes in the past year and as of the date of publication of the annual report: In 2022 and as of the Date of Publication of the Annual Report, the Ministry of Labor has imposed penalties which are listed below. The Company has since set up complete and efficient labor-management communication channels, and has provided employees with a good working environment and comprehensive welfare program. There have been no major labor disputes or incidents that caused major losses. The Company will continue to safeguard labor rights and interests, and strive to maintain a harmonious labor-management relationship.

Penalty date	Penalty No.	Breach of law	Breach of provisions	Penalty
2022/12/02	No. 1110335491 of Labor Inspection in 2022	Article 32-2 of Labor Standards Act	Extended working hours beyond the legal limit	Fine NT\$550,000
2022/09/06	No. 1110251798 of Labor Inspection in 2022	Article 24-2 of Labor Standards Act	Failure to pay salary for work rendered during day-off	Fine NT\$50,000
2022/09/06	No. 11102517981 of Labor Inspection in 2022	Article 32-2 of Labor Standards Act	Extended working hours beyond the legal limit	Fine NT\$300,000
2022/04/29 (Longtan Science Park Branch)	No. 1110014062 of Hsinchu Science Park Bureau	Article 36-1 of Labor Standards Act	Has not taken one day as day off in every seven days.	Fine NT\$50,000
2022/03/08	No. 1110064541 of Labor Inspection in 2022	Article 32-2 of Labor Standards Act	Extended working hours beyond the legal limit	Fine NT\$300,000

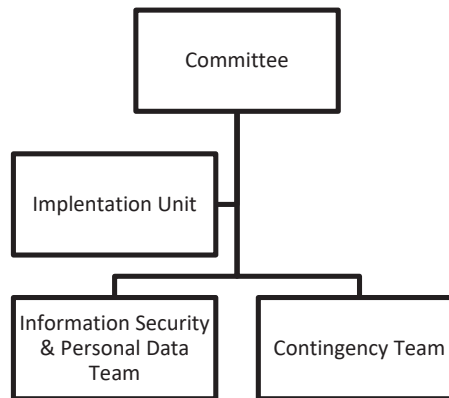
**6. Cyber security management:**

(1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

- (i) Cyber security risk management framework
- a. Corporate information security governance organization

In order to establish proper management structure to effectively promote and handle internal information security and personal data protection management, the Company has established “Information Security & Personal Data Protection Committee”. The duties and responsibilities of the Committee include reviewing information security safety policy and personal data file security maintenance plan, assigning responsibility of information security and data protection, and coordinating implementation of each information security measure, so the information security and personal data protection management system can continue its steady operation. The Company’s “Information Security & Personal Data Protection Committee” is under the jurisdiction of “Information Security and Personal Information Team”, which is formed by managers from each division in R&D Division, Manufacturing and SCM Division, Supply Chain, Sales and Marketing Division, Finance Division, and Management Division. It reports information security management performance and information security relevant matters and directions regularly at the Board of Directors meeting every year. The duties and responsibilities of the team include discussing information security management regulations, promoting information security event, conducting information security training, establishing risk management system, implementing risk management, establishing contingency and recovery plans for security incident, tracking the improvement item and corrective and preventive action after the internal and external audit on information security, analyzing incident frequency and make action plan for records of information security incident, summarizing applicable laws and regulations of the information security, establishing risk management system, and implementing risk management.

- b. Information Security & Personal Data Protection Committee Organization



- (ii) Information security policy

The Company constructed the information security policy that complies with the Company’s information security management in accordance with the regulations of “ISO 27001” and the information security management strategy with business needs consideration to strengthen information security management, and also ensured the confidentiality, integrity, and availability have met the requirement of relevant regulations to avoid internal or external threats that are either deliberated or accidental. Regular meetings are held to all staff of the Company, outsourced staff, and security management of all relevant information and assets. We review the applicability of the information security policy and protective measure by Plan-Do-Check-Act (PDCA) mechanism, while regularly reporting the implementation result to the Information Security & Personal Data Protection Committee.

## (iii) Management Plan

The Company grasps cyber security through four phases: In the “Planning Phase”, it emphasizes on information security risk management and establishes a complete Information Security Management System (ISMS). The Company was certified by ISO 27001 on May 27, 2020 (validated until May 27, 2023) continue to keep the standard of ISO/IEC 27001 certification in all plants. It reduced corporate information security threat from the system, technology, and procedure aspects, and established a high standard protection service for confidential information that met the customers’ needs. In the “Doing Phase”, it constructs a multi-layer information security protection, continues to introduce new defensives technology for information security, and integrates the control mechanism of information security in daily operation procedures such as software and hardware operations and supplier information security management, while systematically monitoring information security, maintaining the confidentiality, integrity, and availability of the Company’s valuable assets. In the “Checking Phase”, the Company actively monitors the information security management performance and measures information security indicator and quantitative analysis based on the checking result. It also evaluates information security through regular stimulation drill. In the “Acting Phase”, it focuses on review and continuous improvement, implements supervision, and conducts audit to keep the information security regulation effective.

## (iv) 2022 initiatives:

- a. Assign information security personnel: 3
- b. The total amount invested in certification, authorization, and equipment were 5.66 million dollars in 2022.
- c. Conduct cyber security audit regularly.
- d. Propaganda on Information security and three emails social engineering drill to reinforce the employees’ resilience and awareness on information security risk.
- e. Perform two offsite backup and restore tests.
- f. Hold one meeting of the Personal Data Committee.
- g. The information security implementation status was reported at the 9th meeting of the 20th session of the Board of Directors on January 6, 2023.
- h. Given the import plan of the ISMS system, we have obtained ISO27001 certification on May 27, 2020, which is valid from 2020/5/27 to 2023/5/27.

## (2) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

No significant information security incident occurred in 2022 and as of the publication of this annual report. The Company continues to take precautionary measures and has budget allocation for strengthening information technology security and reducing risk of malware attack.

**7. Important Contracts:**

In addition to regular supply and sales contracts with its distributors and agents throughout the province, the Company has the following contracts in place:



No.	Contract Type	Counterparty	Contract Start and Ending Dates	Contents
1	Appointment contract	System Software & Service Corporation	May 31, 2022 – October 31, 2023	Counseling service introducing SAP ERP system
2	Equipment purchase contract	LIH GONG SCIENCES CO., LTD.	May 30, 2022 – February 1, 2024	Purchase of fermentation equipment for Pingzhen Yongfeng Plant.
3	Equipment purchase contract	SKYSOFTGEL CO., LTD	June 9, 2022 – March 31, 2023(expected)	Purchase of soft capsule equipment
4	Engineering contract	PROJECT AUTO SERVICE CO., LTD.	September 15, 2022 – December 30, 2022	Contracting out soft capsule environmental engineering
5	Engineering contract	LI JIN ENGINEERING CO., LTD.	December 7, 2022	Contracting out the phase I expansion/construction of Pingzhen Yongfeng Plant
6	Engineering contract	TAIWAN DCARBON CO., LTD.	June 20, 2022 – March 30, 2023	Longtan Plant – contracting out solar photovoltaic generation system engineering



VI

Financial Profile



1. Condensed Balance Sheet and Income Statement in the Past Five Years
2. Financial Analysis
3. Audit Committee's Review Report of the Latest Financial Report
4. Latest Consolidated Financial Statements of the Parent Company and Subsidiaries Audited and Certified by CPAs
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## 1. Condensed Balance Sheet and Consolidated Income statement for the Past Five Years

(1) Concise Consolidated Balance Sheet – Adopting International Reporting Standards.

Unit: NT\$ thousand

Item	Year	Financial analysis for the past five years				
		2018	2019	2020	2021	2022
Current assets		2,892,983	3,066,333	3,971,424	4,985,297	5,801,262
Property, plant and equipment		5,926,655	6,453,533	7,307,695	7,207,655	7,360,082
Intangible assets		20,141	34,786	38,341	33,340	43,757
Other assets		1,808,270	1,804,419	1,786,661	1,834,587	1,847,937
Total assets		10,648,049	11,359,071	13,104,121	14,060,879	15,053,038
Current liabilities	Before distribution	3,270,009	2,810,317	3,500,574	3,294,298	3,712,411
	After distribution	4,687,740	4,260,989	5,009,042	4,780,713	Not yet distributed
Non-current liabilities		444,770	1,077,902	1,625,093	337,166	199,554
Total liabilities	Before distribution	3,714,779	3,888,219	5,125,667	3,631,464	3,911,965
	After distribution	5,132,510	5,338,891	6,634,135	5,117,879	Not yet distributed
Interests attributable to parent company owner		5,730,295	6,173,421	6,624,474	8,988,294	9,569,772
Capital stock		1,362,864	1,362,864	1,362,864	1,481,374	1,481,374
Capital reserve		965,244	968,724	971,717	2,869,691	2,874,232
Retained earnings	Before distribution	3,561,343	3,988,115	4,376,358	4,729,434	5,284,994
	After distribution	2,678,784	3,103,905	3,428,279	3,825,796	Not yet distributed
Other interests		(68,094)	(100,752)	(86,465)	(92,205)	(70,828)
Treasury stock		(91,062)	(45,530)	-	-	-
Non-controlling interests	Before distribution	1,202,975	1,297,431	1,353,980	1,441,121	1,571,301
	After distribution	667,803	730,969	793,591	858,344	Not yet distributed
Total equity	Before distribution	6,933,270	7,470,852	7,978,454	10,429,415	11,141,073
	After distribution	5,515,539	6,020,180	6,469,986	8,943,000	Not yet distributed

Note: The information above was certified by the CPAs.

## (2) Concise Individual Balance Sheet - Adopting International Financial Reporting Standards

Unit: NT\$ thousand

Item	Year	Financial analysis for the past five years				
		2018	2019	2020	2021	2022
Current assets		969,355	1,129,566	1,305,798	1,782,914	1,992,147
Property, plant and equipment		3,088,696	3,622,360	4,481,146	4,461,666	4,659,885
Intangible assets		16,362	10,902	19,019	17,627	31,701
Other assets		3,100,454	3,292,978	3,441,022	3,705,660	3,992,947
Total assets		7,174,867	8,055,806	9,246,985	9,967,867	10,676,680
Current liabilities	Before distribution	1,364,218	1,019,453	1,222,269	766,826	979,921
	After distribution	2,246,777	1,903,663	2,170,348	1,670,464	Not yet distributed
Non-current liabilities		80,354	862,932	1,400,242	212,747	126,987
Total liabilities	Before distribution	1,444,572	1,882,385	2,622,511	979,573	1,106,908
	After distribution	2,327,131	2,766,595	3,570,590	1,883,211	Not yet distributed
Interests attributable to parent company owner		5,730,295	6,173,421	6,624,474	8,988,294	9,569,772
Capital stock		1,362,864	1,362,864	1,362,864	1,481,374	1,481,374
Capital reserve		965,244	968,724	971,717	2,869,691	2,874,232
Retained earnings	Before distribution	3,561,343	3,988,115	4,376,358	4,729,434	5,284,994
	After distribution	2,678,784	3,103,905	3,428,279	3,825,796	Not yet distributed
Other interests		(68,094)	(100,752)	(86,465)	(92,205)	(70,828)
Treasury stock		(91,062)	(45,530)	-	-	-
Non-controlling interests	Before distribution	-	-	-	-	-
	After distribution	-	-	-	-	-
Total equity	Before distribution	5,730,295	6,173,421	6,624,474	8,988,294	9,569,772
	After distribution	4,847,736	5,289,211	5,676,395	8,084,656	Not yet distributed

Note: The information above was certified by the CPAs.

## (3) Concise Consolidated Income Statement - Adopting International Financial Reporting Standards

Unit: NT\$ thousand

Item	Year	Financial analysis for the past five years				
		2018	2019	2020	2021	2022
Operating revenue		9,183,321	9,239,070	9,168,195	9,798,246	10,391,231
Gross profit		7,329,264	7,565,888	7,536,791	7,855,357	8,480,949
Operating income		2,349,837	2,335,001	2,304,782	2,311,584	2,551,737
Non-operating income and expenses		76,827	105,105	73,408	103,322	136,141
Income from continuing operations before income tax		2,426,664	2,440,106	2,378,190	2,414,906	2,687,878
Net income of continuing business units		1,890,072	1,938,566	1,895,095	1,947,989	2,169,687
Loss of suspended business unit		-	-	-	-	-
Net income		1,890,072	1,938,566	1,895,095	1,947,989	2,169,687
Other comprehensive income, net of tax		(23,194)	(32,265)	14,656	(5,044)	23,845
Total comprehensive income		1,866,878	1,906,301	1,909,751	1,942,945	2,193,532
Net income attributable to stockholders of the parent		1,295,394	1,309,020	1,272,025	1,300,423	1,457,112
Net income attributable to non-controlling interests		594,678	629,546	623,070	647,566	712,575
Total comprehensive income attributable to stockholders of the parent		1,272,238	1,276,673	1,286,740	1,295,415	1,480,575
Total comprehensive income attributable to non-controlling interests		594,640	629,628	623,011	647,530	712,957
Earnings per share		9.57	9.63	9.34	8.81	9.84

Note: The information above was certified by the CPAs.

## (4) Concise Individual Income Statement - Adopting International Financial Reporting Standards

Unit: NT\$ thousand

Item	Year	Financial analysis for the past five years				
		2018	2019	2020	2021	2022
Operating revenue		1,821,840	2,015,823	2,175,969	2,451,872	2,807,503
Gross profit		928,884	1,043,901	1,116,988	1,168,243	1,315,483
Operating income		193,808	248,406	234,316	171,079	307,006
Non-operating income and expenses		1,185,196	1,134,944	1,099,173	1,171,008	1,224,450
Income from continuing operations before income tax		1,379,004	1,383,350	1,333,489	1,342,087	1,531,456
Net income of continuing business units		1,295,394	1,309,020	1,272,025	1,300,423	1,457,112
Loss of suspended business unit		-	-	-	-	-
Net income		1,295,394	1,309,020	1,272,025	1,300,423	1,457,112
Other comprehensive income, net of tax		(23,156)	(32,347)	14,715	(5,008)	23,463
Total comprehensive income		1,272,238	1,276,673	1,286,740	1,295,415	1,480,575
Net income attributable to stockholders of the parent		1,295,394	1,309,020	1,272,025	1,300,423	1,457,112
Net income attributable to non-controlling interests		-	-	-	-	-
Total comprehensive income attributable to stockholders of the parent		1,272,238	1,276,673	1,286,740	1,295,415	1,480,575
Total comprehensive income attributable to non-controlling interests		-	-	-	-	-
Earnings per share		9.57	9.63	9.34	8.81	9.84

Note: The information above was certified by the CPAs.

## (5) Auditing CPAs and audit opinions in the past five years

Year	Accounting firm	Auditing CPAs	Audit opinion
2018	Ernst & Young Certified Public Accountants	Mars Hung, Julia Lo	Unqualified opinion with emphasized paragraphs or other paragraphs
2019	Deloitte & Touche Certified Public Accountants	Yu Feng Huang, Ming Yuan Chung	Unqualified opinion with other paragraphs
2020	Deloitte & Touche Certified Public Accountants	Yu Feng Huang, Ming Yuan Chung	Unqualified opinion
2021	Deloitte & Touche Certified Public Accountants	Yu Feng Huang, Ming Yuan Chung	Unqualified opinion
2022	Deloitte & Touche Certified Public Accountants	Yu Feng Huang, Ming Yuan Chung	Unqualified opinion

## 2. Financial Analysis

### (1) Consolidated Financial Analysis

Item (Note 2) \ Year (Note 1)		Financial analysis for the past five years					Rate of change from 2021 to 2022
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to asset ratio	34.89	34.23	39.11	25.83	25.99	1%
	Long term capital to property, plant and equipment ratio	124.49	132.47	131.42	149.38	154.08	3%
Solvency (%)	Current ratio	88.47	109.11	113.45	151.33	156.27	3%
	Quick ratio	69.36	86.89	91.87	127.90	136.77	7%
	Interest coverage ratio	172.95	138.94	166.83	603.07	1,136.56	88%
Operating capacity	Receivable turnover rate (times)	54.28	48.63	44.69	38.52	36.04	-6%
	Average cash recovery day	6.72	7.50	8.16	9.47	10.12	7%
	Inventory turnover rate (times)	3.37	2.91	2.57	2.70	2.61	-3%
	Payable turnover rate (times)	6.33	6.90	6.83	7.41	6.79	-8%
	Days sales outstanding	108.30	125.42	142.02	135.18	139.84	3%
	Property, plant and equipment turnover rate (times)	1.50	1.49	1.33	1.35	1.43	6%
	Total asset turnover rate (times)	0.89	0.84	0.75	0.72	0.71	-1%
Profitability	Return on assets (%)	18.51	17.75	15.59	14.37	14.92	4%
	Return on equity (%)	28.51	26.92	24.53	21.16	20.12	-5%
	Pre-tax net profit to paid-in capital ratio (%)	178.75	179.04	174.50	169.81	181.44	7%
	Net profit rate (%)	20.58	20.98	20.67	19.88	20.88	5%
	Earnings per share (NT\$)	9.57	9.63	9.34	8.81	9.84	12%
Cash flow	Cash flow ratio (%)	73.93	77.27	77.68	77.17	80.55	4%
	Cash flow adequacy ratio (%)	90.83	89.90	110.15	108.29	114.07	5%
	Cash reinvestment ratio (%)	10.28	7.10	10.59	7.67	10.46	36%
Leverage	Operating leverage	1.85	1.89	1.89	2.02	1.99	-1%
	Financial leverage	1.01	1.01	1.01	1.00	1.00	0%

Reasons for changes of over 20% in financial ratios over the past two years:

1. Interest coverage ratio: Mainly caused by decreased interest expense due to bank loan repayment.
2. Cash reinvestment ratio: Mainly due to increase in real estate, plant, equipment, and long-term investments.



Note 1: The information above was certified by the accountants.

Note 2: The financial ratios are calculated as follows:

1. Financial structure

- (1) Debt to asset ratio = total liabilities / total assets
- (2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment

2. Solvency

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
- (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period.

3. Operating capacity

- (1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business)
- (2) Average cash recovery day = 365 / receivables turnover rate
- (3) Inventory turnover rate = sales cost / average inventory
- (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
- (5) Days sales outstanding = 365 / inventory turnover rate
- (6) Property, plant and equipment turnover rate = net sales / net average property, plant and equipment value
- (7) Total asset turnover rate = net sales / average total assets

4. Profitability

- (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
- (2) Return on equity = after tax profit and loss / average equity
- (3) Net profit rate = after tax profit and loss / net sales
- (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital)

6. Leverage

- (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit
- (2) Financial leverage = operating profit / (operating profit - interest expense)

## (2) Individual Financial Analysis

Item (Note 2)		Year (Note 1)		Financial analysis for the past five years					Rate of change from 2021 to 2022
		2018	2019	2020	2021	2022			
Financial structure (%)	Debt to asset ratio	20.13	23.37	28.36	9.83	10.37	5%		
	Long term capital to property, plant and equipment ratio	188.13	194.25	179.08	206.22	208.09	1%		
Solvency (%)	Current ratio	71.06	110.80	106.83	232.51	203.30	-13%		
	Quick ratio	45.24	65.66	58.42	154.06	147.73	-4%		
	Interest coverage ratio	216.47	119.88	122.99	1,011.61	2,051.14	103%		
Operating capacity	Receivable turnover rate (times)	7.56	7.04	7.29	7.54	6.95	-8%		
	Average cash recovery day	48.28	51.85	50.07	48.41	52.52	8%		
	Inventory turnover rate (times)	2.71	2.62	2.19	2.29	2.63	15%		
	Payable turnover rate (times)	7.67	6.76	6.28	7.01	6.93	-1%		
	Days sales outstanding	134.69	139.31	166.67	159.39	138.78	-13%		
	Property, plant and equipment turnover rate (times)	0.64	0.60	0.54	0.55	0.62	13%		
	Total asset turnover rate (times)	0.27	0.26	0.25	0.26	0.27	4%		
Profitability	Return on assets (%)	19.22	17.31	14.80	13.55	14.12	4%		
	Return on equity (%)	23.71	21.99	19.88	16.66	15.70	-6%		
	Pre-tax net profit to paid-in capital ratio (%)	101.58	101.50	97.84	94.37	103.38	10%		
	Net profit rate (%)	71.10	64.94	58.46	53.04	51.90	-2%		
	Earnings per share (NT\$)	9.57	9.63	9.34	8.81	9.84	12%		
Cash flow	Cash flow ratio (%)	24.07	35.60	36.14	58.34	76.76	32%		
	Cash flow adequacy ratio (%)	35.00	31.44	33.82	28.55	29.63	4%		
	Cash reinvestment ratio (%)	(7.58)	(6.07)	(4.53)	(4.47)	(1.27)	-72%		
Leverage	Operating leverage	5.54	4.67	5.39	8.45	5.58	-34%		
	Financial leverage	1.03	1.05	1.05	1.01	1.01	-1%		
<p>Reasons for changes of over 20% in financial ratios over the past two years:</p> <ol style="list-style-type: none"> <li>1. Interest coverage ratio: Mainly caused by decreased interest expense due to bank loan repayment.</li> <li>2. Cash Flow Ratio: Mainly due to increase in cash flow from operating activities in 2022.</li> <li>3. Cash reinvestment ratio: Mainly due to increase in real estate, plant, equipment, and long-term investments.</li> <li>4. Operating leverage: Mainly due to increase in operating profit in 2022.</li> </ol>									

Note 1: The information above was certified by accountants.

Note 2: The financial ratios are calculated as follows:

1. Financial structure
  - (1) Debt to asset ratio = total liabilities / total assets
  - (2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment
2. Solvency
  - (1) Current ratio = current assets / current liabilities
  - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
  - (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period
3. Operating capacity
  - (1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business)
  - (2) Average cash recovery day = 365 / receivables turnover rate
  - (3) Inventory turnover rate = sales cost / average inventory
  - (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
  - (5) Days sales outstanding = 365 / inventory turnover rate
  - (6) Property, plant and equipment turnover = net sales / net average property, plant and equipment value
  - (7) Total asset turnover rate = net sales / average total assets
4. Profitability
  - (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
  - (2) Return on equity = after tax profit and loss / average equity
  - (3) Net profit rate = after tax profit and loss / net sales
  - (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
  - (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years
  - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital)
6. Leverage
  - (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit.
  - (2) Financial leverage = operating profit / (operating profit - interest expense)

### 3. Audit Committee's Review Report of the Latest Financial Report

#### Grape King Bio Ltd

#### Audit Committee's Review Report

The Company's 2022 Business Report, Parent Company Only and Consolidated Financial Statements and Profit Distribution Table, the CPA Yu Feng Huang and Ming Yuan Chung of Deloitte & Touche were retained to audit Grape King Bio Ltd.'s Financial Statements and have issued an audit report relating to the Financial Statements.

All the reports have been reviewed and determined to be correct and accurate by the Audit Committee members of Grape King Bio Ltd. According to relevant requirements of the Securities and Exchange Act 14-4 and the Company Law 219, we hereby submit this report.

For review

Sincerely,

Grape King Bio Ltd

2023 Annual Shareholders' Meetings

Chairman of the Audit Committee: Feng-I Lin

February 22, 2023

- 4. Latest Consolidated Financial Statements of the Parent Company and Subsidiaries Audited and Certified by CPAs:**  
Please refer to Appendix I.
- 5. Latest Individual Financial Statements Audited and Certified by CPAs:**  
Please refer to Appendix II.
- 6. If the Company and its affiliates encountered any financial difficulties in the most recent year and as of the date of publication of the annual report, please describe their impact on the financial status of the Company: Nil.**



# VII

Review and Analysis of  
Financial Status and  
Business Results and  
Risk Issues

- 
1. Financial Status
  2. Financial Performance
  3. Cash Flow
  4. Impact of Major Capital Expenditure in the Past Year on the Financial Status
  5. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year
  6. Analysis and Assessment of Risk Issues in the Past Year and as of the Date of Publication of the Annual Report
  7. Other Important Matters

## 1. Financial Status

Main reasons for significant changes in assets, liabilities and equity in the last two years and their impact:  
Unit: NT\$ thousand; %

Item Year	December 31, 2022	December 31, 2021	Difference	% of change
Current assets	5,801,262	4,985,297	815,965	16.37%
Property, plant and equipment	7,360,082	7,207,655	152,427	2.11%
Intangible assets	43,757	33,340	10,417	31.24%
Other assets	1,847,937	1,834,587	13,350	0.73%
Total assets	15,053,038	14,060,879	992,159	7.06%
Current liabilities	3,712,411	3,294,298	418,113	12.69%
Long-term liabilities	-	87,375	(87,375)	(100.00%)
Other liabilities	199,554	249,791	(50,237)	(20.11%)
Total liabilities	3,911,965	3,631,464	280,501	7.72%
Common stock	1,481,374	1,481,374	-	0.00%
Additional paid-in capital	2,874,232	2,869,691	4,541	0.16%
Retained earnings	5,284,994	4,729,434	555,560	11.75%
Other components of equity	(70,828)	(92,205)	21,377	(23.18%)
Non-controlling interests	1,571,301	1,441,121	130,180	9.03%
Total equity	11,141,073	10,429,415	711,658	6.82%

Analysis and description (for the changes of 20% or more, and the changes with an amount of NT\$10 million or more):

- i. Intangible assets: Mainly due to increase in computer software.
- ii. Long-term liabilities: Mainly due to repayment of long-term borrowing this year.
- iii. Other liabilities: Mainly due to decrease in rental advance.
- iv. Other components of equity: It was mainly due to exchange differences of translating the financial statements of foreign operations of foreign investments accounted for using the equity methods.

## 2. Financial Performance

Main reasons for significant changes in operating income, net operating profit and pre-tax net profit in the last two years, sales forecast and the basis, and possible impact on the Company's future financial status and the contingency plan:

Item	Year	2022	2021	Difference	% of change
Operating revenues		10,391,231	9,798,246	592,985	6.05%
Operating costs		(1,910,282)	(1,942,889)	32,607	(1.68%)
Gross profit		8,480,949	7,855,357	625,592	7.96%
Operating expenses		(5,929,212)	(5,543,773)	(385,439)	6.95%
Operating income		2,551,737	2,311,584	240,153	10.39%
Non-operating income and expenses		136,141	103,322	32,819	31.76%
Income from continuing operations before income tax		2,687,878	2,414,906	272,972	11.30%
Income tax expense		(518,191)	(466,917)	(51,274)	10.98%
Net income		2,169,687	1,947,989	221,698	11.38%
Other comprehensive income		23,845	(5,044)	28,889	(572.74%)
Total comprehensive income		2,193,532	1,942,945	250,587	12.90%
Net profit attributable to the Stockholders of the parent		1,457,112	1,300,423	156,689	12.05%
Net profit attributable to non-controlling interests		712,575	647,566	65,009	10.04%
Total comprehensive income (loss) attributable to the Stockholders of the parent		1,480,575	1,295,415	185,160	14.29%
Total comprehensive income (loss) attributable to non-controlling interests		712,957	647,530	65,427	10.10%

Analysis and description (for the change of 20% or more, and the amount of change of NT\$10 million or more):

- i. Non-operating income and expense: Mainly due to increase in interest income and foreign currency exchange profit.



- ii. Other comprehensive income: It was mainly due to exchange differences of translating the financial statements of foreign operations of foreign investments accounted for using the equity methods.

### 3. Cash Flow

- (1) Cash flow analysis for the current year:

Unit: NT\$ thousand

Beginning cash balance (1)	Net cash flow from operating activities throughout the year (2)	Net cash flow from investment and financing activities throughout the year (3)	Cash surplus (Deficit) (1)+(2)+(3)	Leverage of Cash Deficit	
				Investment plan	Financing plan
3,635,197	2,990,437	(1,952,782)	4,672,852	-	-

- i. Analysis of changes in cash flow:

- (i) Operating activities: Operational source reflected as the source of net cash flow driven by continued operating growth and steady earnings.
- (ii) Investment activities: Plant building, machine and equipment purchase at Pingzhen Industrial Park was the major reason for cash outflows from investing activities.
- (iii) Financing activities: The net cash outflow from financing activities mainly due to cash dividends paid and repayment for long-term loans.

- ii. Remedy for a lack of liquidity: NA

- (2) Analysis of cash flow in the coming year

Unit: NT\$ thousand

Beginning cash balance (1)	Net cash flow from operating activities throughout the year (2)	Net cash flow forecast for the year (3)	Cash surplus (Deficit) forecast (1)+(2)+(3)	Leverage of Cash Deficit	
				Investment plan	Financing plan
4,672,852	1,725,045	(2,989,996)	3,407,901	-	-

- i. Analysis of changes in cash flow:

- (i) The forecasted net cash inflow from operating activities is mainly due to the continued business growth and an increase in revenue.
- (ii) The forecasted net cash outflow for the whole year is mainly due to the capital expenditure and the payment of cash dividend.

- ii. Remedy for a lack of liquidity: NA.

### 4. Impact of Major Capital Expenditure in the Past Year on the Financial Status

The Company is building a new plant at the Pingzhen Industry Park in order to provide a more stable production capacity for market demand. The amount paid for purchasing real estate, plant, and equipment was NT\$487 million in 2022. The source of fund mainly came from equity fund and had no major impact on the Company's financial status.

### 5. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year

- (1) Reinvestment policy in the past year: Vigilantly evaluate investment plans that are in line with the long-term development strategy.

- (2) Main reasons for profit or loss and improvement plan:

The Company's main reinvestment businesses are as follows:

- i. Pro-Partner Ltd.

- (i) The net income was NT\$1,781,437 thousand in 2022, and the Company holds 60% of its shares. The profit recognized was NT\$1,070,025 thousand.
- (ii) Pro-Partner Ltd. mainly sells health food products of the Company. In recent years, the concept of health care has become popular, and the related products of the Company are effective and widely recognized by consumers, thus generating a good business performance.

- ii. Shanghai Grape King Enterprise Co., Ltd. (100% owned by BVI GRAPE KING INTERNATIONAL INVESTMENT INC)

- (i) The net income was NT\$28,365 thousand in 2022.
- (ii) Shanghai Grape King Enterprise Co., Ltd. mainly focuses on ODM and OEM orders. As the

health food demand increases in various sales channels such as direct sales and e-commerce, it is actively soliciting ODM orders, and in the future it will continue cooperating with its parent company in Taiwan to increase the business volume.

iii. Rivershine Ltd.

- (i) The net income was NT\$8,500 thousand in 2022.
- (ii) Rivershine Ltd. mainly sells the beverage and health care products of the Company. It is actively expanding its physical channels and through marketing partners to increase the sales amount.

iv. Shanghai Rivershine Ltd. (100% owned by BVI GRAPE KING INTERNATIONAL INVESTMENT INC)

- (i) The net income was NT\$509 thousand in 2022.
- (ii) Shanghai Rivershine Ltd. mainly sells the health care products of the Company. It will continue expanding its physical channels and increase marketing partners.

v. GK BIO International SDN. BHD.

- (i) The net income was NT\$40,309 thousand in 2022, and the Company holds 35% of its shares. The profit recognized was NT\$12,732 thousand.
- (ii) GK BIO International SDN. BHD. is a major sales partner of the Company in the Southeast Asia. It will keep expanding its sales channels in the future in hopes of further penetrating into the ASEAN and Muslim markets.

vi. Shanghai Changhong Biotechnology Co., Ltd.

- (i) The net loss was NT\$4,686 thousand in 2022, and the Company holds 35.1% of its shares. The loss recognized was NT\$1,645 thousand.
- (ii) The Company re-invested US\$245.7 thousand in Shanghai Changhong Biotechnology Co., Ltd., and hold 35.1% of its shares. The major business item is technological development and consultancy in the professional field of biotechnology. Shanghai Changhong Biotechnology Co., Ltd is currently undergoing its liquidation procedures in November 2022, resulting in a recoverable amount less than the amount of the Company's investment, the Company recognized investment losses of \$2,538 thousand for the year ended December 31, 2022.

vii. Shanghai Xinquan Biotechnology Co., Ltd.

- (i) The net loss was NT\$587 thousand in 2022, and the Company holds 45% of its shares. The loss recognized was NT\$265 thousand.
- (ii) The Company re-invested RMB2.25 million in Shanghai Xinquan Biotechnology Co., Ltd., and holds 45% of its shares. The major business item is technological development and consultancy in the professional field of biotechnology.

viii. ELITE PROPARTNER HOLDINGS SDN. BHD.

- (i) The net loss was NT\$270 thousand in 2022
- (ii) It is a subsidiary of Pro-Partner Co., Ltd. with 100% shareholding to expand the market in Malaysia

(3) Investment plan in the coming year:

The Company remains long-term and strategic investment as a principle and continuously evaluates its re-investment plans.

## 6. Analysis and Assessment of Risk Issues in the Past Year and as of the Date of Publication of the Annual Report

(1) The impact of interest and exchange rate changes and inflation on the Company's profit and loss and future counter measures:

- i. Interest rate changes: The interest rate risk of the Company and its subsidiaries mainly comes from bank loans. The interest expense of bank loans in 2022 was 0.009% of the pre-tax net profit. Therefore, interest rate changes have little effect on the profit and loss of the Company. In the future the Company will adjust its use of funds in response to interest rate changes.
- ii. Exchange rate changes: The business of the Company and its subsidiaries mainly depends on the local market and raw materials, and less on imported raw materials and exports. Therefore, the ratios of foreign currency assets to total assets and foreign currency liabilities to total liabilities are small, and the impact of exchange rate changes on the Company is limited.

iii. Inflation: The price indices of the places where the Company and its subsidiaries operate are stable, and there has been no significant inflation. The Company will keep paying attention to the fluctuation of prices in various places and take timely measures to minimize the impact.

(2) Policies of engagement in high-risk and highly leveraged investments, loans to others, endorsements and guarantees and derivative trading, main reasons for profit or loss and future counter measures: Nil.

(3) R&D plans and estimated R&D expenses in the future:

In 2022, Taiwan steered through the hurdles of the COVID-19 pandemic and has moved on to re-opening its borders. During the pandemic, the Company actively developed plans for common virus tests, such as anti-viral agents against Enterovirus-71, Influenza A, and the omicron variant. A unique type of probiotics was screened for the Enterovirus-71 testing, which increased survival rate after infection. Human clinical research cases included relieving premenstrual syndrome using mushrooms, managing Parkinson's disease, improving the management of depression, protecting the kidneys using probiotics, increasing muscle mass and reducing fat, removing body fat, and treating sarcopenia using mushrooms. The Company continues to pay more attention to probiotics and plans relevant research on health issues such as intestinal function adjustment, stomach protection, irritable bowel syndrome, and gastric mucosal injury caused by alcohol. Due to extreme climate changes around the world and the Ukraine-Russia War, the world is facing a worsening food crisis. The Company is set to begin research and development of fungi-based meat as an alternative to high-protein and high-fiber products. It actively continues its botanical drug development: Antrodia camphorate for treating non-alcoholic fatty liver disease. It is expected to invest NT\$40 million in 2023.

(4) The impact of important domestic and overseas policy and regulation changes on the financial status of the Company and counter measures:

All businesses of the Company shall be handled in accordance with the regulations of the competent authority, and shall stay vigilant to any revisions made by the competent authority at all times. As of the date of publication of the annual report, the Company has not been affected by any important domestic or international policy or law changes.

(5) The impact of technological (including cyber security risk) and industrial changes on the financial status of the Company and counter measures:

Risk and management measures for information technology security

The Company has built a comprehensive cyber protection measures on network and computers and proactively avoid any network attack from a third party that could paralyze the system. These network attacks would hack into the internal network system and conduct activities that could destroy the Company's operation and damage the goodwill. They might also steal trade secrets and other confidential information, such as customers' or other stakeholders' proprietary information and confidential development results under severe circumstances. The production lines could also have been stopped for this. To ensure its appropriateness and effectiveness, the Company continues to review and evaluate the information security regulation and procedure, and therefore not be affected by the risk and attack that are constantly updated in the ever-changing information security threat.

To prevent and reduce such damage caused by this kind of attack, the Company implemented relevant improving measures and keeps them up-to-date, such as introduced advanced solution to detect and take care of malware, introduced new technology to enhance data protection, and enhanced phishing email detection. With previously described protection measures, it can prevent and reduce the chances of hacking and malware intrusion. There was no major information security incident occurred in 2022 that had impact on the operation and financial business of the Company.

(6) The impact of corporate image change on the Company's crisis management and counter measures: Nil.

(7) Expected benefits and possible risks of plant expansion: Nil.

(8) Expected benefits and possible risks of plant expansion:

In response to the increasing demand for health foods at home and abroad, as well as for multi-dose products in the market, and the increase in existing PKL production lines, the Company plans to develop new production lines as part of its capacity expansion in the future. Moreover, it will construct a new plant in Pingzhen Industrial Park, which will commence operations in 2023. The capacity

expansion will increase capital expenditure at the initial stage and the operating cost in subsequent stages. Hence, the Company will evaluate industry changes to reduce operating risks.

- (9) The impact of concentration of purchase or sales and counter measures:  
The risk is not significant due to a lack of concentration of the Company's purchase and sales.
- (10) The impact of mass share transfer of or change of Directors, Supervisors or shareholders holding more than 10% of the Company's shares, the risks and counter measures: Nil.
- (11) The impact of the change of management on the Company, the risks and counter measures: Nil.
- (12) If there is any litigation or non-litigation, please list the significant litigation, non-litigation or administrative litigation with its judgment already made or pending which is related to the Company or the Company's Directors, General Manager, actual person in charge, shareholders holding more than 10% of the Company's shares or affiliates. If the result may have a significant impact on the shareholders' equity or the price of the Company's shares, please disclose the fact of the dispute, the claim amount, the date of commencement of the litigation, the principal litigants and the handling of the situation as of the date of publication of the annual report:

Litigation start date	Party	Amount involved	Fact	Current status
July 4, 2017	The Company and Chairman Shenglin Andrew Tseng		The Complainant (The Company) accused the defendants (Sheng-Yang Tseng and Yi-Tien Hsieh) for published disinformation on the internet and was suspected of defamation of the Company and Chairman Shenglin Andrew Tseng.	Plaintiff's withdrawal of charges on July 19, 2022
June 12, 2020	The Company and Chairman Shenglin Andrew Tseng	Claimed payment of NT\$1.00 from each plaintiff (Sheng-Yang Tseng, Yi-Tien Hsieh and Ching-Yu Chen) and issued an Apology Statement	The Plaintiff (Sheng-Yang Tseng, Yi-Tien Hsieh and Ching-Yu Chen) filed a complaint against the Company and the Chairman, Shenglin Andrew Tseng for causing reputational damage and for violation of the Trade Secrets Act.	Plaintiffs' (Sheng-Yang Tseng, Yi-Tien Hsieh, and Chin-Yu Chen) withdrawal of charges in July 2022
July 17, 2020	Chairman Shenglin Andrew Tseng, etc.		The agent (Yi-Tien Hsieh) filed a criminal complaint with the Prosecutors Office, Taoyuan District Court against the Company for trade secret infringement and against the Chairman, Shenglin Andrew Tseng for false accusation.	The plaintiff in this case had withdrawn setting the case for trial on October 26, 2021.
April 22, 2022	Chairman Shenglin Andrew Tseng, etc.		The agents (Yi-Tien Hsieh and Chin-Yu Chen) filed a criminal complaint with the Prosecutors Office, Taoyuan District Court against the Company for trade secret infringement and against the Chairman, Shenglin Andrew Tseng for false accusation.	Plaintiffs' withdrawal of charges on July 20, 2022; the case was under the jurisdiction of the Taoyuan District Prosecutors Office

- (13) Other important risks and counter measures: Nil.

#### 7. Other important matters: Nil



The image features a blurred background of a business meeting with several people in professional attire. In the foreground, there are financial documents with various charts and graphs, including a bar chart and a pie chart. A pen is resting on one of the documents. The overall color scheme is dominated by shades of green and yellow, with a semi-transparent yellow-green box overlaid on the right side containing the text.

# VIII

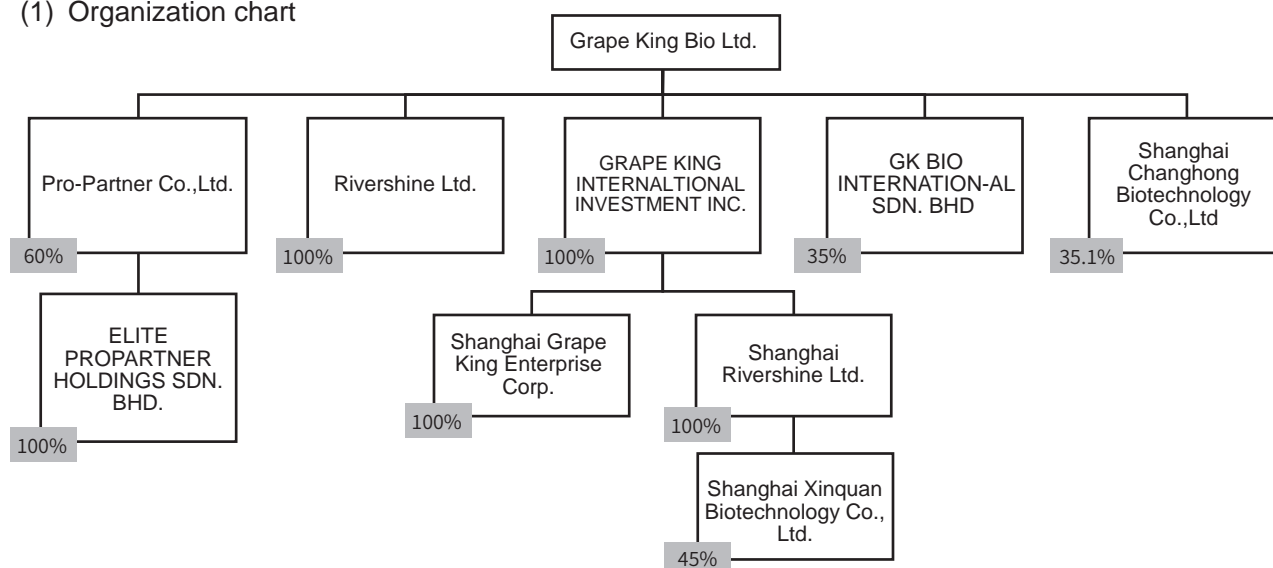
## Special Notes



1. Information about the Company's Affiliates
2. Private Securities in the Past Year and as of the Date of Publication of the Annual Report
3. Holding or Disposal of the Company's Shares by Affiliates in the Past Year and as of the Date of Publication of the Annual Report
4. Other Necessary Supplementary Notes
5. Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner's Equity as Stipulated in Item 2, Paragraph 2 of Article 36 of the Securities Exchange Law

## 1. Information about the Company's Affiliates

### (1) Organization chart



### (2) Basic data of affiliates

Affiliate	Date of establishment	Address	Paid-in capital	Major business or products
Pro-Partner Ltd.	Oct 22, 1993	1F, No. 1, Section 3 Longgang Road, Zhongli District, Taoyuan City	NT\$176,000 thousand	Food, beverage and cosmetics
GRAPE KING INTERNATIONAL INVESTMENT INC.	Nov 30, 1993	Wickhams Cay II Road Town, Tortola, VG1110, B. V. I	USD 24,890 thousand	Investment
Shanghai Grape King Enterprise Co., Ltd.	Apr 29, 1994	No. 518 Che Xin Road, Songjiang District, Shanghai, China	RMB 223,516 thousand	Health food, biotechnical products and related glass containers
Rivershine Ltd.	Jun 23, 2015	5F., No. 402, Section 2 Jinling Road, Pingzhen District, Taoyuan City	NT\$30,000 thousand	Wholesale and retail of food, beverage and daily necessities
Shanghai Rivershine Ltd.	Nov 1, 2016	Build 4, No. 518, Che-Xin Road, Songjiang, Shanghai, China	RMB 4,263 thousand	Wholesale and retail of food, beverage and daily necessities
GK BIO INTERNATIONAL SDN. BHD.(Note1)	Oct. 11, 2018	12A, JALAN DEDAP 17, TAMAN JOHOR JAYA, 81100, JOHOR BAHRU JOHOR, MALAYSIA	MYD 6,000 thousand	Wholesale and sales of health food
Shanghai Changhong Biotechnology Co., Ltd.	Jun. 8, 2020	Room 265, X District, Floor 2, Shunpu Building, No. 99, Gongyuan Road, Qingpu District, Shanghai City, China	USD 700 thousand	Biotechnology consultation, biotechnology R&D and transfer,
Shanghai Xinquan Biotechnology Co., Ltd.	Dec. 1, 2020	Room 721, 7th Floor, Building 1, No. 180 Hua Road China (Shanghai) Pilot Free Trade Zone	RMB 5,000 thousand	Biotechnology R&D, biotechnology consultation and service
ELITE PROPARTNER HOLDINGS SDN. BHD.	Dec. 13, 2021	level 15-2, bangunan faber imperial court, Jalan sultan Ismail, Kuala Lumpur	MYD 300 thousand	Investment



Note 1: In September 2022, the Company increased its equity interest by MYR 1,200 thousand in GK BIO INTERNATIONAL SDN. BHD, and the proportion of ownership increased from 30% to 35%.

- (3) Information about common shareholders of entities presumed to have a controlling and subordinate relationship: Nil.
- (4) Overview of the operations of the affiliates (in 2022 and as of December 31, 2022)

Unit: NT\$ thousand

Affiliate	Capital	Total asset	Total liabilities	Total equity	Operating income	Gross profit	Net income	Earnings (loss) per share (NT\$(after tax))
Pro-Partner Ltd.	176,000	6,854,425	2,926,173	3,928,252	8,726,743	2,142,588	1,781,437	101.22
GRAPE KING INTERNATIONAL INVESTMENT INC.	791,983	1,133,047	-	1,133,047	-	(78)	32,604	-
Shanghai Grape King Enterprise Co., Ltd.	1,056,816	1,226,197	148,288	1,077,909	559,673	6,006	28,365	-
Rivershine Ltd.	30,000	232,842	190,242	42,600	334,779	10,286	8,500	2.83
Shanghai Rivershine Ltd.	18,790	19,636	1,098	18,538	9,316	198	509	-
GK BIO INTERNATIONAL SDN.BHD.	42,923	127,247	22,878	104,369	152,406	52,782	40,309	9.39
Shanghai Changhong Biotechnology Co., Ltd.(Note1)	19,915	14,292	7,061	7,231	-	(4,686)	(4,686)	-
Shanghai Xinquan Biotechnology Co., Ltd.	21,545	21,054	285	20,769	570	(587)	(587)	-
ELITE PROPARTNER HOLDINGS SDN. BHD.	2,017	1,857	122	1,735	-	(270)	(270)	-

Note : The exchange rate on December 31, 2022: RMB/NTD=4.408 ; USD/NTD=30.710 ; MYD/NTD=6.699

The average exchange rate in 2022: RMB/NTD=4.392 ; USD/NTD=30.668 ; MYD/NTD=6.983

Note 1 : Shanghai Changhong Biotechnology Co., Ltd is currently undergoing its liquidation procedures in November 2022, resulting in a recoverable amount less than the amount of the Company's investment, the Company recognized investment losses of \$2,538 thousand for the year ended December 31, 2022.

## (5) Information about the Directors, supervisors and general managers of the affiliates

December 31, 2022 Unit: thousand shares, %

Affiliate	Title	Name or representative	Shareholding	
			Share	%
Pro-Partner Ltd.	Director	Grape King Bio Ltd. Representative: Chang-Yeh Tseng Representative: Shenglin Andrew Tseng Representative: Jin-Chu Chen Representative: Jue-Jia Chang	10,560	60
	Director	Pu Hsing Enterprise Co., Ltd. Representative: ZENG YU FU	880	5
	Supervisor	PEI LIN CO., LTD. Representative: FANG,HAI-LONG	880	5
GRAPE KING INTERNATIONAL INVESTMENT INC.	Chairman Director Director	Shenglin Andrew Tseng Mei-Ching Tseng Jue-Jia Chang	-	100
Shanghai Grape King Enterprise Co., Ltd.	Chairman Director Director Director	Chang-Yeh Tseng Shenglin Andrew Tseng Yuan-Tsung Lin Yen-Sheng Huang	-	100
Rivershine Ltd.	Chairman Director Director	Grape King Bio Ltd. Representative: Shenglin Andrew Tseng Representative: Mei-Ching Tseng Representative: Jue-Jia Chang	3,000	100
	Supervisor	Grape King Bio Ltd. Representative: Chang-Yeh Tseng		
Shanghai Rivershine Ltd	Executive Director Supervisor	Chang-Yeh Tseng Mei-Ching Tseng	-	100
GK BIO INTERNATIONAL SDN. BHD.	Director	Grape King Bio Ltd. Representative: Nick Hung Representative: Sheng-Chieh Hsu	2,100	35
Shanghai Changhong Biotechnology Co., Ltd	Director Supervisor	Grape King Bio Ltd. Representative: Yuan-Tsung Lin Representative: Tien-Yueh Lin	-	35.1
Shanghai Xinquan Biotechnology Co., Ltd.	Chairman	Shanghai Rivershine Ltd Representative: Yuan-Tsung Lin	-	45
ELITE PROPARTNER HOLDINGS SDN. BHD.	Director	Mei-Ching Tseng	300	100

## (6) Statement on the consolidated financial statements with the affiliates

The entities that are required to be included in the combined financial statements of Grape King Bio Ltd. as of December 31, 2022 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard(s) No.10, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Grape King Bio Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Grape King Bio Ltd.

By  
Shenglin Andrew Tseng  
Chairman

Feb 22, 2023

2. **Private Securities in the Past Year and as of the Date of Publication of the Annual Report:** Nil.
3. **Holding or Disposal of the Company's Shares by Affiliates in the Past Year and as of the Date of Publication of the Annual Report:** Nil.
4. **Other Necessary Supplementary Notes:** Nil.
5. **Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner's Equity or Share Price as Stipulated in Item 2, Paragraph 2 of Article 36 of the Securities Exchange Law:** Nil.



A hand holding a silver pen is pointing at a calendar grid. The calendar shows dates from 1st to 31st. Two dates are circled: the 27th and the 28th. The background is a light purple geometric pattern.

# Appendix I

Consolidated Financial Statements  
with Report of Independent  
Accountants for the Year  
Ended Dec 31, 2022 and 2021



**DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The entities that are required to be included in the combined financial statements of Grape King Bio Ltd. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Grape King Bio Ltd. and subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

GRAPE KING BIO LTD.

By

\_\_\_\_\_  
Sheng-Lin Tseng  
Chairman

February 22, 2023

**Grape King Bio Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**



consolidated financial statements for the details on the valuation of inventory. The net carrying amount of inventory as of December 31, 2022 for the Group amounted to NT\$688,391 thousand, which was significant to the consolidated financial statements, and the criteria to determine loss on inventory vary according to different categories of inventories which require critical accounting estimates. Consequently, the valuation of inventory was identified as a key audit matter.

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

1. We understood and tested the design and tested the operating effectiveness of the key controls over the valuation of inventory;
2. We understood and assessed the reasonableness of inventory valuation policy and estimates used by the management;
3. We performed an observation on the Group's annual physical count of inventory to assess for any indications of damaged or expired inventories not listed in the allowance for inventory loss;
4. We sampled and recalculated the accuracy of net realizable value of inventory as well as performed calculations of the validity period from the year-end subsidiary ledgers and aging report of inventories, to verify that the allowance for inventory loss was appropriately recognized based on the policy.

#### Other Matter

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

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

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

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

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

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

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

#### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Grape King Bio Ltd.

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

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

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

#### Valuation of Inventory

The products of the Group mainly include health foods and beverages. Such products have shelf-lives and are sold in a highly competitive consumer market, resulting in greater exposure to risk of loss on inventory due to damage or expiration. The estimation for loss on inventory is based on market conditions, historical sales experience of similar products, and the net realizable value of inventory. Refer to Notes 4, 5, and 11 to the

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


Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 22, 2023

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

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

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

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

#### Notice to Readers

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

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

## GRAPE KING BIO LTD. AND SUBSIDIARIES

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

ASSETS	2022		2021		LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Note 6)	\$ 4,672,852	31	\$ 3,635,197	26	Contract liabilities (Note 24)	\$ 173,389	1	\$ 129,174	1
Financial assets at fair value through profit or loss (Note 7)	-	-	200,379	1	Notes and accounts payable	293,843	2	268,964	2
Financial assets at fair value through other comprehensive income (Note 8)	117,049	1	61,858	-	Other payables (Note 20)	2,051,370	14	1,817,560	13
Financial assets at amortized cost (Note 9)	196,680	1	232,957	2	Other payables to related parties (Note 32)	92,071	1	66,810	1
Notes and accounts receivable, net (Notes 10 and 24)	72,967	1	67,739	1	Current tax liabilities (Note 26)	1,026,091	7	925,723	7
Accounts receivable from related parties (Notes 24 and 32)	14,359	-	13,125	-	Lease liabilities (Notes 15 and 32)	46,943	-	48,311	-
Other receivables	-	-	-	-	Other current liabilities (Notes 20 and 32)	28,704	-	30,766	-
Other receivables from related parties (Note 32)	688,391	5	719,257	5	Current portion of long-term borrowings (Notes 19 and 33)	-	-	6,990	-
Inventories (Note 11)	38,964	-	54,785	-	Total current liabilities	3,712,411	25	3,294,298	24
Other current assets (Note 18)	-	-	-	-					
Total current assets	5,801,262	39	4,985,297	35	<b>NON-CURRENT LIABILITIES</b>				
<b>NON-CURRENT ASSETS</b>					Long-term borrowings (Notes 19 and 33)	-	-	87,375	1
Financial assets at fair value through other comprehensive income (Note 8)	14,344	-	11,390	-	Provisions (Note 21)	9,652	-	7,362	-
Financial assets at amortized cost (Notes 9 and 33)	24,520	-	13,320	-	Deferred tax liabilities (Note 26)	69,702	-	69,001	-
Investments accounted for using the equity method (Note 13)	44,651	-	25,353	-	Lease liabilities (Notes 15 and 32)	110,809	1	129,082	1
Property, plant and equipment (Notes 14, 33 and 34)	7,360,082	49	7,207,655	51	Other non-current liabilities (Notes 20 and 32)	9,391	-	44,346	-
Right-of-use assets (Note 15)	186,268	1	209,768	2	Total non-current liabilities	199,554	1	337,166	2
Investment properties (Note 16)	1,416,269	10	1,459,577	11	Total liabilities	3,911,965	26	3,631,464	26
Intangible assets (Note 17)	43,757	-	33,340	-					
Deferred tax assets (Note 26)	14,662	-	8,705	-	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>				
Other non-current assets (Notes 18, 22 and 32)	147,223	-	106,474	-	Share capital	1,481,374	10	1,481,374	11
Total non-current assets	9,251,776	61	9,075,382	65	Capital surplus	2,874,232	19	2,869,691	20
					Retained earnings	1,328,240	9	1,198,125	9
					Legal reserve	92,205	-	86,465	-
					Special reserve	3,864,549	26	3,444,844	24
					Unappropriated earnings	5,284,994	35	4,729,434	34
					Total retained earnings	(70,828)	-	(92,205)	(1)
					Other equity	-	-	-	-
					Total equity attributable to owners of the Company	9,569,772	64	8,988,294	64
					<b>NON-CONTROLLING INTERESTS (Notes 12 and 23)</b>				
					Total equity	1,571,301	10	1,441,121	10
					Total equity	11,141,073	74	10,429,415	74
<b>TOTAL</b>	\$ 15,053,038	100	\$ 14,060,879	100	<b>TOTAL</b>	\$ 15,053,038	100	\$ 14,060,879	100

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

## GRAPE KING BIO LTD. AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
NET REVENUE (Notes 24 and 32)	\$ 10,391,231	100	\$ 9,798,246	100
COST OF GOODS SOLD (Notes 11 and 25)	(1,909,186)	(18)	(1,942,319)	(20)
GROSS PROFIT	8,482,045	82	7,855,927	80
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATE	(1,096)	-	(570)	-
ADJUSTED GROSS PROFIT	8,480,949	82	7,855,357	80
OPERATING EXPENSES (Notes 22, 25 and 32)	(4,999,836)	(48)	(4,650,569)	(47)
Selling and marketing	(639,492)	(6)	(600,976)	(6)
General and administrative	(289,884)	(3)	(292,228)	(3)
Research and development	(5,929,212)	(57)	(5,543,773)	(56)
Total operating expenses				
INCOME FROM OPERATIONS	2,551,737	25	2,311,584	24
NON-OPERATING INCOME AND EXPENSES (Notes 13, 25 and 32)				
Interest income	19,923	-	6,287	-
Other income	95,863	1	99,847	1
Other gains and losses	11,900	-	(1,031)	-
Finance costs	(2,367)	-	(4,011)	-
Share of profit of associate	10,822	-	2,230	-
Total non-operating income	136,141	1	103,322	1
PROFIT BEFORE INCOME TAX	2,687,878	26	2,414,906	25
INCOME TAX EXPENSE (Note 26)	(518,191)	(5)	(466,917)	(5)
NET PROFIT FOR THE YEAR	2,169,687	21	1,947,989	20
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,092	-	870	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	2,954	-	2,052	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(619)	-	(174)	-
			(174)	
			(174)	
			(174)	

(Continued)

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## GRAPE KING BIO LTD. AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 17,347	-	\$ (7,325)	-
Exchange differences on translating the financial statements of foreign operations of associate	1,071	-	(467)	-
Other comprehensive income (loss) for the year, net of income tax	23,845	-	(5,044)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 2,193,532	21	\$ 1,942,945	20
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,457,112	14	\$ 1,300,423	13
Non-controlling interests	712,575	7	647,566	7
	\$ 2,169,687	21	\$ 1,947,989	20
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,480,575	14	\$ 1,295,415	13
Non-controlling interests	712,957	7	647,530	7
	\$ 2,193,532	21	\$ 1,942,945	20
EARNINGS PER SHARE (Note 27)				
Basic earnings per share	\$ 9.84		\$ 8.81	
Diluted earnings per share	\$ 9.76		\$ 8.76	

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

(Concluded)

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**GRAPE KING BIO LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Share Capital - Ordinary Shares				Retained Earnings			Unappropriated Earnings		Others		Total Equity
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Statements of Total	Non-controlling Interests	
BALANCE AT JANUARY 1, 2021	136,286	\$ 1,562,864	\$ 971,717	\$ 1,070,880	\$ 100,752	\$ 3,204,726	\$ (67,775)	\$ (18,690)	\$ 6,624,474	\$ 1,353,980	\$ 7,978,454	
Appropriation of 2020 earnings	-	-	-	-	-	(127,245)	-	-	-	-	-	
Legal reserve	-	-	-	127,245	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	(14,287)	14,287	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(948,079)	-	-	(948,079)	-	(948,079)	
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(560,389)	(560,389)	
Change in other capital surplus	-	-	1,814	-	-	-	-	-	1,814	-	1,814	
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,300,423	-	-	1,300,423	647,566	1,947,989	
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	732	(7,792)	2,052	(5,008)	(36)	(5,044)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,301,155	(7,792)	2,052	1,295,415	647,530	1,942,945	
Issuance of ordinary shares for cash	11,851	118,510	1,896,160	-	-	-	-	-	2,014,670	-	2,014,670	
BALANCE AT DECEMBER 31, 2021	148,137	1,481,374	2,869,691	1,198,125	86,465	3,444,844	(75,567)	(16,638)	8,988,294	1,441,121	10,429,415	
Appropriation of 2021 earnings	-	-	-	-	-	(130,115)	-	-	-	-	-	
Legal reserve	-	-	-	130,115	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	5,740	(5,740)	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(903,638)	-	-	(903,638)	-	(903,638)	
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(582,777)	(582,777)	
Change from investments in associates accounted for using the equity method	-	-	2,809	-	-	-	-	-	2,809	-	2,809	
Change in other capital surplus	-	-	1,732	-	-	-	-	-	1,732	-	1,732	
Net profit for the year ended December 31, 2022	-	-	-	-	-	1,457,112	-	-	1,457,112	712,575	2,169,687	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	2,086	17,644	2,954	22,684	382	23,066	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	1,459,198	17,644	2,954	1,479,796	712,957	2,192,753	
Disposal of subsidiary	-	-	-	-	-	-	779	-	779	-	779	
BALANCE AT DECEMBER 31, 2022	148,137	1,481,374	2,874,232	1,328,240	92,205	3,864,549	(57,144)	(13,684)	9,569,772	1,571,301	11,141,073	

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



**GRAPE KING BIO LTD. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

**1. GENERAL INFORMATION**

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

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

**2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company’s Board of Directors and issued on February 22, 2023.

**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. The IFRSs endorsed by the FSC for application starting from 2023

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

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were 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 has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)

(Continued)

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

e. Foreign currencies

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

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

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

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

For the purpose of presenting the consolidated financial statements, the functional currencies of its foreign operations are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting

	New IFRS	Effective Date Announced by IASB (Note 1)
IFRS 17 "Insurance Contracts"		January 1, 2023
Amendments to IFRS 17		January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"		January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"		January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"		January 1, 2024

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and



currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

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

g. Investments in associates

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

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

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

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

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

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If their

respective lease terms are shorter than their useful lives, such assets are depreciated over their lease terms. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

#### 1. Financial instruments

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

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

##### 1) Financial assets

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

##### a) Measurement categories

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

##### i. Financial assets at FVTPL

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

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

##### ii. Financial assets at amortized cost

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

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

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

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

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
  - ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.
- A financial asset is credit impaired when one or more of the following events have occurred:
- i) Significant financial difficulty of the issuer or the borrower;
  - ii) Breach of contract, such as a default;
  - iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
  - iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

##### iii. Investments in equity instruments at FVTOCI

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

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

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

##### b) Impairment of financial assets

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

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

m. Provisions

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

n. Revenue recognition

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

1) Revenue from the sale of goods

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

2) Revenue from the rendering of services

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

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

o. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement

recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

**Critical Accounting Judgements**

a. Lease terms

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

**Key Sources of Estimation Uncertainty**

a. Estimated impairment of financial assets

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

b. Write-down of inventories

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

c. Recognition and measurement of defined benefit plans

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

d. Lessee's incremental borrowing rates

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

**6. CASH AND CASH EQUIVALENTS**

	December 31, 2022	2021
Cash on hand	\$ 2,397	\$ 3,028
Checking accounts and demand deposits	2,298,134	1,858,713
Cash equivalents (investments with original maturities of less than 3 months)	1,892,432	1,508,038
Repurchase agreements collateralized by commercial paper	479,889	265,418
Repurchase agreements collateralized by bonds	<u>\$ 4,672,852</u>	<u>\$ 3,635,197</u>

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

	December 31, 2022	2021
Financial assets at fair value through profit or loss (FVTPL) - current	-	-
Financial assets mandatorily classified as at FVTPL	-	-
Non-derivative financial assets	<u>\$ -</u>	<u>\$ 200,379</u>
- Mutual funds	-	-
Financial assets at fair value through profit or loss were not pledged.	-	-

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

	December 31, 2022	2021
Non-current - investments in equity instruments at FVTOCI	-	-
Unlisted shares	-	-
FU-Sheng International Inc. (Samoa)	\$ 14,334	\$ 11,380
Hsin Tung Yang Co., Ltd.	<u>10</u>	<u>10</u>
	<u>\$ 14,344</u>	<u>\$ 11,390</u>

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:

	2022	2021
Balance at January 1	\$ 3,179	\$ 3,179
Add: Allowance for impairment loss	-	373
Less: Amount written off	-	(373)
Balance at December 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	
December 31, 2022	\$ 184,136	\$ 12,536	\$ 8	-	\$ 196,680
December 31, 2021	219,795	13,162	-	-	232,957

Notes and accounts receivable were not pledged.

## 11. INVENTORIES

	2022	2021
Finished goods	\$ 225,569	\$ 217,620
Semi-finished goods and work in progress	238,790	263,448
Raw materials	176,004	198,266
Supplies	47,682	39,766
Merchandise	346	157
	<u>\$ 688,391</u>	<u>\$ 719,257</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

	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 117,049</u>	<u>\$ 61,858</u>
<u>Non-current</u>		
Pledged time deposits	<u>\$ 24,520</u>	<u>\$ 13,320</u>

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

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

## 10. NOTES AND ACCOUNTS RECEIVABLE, NET

	2022	2021
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 13,813</u>	<u>\$ 14,808</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	186,046	221,328
Less: Loss allowance	<u>(3,179)</u>	<u>(3,179)</u>
	<u>182,867</u>	<u>218,149</u>
	<u>\$ 196,680</u>	<u>\$ 232,957</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.

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

	2022	2021
Cost of inventories sold	\$ 1,909,186	\$ 1,942,319
Loss on retirement	\$ 11,596	\$ 14,311
Inventories write-downs	\$ 21,273	\$ —
Gain from physical counts	\$ (2,493)	\$ (2,501)

Inventories were not pledged.

## 12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

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

Note: Dongpu Biotech Corporation completed the liquidation in March 2022.

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	2021
Pro-partner	Taiwan, Republic of China	40%	40%
	<b>Profit (Loss) Allocated to Non-controlling Interests</b>		
	<b>For the Year Ended</b>		
	<b>December 31</b>		
<b>Name of Subsidiary</b>		<b>2022</b>	<b>2021</b>
Pro-partner		\$ 712,575	\$ 647,566
		\$ 1,571,301	\$ 1,441,121

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.

	December 31	
	2022	2021
<u>Pro-partner</u>		
Current assets	\$ 3,285,873	\$ 2,591,126
Non-current assets	3,568,552	3,674,703
Current liabilities	(2,846,353)	(2,560,262)
Non-current liabilities	(79,820)	(102,764)
Equity	<u>\$ 3,928,252</u>	<u>\$ 3,602,803</u>
Equity attributable to:		
Owners of the Company	\$ 2,356,951	\$ 2,161,682
Non-controlling interests of Pro-partner	1,571,301	1,441,121
	<u>\$ 3,928,252</u>	<u>\$ 3,602,803</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue	<u>\$ 8,726,743</u>	<u>\$ 8,000,102</u>
Profit for the year	\$ 1,781,437	\$ 1,618,914
Other comprehensive income (loss)	954	(90)
Total comprehensive income	<u>\$ 1,782,391</u>	<u>\$ 1,618,824</u>
Profit attributable to:		
Owners of the Company	\$ 1,068,862	\$ 971,348
Non-controlling interests of Pro-partner	712,575	647,566
	<u>\$ 1,781,437</u>	<u>\$ 1,618,914</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 1,069,434	\$ 971,294
Non-controlling interests of Pro-partner	712,957	647,530
	<u>\$ 1,782,391</u>	<u>\$ 1,618,824</u>
Net cash inflow from:		
Operating activities	\$ 2,136,798	\$ 1,983,219
Investing activities	14,612	(1,693)
Financing activities	(1,488,424)	(1,550,576)
Net cash inflow	<u>\$ 662,986</u>	<u>\$ 430,950</u>
Dividends paid to non-controlling interests of:		
Pro-partner	<u>\$ 582,777</u>	<u>\$ 560,389</u>





No impairment assessment was performed for the years ended December 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

	December 31	2021
<u>Carrying amounts</u>		
Land	\$ 84,758	\$ 81,121
Buildings	95,001	117,490
Transportation equipment	5,178	9,148
Other equipment	<u>1,331</u>	<u>2,009</u>
	<u>\$ 186,268</u>	<u>\$ 209,768</u>
	<b>For the Year Ended December 31</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 45,572</u>	<u>\$ 56,901</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,788	\$ 3,420
Buildings	41,017	38,854
Transportation equipment	5,472	6,032
Other equipment	<u>678</u>	<u>640</u>
	<u>\$ 50,955</u>	<u>\$ 48,946</u>

b. Lease liabilities

	December 31	2021
<u>Carrying amounts</u>		
Current	<u>\$ 46,943</u>	<u>\$ 48,311</u>
Non-current	<u>\$ 110,809</u>	<u>\$ 129,082</u>
Range of discount rate for lease liabilities was as follows:		
Land	1.02%	1.02% to 4.75%
Buildings	1.00% to 1.60%	1.00% to 1.44%
Transportation equipment	1.00% to 1.35%	1.00% to 1.35%
Other equipment	1.00% to 1.02%	1.00% to 1.02%

c. Material lease-in activities and terms

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

d. Subleases

In addition to the sublease transactions described in Note 16, other sublease transactions are set out below.

Sublease of right-of-use assets

Shanghai Grape King entered into an operating lease agreement for a term from June 2014 to May 2034 with a non-related party and the lease agreement between two parties was terminated in August 2022. As of December 31, 2021, Shanghai Grape King had received prepaid rents, which were recorded as advances received for the period of eight years and one month, respectively. The movement schedule of prepaid rents is as follows:

	For the Year Ended December 31	2021
Beginning balance of prepaid rent	\$ 36,743	\$ 41,603
Rental income recognized in current year	(2,702)	(4,543)
Refund of rent in current year	(34,602)	-
Effects of foreign currency exchange differences	<u>561</u>	<u>(317)</u>
Ending balance of prepaid rent	<u>\$ -</u>	<u>\$ 36,743</u>
Advances received for operating leases are as follows:		
	December 31	2021
Other current liabilities	\$ -	\$ 4,545
Other non-current liabilities	<u>-</u>	<u>32,198</u>
Ending balance of prepaid rent	<u>\$ -</u>	<u>\$ 36,743</u>

e. Other lease information

	For the Year Ended December 31	2021
Expenses relating to short-term and low-value asset leases	<u>\$ 15,238</u>	<u>\$ 16,801</u>
Total cash outflow for leases	<u>\$ (60,835)</u>	<u>\$ (60,919)</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

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of investment properties during the years ended December 31, 2022 and 2021. Investment properties are depreciated using the straight-line method over their estimated useful lives of 5 to 50 years.

Investment properties held by the Group are not measured at fair value while its fair value is disclosed. The determination of fair value was not performed by independent qualified professional valuers. The valuation was arrived at by reference to announced land value prices and market evidence of transaction prices for similar properties.

	December 31	
	2022	2021
Fair value	\$ 1,821,470	\$ 1,782,657

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	15,784	-	15,784
Disposals	(260)	-	(260)
Reclassifications	8,866	-	8,866
Effects of foreign currency exchange differences	58	1	59
Balance at December 31, 2022	<u>\$ 93,128</u>	<u>\$ 16,136</u>	<u>\$ 109,264</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 36,032	\$ 15,443	\$ 51,475
Amortization expenses	14,050	229	14,279
Disposals	(260)	-	(260)
Effects of foreign currency exchange differences	13	-	13
Balance at December 31, 2022	<u>\$ 49,835</u>	<u>\$ 15,672</u>	<u>\$ 65,507</u>
Carrying amount at December 31, 2022	<u>\$ 43,293</u>	<u>\$ 464</u>	<u>\$ 43,757</u>

(Continued)

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

<u>Cost</u>			
Balance at January 1, 2021	\$ 1,173,942	\$ 394,499	\$ 1,568,441
Additions	-	724	724
Disposals	(121)	-	(121)
Balance at December 31, 2021	<u>\$ 1,173,821</u>	<u>\$ 395,223</u>	<u>\$ 1,569,044</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	-	\$ 101,423	\$ 101,423
Depreciation expenses	-	8,044	8,044
Balance at December 31, 2021	<u>-</u>	<u>\$ 109,467</u>	<u>\$ 109,467</u>
Carrying amount at December 31, 2021	<u>\$ 1,173,821</u>	<u>\$ 285,756</u>	<u>\$ 1,459,577</u>

The investment properties are leased out for 3 to 10 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2022 and 2021 was as follows:

	2022	2021
Year 1	\$ 12,957	\$ 15,753
Year 2	1,880	12,476
Year 3	930	1,690
Year 4	930	948
Year 5	930	948
Later than 5 years	<u>2,450</u>	<u>3,290</u>
	<u>\$ 20,077</u>	<u>\$ 35,105</u>

	<b>December 31</b>	<b>2021</b>
	<b>2022</b>	
<u>Cost</u>		
Balance at January 1, 2021	\$ 62,698	\$ 78,768
Additions	3,138	3,203
Reclassifications	2,869	2,869
Effects of foreign currency exchange differences	(25)	(25)
Balance at December 31, 2021	<u>\$ 68,680</u>	<u>\$ 84,815</u>
<u>Accumulated amortization</u>		
Balance at January 1, 2021	\$ 25,211	\$ 40,427
Amortization expenses	10,825	11,052
Effects of foreign currency exchange differences	(4)	(4)
Balance at December 31, 2021	<u>\$ 36,032</u>	<u>\$ 51,475</u>
Carrying amount at December 31, 2021	<u>\$ 32,648</u>	<u>\$ 33,340</u>
		(Concluded)

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

	<b>For the Year Ended December 31</b>	<b>2021</b>
	<b>2022</b>	
Computer software		3-10 years
Trademarks		4-10 years

	<b>December 31</b>	<b>2021</b>
	<b>2022</b>	
An analysis of depreciation by function		
Operating costs	\$ 410	\$ 168
Selling and marketing expenses	6,431	5,410
General and administrative expenses	7,408	5,474
Research and development expenses	30	-
	<u>\$ 14,279</u>	<u>\$ 11,052</u>

18. OTHER ASSETS

	<b>December 31</b>	<b>2021</b>
	<b>2022</b>	
<u>Current assets</u>		
Prepayments for purchases	\$ 15,647	\$ 21,107
Office supplies	3,474	3,101
Other prepaid expense	16,233	28,382
Other current assets	3,610	2,195
	<u>\$ 38,964</u>	<u>\$ 54,785</u>
		(Continued)

Non-current assets

Prepayments for equipment	\$ 103,946	\$ 65,213
Net defined benefit assets	19,900	15,631
Refundable deposits	18,390	18,846
Other non-current assets	4,987	6,784
	<u>\$ 147,223</u>	<u>\$ 106,474</u>
		(Continued)

19. BORROWINGS

Details of long-term borrowings are as follows:

	<b>December 31,</b>	<b>2021</b>	<b>Interest Rate (%)</b>	<b>Maturity and Terms</b>
	<b>Lender</b>			
<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	(6,990)			
	<u>\$ 87,375</u>			

Certain land and buildings were pledged as collaterals for secured bank loans. Refer to Note 33 for the details.

20. OTHER LIABILITIES

	<b>December 31</b>	<b>2021</b>
	<b>2022</b>	
<u>Current</u>		
Other payables		
Bonus to direct sellers	\$ 1,142,690	\$ 1,058,365
Bonus to employees	234,100	208,321
Salaries and incentive bonus	159,770	156,128
Payables for purchases of equipment	135,965	52,571
Accrued VAT payable	81,333	79,242
Bonus to directors and supervisors	34,032	29,824
Other accrued expenses	258,629	228,569
Others	4,851	4,540
	<u>\$ 2,051,370</u>	<u>\$ 1,817,560</u>
		(Continued)

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT\$32,950 thousand and NT\$32,003 thousand, respectively.

b. Defined benefit plans

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

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

	December 31	2021
Other liabilities		
Unearned rent	\$ 1,205	\$ 5,996
Guarantee deposits received	-	2,454
Other current liabilities	<u>27,499</u>	<u>22,316</u>
	<u>\$ 28,704</u>	<u>\$ 30,766</u>
<u>Non-current</u>		
Guarantee deposits received	\$ 9,099	\$ 10,557
Net defined benefit liabilities	292	1,591
Other non-current liabilities - other	<u>-</u>	<u>32,198</u>
	<u>\$ 9,391</u>	<u>\$ 44,346</u>
		(Concluded)

## 21. PROVISIONS

Non-current

Decommissioning, restoration and rehabilitation

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

	December 31	
	2022	2021
Balance at January 1	\$ 7,362	\$ 7,322
Additional provisions recognized	2,919	-
Amount used	(779)	(40)
Discount rate adjustment and unwinding of discount from the passage of time	79	80
Unwinding of discounts	<u>71</u>	<u>-</u>
Balance at December 31	<u>\$ 9,652</u>	<u>\$ 7,362</u>

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

## 22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

	December 31		
	2022	2021	
Present value of defined benefit obligation	\$ 19,191	\$ 20,305	
Fair value of plan assets	<u>(38,798)</u>	<u>(34,345)</u>	
Net defined benefit liabilities (assets)	<u>\$ (19,607)</u>	<u>\$ (14,040)</u>	
Movements in net defined benefit liabilities (assets) were as follows:			
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	\$ 20,305	\$ (34,345)	\$ (14,040)
Service cost			
Current service cost	130	-	130
Past service cost	227	-	227
Net interest expense (income)	143	(250)	(107)
Recognized in profit or loss	<u>500</u>	<u>(250)</u>	<u>250</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,570)	(2,570)
Actuarial (gain) loss			
Changes in financial assumptions	234	-	234
Experience adjustments	(756)	-	(756)
Recognized in other comprehensive income	<u>(522)</u>	<u>(2,570)</u>	<u>(3,092)</u>
Contributions from the employer	-	(2,401)	(2,401)
Benefits paid	(768)	768	-
Curtailement	<u>(324)</u>	<u>-</u>	<u>(324)</u>
Balance at December 31, 2022	<u>\$ 19,191</u>	<u>\$ (38,798)</u>	<u>\$ (19,607)</u>

(Continued)

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

	December 31	2021
Discount rate	\$ (510)	\$ (565)
0.25% increase	\$ 530	\$ 589
0.25% decrease		
Expected rate of salary increase/decrease	\$ 872	\$ 1,057
0.25%-1.00% increase	\$ (825)	\$ (985)
0.25%-1.00% decrease		

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

	December 31	2021
Expected contributions to the plans for the next year	\$ 2,539	\$ 2,613
Average duration of the defined benefit obligation	12.3 years- 13 years	13 years- 13.5 years

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate; expenses under the defined benefit plan for the years ended December 31, 2022 and 2021 were NT\$250 thousand and NT\$500 thousand, respectively.

### 23. EQUITY

- a. Share capital  
1) Ordinary shares

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

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	\$ 23,635	\$ (34,217)	\$ (10,582)
Service cost			
Current service cost	129	-	129
Past service cost	414	-	414
Net interest expense (income)	122	(165)	(43)
Recognized in profit or loss	665	(165)	500
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(436)	(436)
Actuarial (gain) loss			
Changes in demographic assumptions	53	-	53
Changes in financial assumptions	(497)	-	(497)
Experience adjustments	10	-	10
Recognized in other comprehensive income	(436)	(436)	(870)
Contributions from the employer	(2,520)	(2,520)	(2,520)
Benefits paid	(2,993)	2,993	-
Curtailed	(568)	-	(568)
Balance at December 31, 2021	\$ 20,305	\$ (34,345)	\$ (14,040)
			(Concluded)

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	2021
Discount rate	1.25%-1.40%	0.70%-0.75%
Expected rate of salary increase	1.50%-3.00%	1.50%-2.00%

strengthen the capital structure. On January 14, 2021, the Company resolved to offer for subscription and issued 11,851 thousand ordinary shares of the Company. The subscription price was \$170 per share, and a total of \$2,014,670 thousand in cash was received. The record date of the cash capital increase was January 19, 2021. The rights and obligations of the shareholders of the ordinary shares issued through this private placement are the same as those of the shareholders of the Company's issued ordinary shares. However, in accordance with Article 43-8 of the Securities and Exchange Act, the ordinary shares of this private placement shall not be freely transferred within three years from the date of subscription.

b. Capital surplus

	<u>December 31</u>	<u>2021</u>
	<u>2022</u>	
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)	\$ 2,850,440	\$ 2,850,440
Additional paid-in capital	2,672	2,672
Treasury share transactions		
<u>May only be used to offset a deficit</u>		
Convertible bonds - expired share option	150	150
Treasury share transactions - share option	6,749	6,749
Arising from share of changes in capital surplus of associates	2,809	-
Others (2)	<u>11,412</u>	<u>9,680</u>
	<u>\$ 2,874,232</u>	<u>\$ 2,869,691</u>

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

2) Other is unclaimed dividend.

c. Retained earnings and dividends policy

According to the Company's Articles of Incorporation, both the Company and Pro-partner Inc. shall distribute their annual earnings, if any, in the sequence listed below.

- 1) Paying taxes;
- 2) Offsetting losses of previous years;
- 3) Setting aside as legal reserve 10% of the remaining profit;
- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations; and
- 5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 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 stock, out of which at least 10% of the total dividends distributed shall be in cash.

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

The appropriations of earnings for 2021 and 2020 that were approved in the shareholders' meetings on May 27, 2022 and July 15, 2021 were as follows:

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

The appropriation of earnings for 2022 that had been proposed by the Company's Board of Directors on February 22, 2023 was as follows:

	<u>For the Year Ended</u>	<u>December 31,</u>
	<u>2022</u>	<u>2022</u>
Legal reserve	\$ 145,920	
Special reserve	\$ (21,377)	
Cash dividends	\$ 1,022,148	
Cash dividends per share (NT\$)	\$ 6.9	

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on May 31, 2023.

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:

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

Pro-partner's appropriation of earnings for 2022 that had been proposed by the Pro-partner's Board of Directors on February 16, 2023 was as follows:

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

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on April 13, 2023.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations	<b>For the Year Ended December 31, 2022</b>	<b>2021</b>
	\$ (75,567)	\$ (67,775)
Balance at beginning of year		
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>18,423</u>	<u>(7,792)</u>
Balance at end of year	<u>\$ (57,144)</u>	<u>\$ (75,567)</u>

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

	<b>For the Year Ended December 31, 2022</b>	<b>2021</b>
Balance at beginning of year	\$ (16,638)	\$ (18,690)
Recognized for the year		
Unrealized gain (loss) - equity instruments	<u>2,954</u>	<u>2,052</u>
Balance at end of year	<u>\$ (13,684)</u>	<u>\$ (16,638)</u>

e. Non-controlling interests

	<b>For the Year Ended December 31, 2022</b>	<b>2021</b>
Balance at beginning of year	\$ 1,441,121	\$ 1,353,980
Profit for the year	712,575	647,566
Other comprehensive income (loss) for the year		
Exchange differences on translating the financial statements of foreign operations	(5)	-
Remeasurement of defined benefit plans	387	(36)
Dividends paid to non-controlling interests	<u>(582,777)</u>	<u>(560,389)</u>
Balance at end of year	<u>\$ 1,571,301</u>	<u>\$ 1,441,121</u>

24. REVENUE

	<b>For the Year Ended December 31, 2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 9,836,930	\$ 8,916,424
Revenue from the rendering of services	<u>554,301</u>	<u>881,822</u>
	<u>\$ 10,391,231</u>	<u>\$ 9,798,246</u>

a. Disaggregation of revenue

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

For the year ended December 31, 2022

Type of goods or services	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
Sale of goods	\$ 8,726,743	\$ 743,278	\$ 366,909	\$ 9,836,930
Rendering of services	-	-	<u>554,301</u>	<u>554,301</u>
	<u>\$ 8,726,743</u>	<u>\$ 743,278</u>	<u>\$ 921,210</u>	<u>\$ 10,391,231</u>
<u>Timing of revenue recognition</u>				
Satisfied at a point in time	\$ 8,726,743	\$ 743,278	\$ 921,210	\$ 10,391,231
For the year ended December 31, 2021				

2) Type of goods

Type of goods	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
Sale of goods	\$ 8,000,102	\$ 660,914	\$ 255,408	\$ 8,916,424
Rendering of services	-	-	<u>881,822</u>	<u>881,822</u>
	<u>\$ 8,000,102</u>	<u>\$ 660,914</u>	<u>\$ 1,137,230</u>	<u>\$ 9,798,246</u>
<u>Timing of revenue recognition</u>				
Satisfied at a point in time	\$ 8,000,102	\$ 660,914	\$ 1,137,230	\$ 9,798,246
For the year ended December 31, 2021				

	<b>For the Year Ended December 31, 2022</b>	<b>2021</b>
Type of goods		
Health food	\$ 8,822,937	\$ 8,112,795
ODM/OEM	921,210	1,137,230
Cosmetics	322,519	298,979
Beverage	295,526	231,514
Others (Note)	<u>29,039</u>	<u>17,728</u>
	<u>\$ 10,391,231</u>	<u>\$ 9,798,246</u>

Note: Others include general food and pet food.

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 631	\$ 799
Net foreign exchange gain (loss)	11,629	(2,241)
Gain on disposal of investment properties	4,943	1,261
Gain on modification of lease agreements	106	-
Loss on disposal of subsidiary	(779)	-
Loss on disposal of property, plant and equipment	(408)	(437)
Impairment loss on investment accounted for using the equity method	(2,538)	-
Others	<u>(1,684)</u>	<u>(413)</u>
	\$ <u>11,900</u>	\$ <u>(1,031)</u>

d. Finance costs

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 252	\$ 3,571
Interest on lease liabilities	2,150	1,886
Imputed interest on deposit	37	65
Unwinding of discount on provisions	79	80
Less: Amounts included in the cost of qualifying assets	<u>(151)</u>	<u>(1,591)</u>
	\$ <u>2,367</u>	\$ <u>4,011</u>

e. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Capitalized interest amount	\$ 151	\$ 1,591
Capitalization rate	1.02%	1.03%

An analysis of depreciation by function

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Operating costs	\$ 227,224	\$ 210,562
Operating expenses	<u>208,135</u>	<u>205,839</u>
	\$ <u>435,359</u>	\$ <u>416,401</u>

An analysis of amortization by function

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Operating costs	\$ 410	\$ 168
Operating expenses	<u>13,869</u>	<u>10,884</u>
	\$ <u>14,279</u>	\$ <u>11,052</u>

b. Contract balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes and accounts receivable, net	\$ <u>196,680</u>	\$ <u>232,957</u>	\$ <u>199,448</u>
Accounts receivable from related parties	\$ <u>72,967</u>	\$ <u>67,739</u>	\$ <u>2,248</u>
Contract liabilities - current			
Sale of goods	\$ 111,852	\$ 55,966	\$ 4,801
Rendering of services	<u>61,537</u>	<u>73,208</u>	<u>91,439</u>
	\$ <u>173,389</u>	\$ <u>129,174</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.

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

	<u>For the Year Ended December 31</u>	<u>2022</u>	<u>2021</u>
From contract liabilities at the start of the year			
Revenue from the sale of goods	\$ 55,912	\$ 4,801	
Revenue from contracts with customers	<u>66,445</u>	<u>81,980</u>	
	\$ <u>122,357</u>	\$ <u>86,781</u>	

**25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS**

a. Interest income

	<u>For the Year Ended December 31</u>	<u>2022</u>	<u>2021</u>
Financial assets at amortized cost	\$ 19,923	\$ 6,287	

b. Other income

	<u>For the Year Ended December 31</u>	<u>2022</u>	<u>2021</u>
Rental income	\$ 29,666	\$ 30,221	
Others	<u>66,197</u>	<u>69,626</u>	
	\$ <u>95,863</u>	\$ <u>99,847</u>	



f. Operating expenses directly related to investment properties

	<u>For the Year Ended December 31</u>	<u>2021</u>
	\$ 3,663	\$ 3,663
	<u>4,407</u>	<u>4,381</u>
	<u>\$ 8,070</u>	<u>\$ 8,044</u>

Direct operating expenses from investment properties generating direct income  
 Direct operating expenses from investment properties not generating rental income

g. Employee benefits expense

	<u>For the Year Ended December 31</u>	<u>2021</u>
	\$ 1,164,246	\$ 1,085,864
Short-term benefits	32,950	32,003
Post-employment benefits (Note 22)	<u>250</u>	<u>500</u>
Defined contribution plan	33,200	32,503
Defined benefit plans	<u>17,863</u>	<u>17,398</u>
Other employee benefits	<u>\$ 1,215,309</u>	<u>\$ 1,135,765</u>
Total employee benefits expense		

An analysis of employee benefits expense by function  
 Operating costs  
 Operating expenses

h. Compensation of employees and remuneration of directors

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

	<u>For the Year Ended December 31</u>	<u>2021</u>
Accrual rate	8%	8%
Compensation of employees	2%	2%
Remuneration of directors		
<u>Amount</u>		
Compensation of employees	\$ 136,129	\$ 119,297
Remuneration of directors	<u>34,032</u>	<u>29,824</u>

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

The appropriations of earnings for the compensation of employees and remuneration of directors for 2022 and 2021 that were resolved by the Company's Board of Directors on February 22, 2023 and February 23, 2022, respectively, are as shown below:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Compensation of employees	\$ 136,129	\$ 119,297
Remuneration of directors	<u>34,032</u>	<u>29,824</u>

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

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

## 26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	<u>2021</u>
Current tax	\$ 534,202	\$ 478,240
In respect of the current year	13,083	10,571
Income tax on unappropriated earnings	<u>(23,219)</u>	<u>(24,084)</u>
Adjustments for prior years	524,066	464,727
Deferred tax		
In respect of the current year	<u>(5,875)</u>	<u>2,190</u>
Income tax expense recognized in profit or loss	<u>\$ 518,191</u>	<u>\$ 466,917</u>

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

	<u>For the Year Ended December 31</u>	<u>2021</u>
Profit before tax from continuing operations	<u>\$ 2,687,878</u>	<u>\$ 2,414,906</u>
Income tax expense calculated at the statutory rate	\$ 756,669	\$ 706,906
Income tax on unappropriated earnings	13,083	10,571
Others	<u>(228,342)</u>	<u>(226,476)</u>
Adjustments for prior years' tax	<u>(23,219)</u>	<u>(24,084)</u>
Income tax expense recognized in profit or loss	<u>\$ 518,191</u>	<u>\$ 466,917</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<b>Deferred Tax Assets</b>				
Temporary differences	\$ 284	\$ -	\$ -	\$ 284
Employee benefits payable	501	(501)	-	-
Allowance for uncollectible accounts	242	(121)	-	121
Employee benefits	5	(5)	-	-
Unrealized scrap value of inventory	739	295	-	1,034
Right-of-use assets	309	(18)	23	314
Defined benefit liabilities (assets) - subsidiary	8,792	(1,840)	-	6,952
Unrealized intragroup profits and losses	<u>\$ 10,872</u>	<u>\$ (2,190)</u>	<u>\$ 23</u>	<u>\$ 8,705</u>
<b>Deferred Tax Liabilities</b>				
Temporary differences	\$ (68,463)	\$ -	\$ -	\$ (68,463)
Unrealized revaluation	(341)	-	(197)	(538)
Defined benefit liabilities (assets) - the Company	<u>\$ (68,804)</u>	<u>\$ -</u>	<u>\$ (197)</u>	<u>\$ (69,001)</u>

d. 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 Year Ended December 31, 2022	For the Year Ended December 31, 2021
Basic earnings per share	\$ 9.84	\$ 8.81
Diluted earnings per share	<u>\$ 9.78</u>	<u>\$ 8.76</u>

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

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Net profit for the year	\$ 1,457,112	\$ 1,300,423

b. Income tax recognized in other comprehensive income

For the Year Ended December 31, 2022

	2022	2021
<b>Deferred tax</b>		
In respect of the current year	\$ 619	\$ 174
Remeasurement of defined benefit plans	<u>\$ 619</u>	<u>\$ 174</u>

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<b>Deferred Tax Assets</b>				
Temporary differences	\$ 284	\$ -	\$ -	\$ 284
Employee benefits payable	-	(52)	-	(52)
Allowance for uncollectible accounts	3,234	(121)	-	3,234
Allowance for inventory loss	121	(121)	-	-
Employee benefits	1,034	50	-	1,084
Right-of-use assets	314	(18)	(242)	54
Defined benefit liabilities (assets) - subsidiary	6,952	3,052	-	10,004
Unrealized intragroup profits and losses	-	54	-	54
Investment loss under equity method	<u>\$ 8,705</u>	<u>\$ 6,199</u>	<u>\$ (242)</u>	<u>\$ 14,662</u>
<b>Deferred Tax Liabilities</b>				
Temporary differences	\$ (68,463)	\$ -	\$ -	\$ (68,463)
Unrealized revaluation	(538)	-	(377)	(915)
Defined benefit liabilities (assets) - the Company	<u>\$ (69,001)</u>	<u>\$ (324)</u>	<u>\$ (377)</u>	<u>\$ (69,702)</u>

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

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Net profit for the year	\$ 1,457,112	\$ 1,300,423

Earnings used in the computation of basic and diluted earnings per share

Weighted average number of ordinary shares outstanding

Unit: In Thousands of Shares	
For the Year Ended December 31	
2022	2021
148,137	147,553
<u>925</u>	<u>847</u>
<u>149,062</u>	<u>148,400</u>

Weighted average number of ordinary shares used in the computation of basic earnings per share  
Effect of potentially dilutive ordinary shares  
Compensation of employees

Weighted average number of ordinary shares used in the computation of diluted earnings per share

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. DISPOSAL OF SUBSIDIARIES

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

a. Consideration received from disposals

Cash	\$ 27,586
Total consideration received	<u>\$ 27,586</u>

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

Current assets	
Cash	\$ 27,586
Net assets disposed of	<u>\$ 27,586</u>

c. Loss on disposal of subsidiaries

Dongpu Biotech Corporation	
Net assets disposed of	(779)
Loss on disposals	<u>\$ (779)</u>

Consideration received  
Net assets disposed of  
Reclassification of other comprehensive income in respect of subsidiaries

Loss on disposals

d. Net cash inflow on disposals of subsidiaries

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

## 29. CASH FLOW INFORMATION

a. Non-cash transactions

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

	For the Year Ended December 31 2022	2021
Additions of property, plant and equipment	\$ (434,889)	\$ (176,464)
Changes in prepayments for purchases	(135,190)	(132,879)
Changes in payables for purchases of equipment	<u>83,394</u>	<u>34,145</u>
Payments for acquisition of property, plant and equipment	<u>\$ (486,685)</u>	<u>\$ (275,198)</u>

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	January 1, 2022	Cash Flows	Lease Change	Non-cash Changes		December 31, 2022
				Finance Costs	Exchange Rate Impact	
Long-term borrowings	\$ 94,365	\$ (94,365)	-	-	-	-
Guarantee deposits received	13,011	(5,906)	-	-	-	9,099
Lease liabilities	<u>177,393</u>	<u>(45,597)</u>	<u>23,806</u>	<u>2,150</u>	<u>-</u>	<u>157,752</u>
	<u>\$ 284,769</u>	<u>\$ (143,868)</u>	<u>\$ 23,806</u>	<u>\$ 2,150</u>	<u>\$ (6)</u>	<u>\$ 166,851</u>

For the year ended December 31, 2021

	January 1, 2021	Cash Flows	Lease Change	Non-cash Changes		December 31, 2021
				Finance Costs	Exchange Rate Impact	
Short-term borrowings	\$ 500,000	\$ (500,000)	-	-	-	-
Long-term borrowings	1,421,261	(1,326,896)	-	-	-	94,365
Guarantee deposits received	19,026	(6,015)	-	-	-	13,011
Lease liabilities	<u>162,729</u>	<u>(44,118)</u>	<u>56,901</u>	<u>1,886</u>	<u>(5)</u>	<u>177,393</u>
	<u>\$ 2,103,016</u>	<u>\$ (1,877,029)</u>	<u>\$ 56,901</u>	<u>\$ 1,886</u>	<u>\$ (5)</u>	<u>\$ 284,769</u>

## 30. CAPITAL MANAGEMENT

The objective of the Group's capital management is maintaining a good capital structure and to ensure the ability to operate continuously, in order to provide returns to shareholders and the interests of other related parties, while maintaining an optimal capital structure to reduce costs of capital. The Group's capital

structure management strategies were based on the industry size of the Company and its subsidiaries, industry's future growth, product roadmaps, and changes in the external environment and other factors. The Group plans the required capacity and the necessary plant and equipment to achieve this capacity and the corresponding capital expenditure according to those strategies. The Group then calculates the required working capital and cash based on industry characteristics, and estimates the possible product margins, operating margin and cash flow. In order to determine the most appropriate capital structure, the Group takes into consideration cyclical fluctuations in industrial, product life cycle and other risk factors.

### 31. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

	December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI					
Investments in equity instruments - unlisted shares	\$ -	\$ -	\$ -	\$ 14,344	\$ 14,344

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 200,379	\$ -	\$ -	\$ 200,379

Financial assets at FVTOCI

Investments in equity instruments - unlisted shares	\$ -	\$ -	\$ 11,390	\$ 11,390
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There were no transfers between Levels 1 and 2 in the current and prior years.

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

For the year ended December 31, 2022

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

For the year ended December 31, 2021

Financial Assets at FVTOCI	Equity Instruments
	\$ 9,338
	2,052
	\$ 11,390

#### Financial Assets

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

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

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

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

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

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

c. Categories of financial instruments

#### Financial assets

Financial assets at FVTPL	\$ -	\$ 200,379
Mandatorily classified as at FVTPL		
Financial assets at amortized cost	4,672,852	3,635,197
Cash and cash equivalents	141,569	75,178
Financial assets at amortized cost	196,680	232,957
Notes and accounts receivable, net	72,967	67,739
Accounts receivable from related parties	14,359	13,125
Other receivables		
Financial assets at FVTOCI	14,344	11,390
Equity instruments	\$ 5,112,771	\$ 4,235,965

(Continued)

Sensitivity analysis

The Group is mainly exposed to the USD.

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

	<b>Currency USD Impact</b>	
	<b>For the Year Ended December 31</b>	<b>2021</b>
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 11,323	\$ 13,580

b) Interest rate risk

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

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

	<b>December 31</b>	<b>2021</b>
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 130,369	\$ 75,178
Financial liabilities	157,752	271,758
Cash flow interest rate risk		
Financial assets	4,676,736	3,627,219

Sensitivity analysis

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

If interest rates had been changed by 10 basis points and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would change by NT\$4,677 thousand and NT\$3,627 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

	<b>December 31</b>	<b>2021</b>
	<b>2022</b>	<b>2021</b>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Notes and accounts payable	\$ 293,843	\$ 268,964
Other payables	2,051,370	1,817,560
Other payables to related parties	92,071	66,810
Long-term borrowings (current portion included)	-	94,365
	<u>\$ 2,437,284</u>	<u>\$ 2,247,699</u>
	(Concluded)	

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

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

a) Foreign currency risk

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

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 35.

counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Credit risk of certain customers is also managed by carrying out credit enhancement procedures such as requesting for prepayment.

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

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

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 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.

#### December 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	\$ 293,843	-	-	-	-	\$ 293,843
Other payables (related parties included)	1,914,214	229,227	-	-	-	2,143,441
Lease liabilities	28,936	16,843	31,581	44,001	46,015	167,376
	<u>\$ 2,236,993</u>	<u>\$ 246,070</u>	<u>\$ 31,581</u>	<u>\$ 44,001</u>	<u>\$ 46,015</u>	<u>\$ 2,604,660</u>

Additional information about the maturity analysis for financial liabilities:

Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
\$ 45,779	\$ 75,582	\$ 9,861	\$ 9,860	\$ 9,860	\$ 16,434
	<u>\$ 75,582</u>	<u>\$ 9,861</u>	<u>\$ 9,860</u>	<u>\$ 9,860</u>	<u>\$ 16,434</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	3,969	3,951	7,848	23,118	62,015	100,901
	<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 financial liabilities:

Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
\$ 47,425	\$ 91,590	\$ 14,773	\$ 8,802	\$ 8,802	\$ 16,430
	<u>\$ 79,200</u>	<u>\$ 30,965</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>\$ 1,738,000</u>
					<u>\$ 1,738,000</u>
					<u>\$ 1,738,000</u>

#### b) Financing facilities

Short-term borrowings amount  
Amount unused

	<u>\$ 1,738,000</u>	<u>\$ 1,738,000</u>
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## 32. TRANSACTIONS WITH RELATED PARTIES

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

#### a. Related party name and category

Related Party Name	Related Party Category	Relationship with the Group
Sheng-Lin Tseng	Substantive related party	Chairman of the Company
Pu Hsing Enterprise Co., Ltd. (Pu Hsing)	Other related party	Director of Pro-partner
Taipei City Pro-partner Technology and Human Development Foundation (Pro-partner Gongju Co., Ltd. (Gongju))	Other related party	Pro-partner is its sole founder
Laser Solution Technology Co., Ltd. (Laser Solution)	Other related party	Supervisor of Pro-partner (from June 3, 2018 to June 2, 2021) Supervisor of Pro-partner (from June 3, 2021 to June 2, 2024)

(Continued)

Related Party Name	Related Party Category	Relationship with the Group	Related Party Name	Related Party Category	Relationship with the Group
Pu-Lin Ltd. (Pu-Lin)	Other Related Party	Related party in substance of Pro-partner	Uni-President Trading (Kunshan) Co., Ltd. (Uni-President Trading (Kunshan))	Other related party	Subsidiary of a director of the Company
Xinlin Enterprise Co., Ltd. (Xinlin)	Other Related Party	Related party in substance of Pro-partner	Guangzhou President Enterprises Co., Ltd. (Guangzhou President)	Other related party	Subsidiary of a director of the Company
Xinlin Investment Co., Ltd. (Xinlin Investment)	Other Related Party	Related party in substance of Pro-partner	Henan President Enterprises Co., Ltd. (Henan President)	Other related party	Subsidiary of a director of the Company
Uni-President Enterprises Corp. (Uni-President)	Other related party	Director of the Company	Zhengzhou President Enterprises Co., Ltd. (Zhengzhou President)	Other related party	Subsidiary of a director of the Company
Tung-Ju Enterprise Corp. (Tung-Ju)	Other related party	Subsidiary of a director of the Company	Jinan President Enterprises Co., Ltd. (Jinan President)	Other related party	Subsidiary of a director of the Company
Tung Hsying Co., Ltd. (Tung Hsying)	Other related party	Subsidiary of a director of the Company	Chengdu President Enterprises Food Co., Ltd. (Chengdu President)	Other related party	Subsidiary of a director of the Company
Uni-President Vender Corp. (Uni-President Vender)	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)
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	b. Sales of goods		
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	<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>
Xin-Tung Enterprise Corp. (Xin-Tung)	Other related party	Subsidiary of a director of the Company	Sales	Other related party	<b>2022</b> <b>2021</b>
Tong-Yeen Enterprise Corp. (Tong-Yeen)	Other related party	Subsidiary of a director of the Company		Associate	\$ 232,074      \$ 79,245
Wei-Tong Enterprise Corp. (Wei-Tong)	Other related party	Subsidiary of a director of the Company			<u>28,163</u> <u>23,075</u>
President Pharmaceutical Corp. (President Pharmaceutical)	Other related party	Subsidiary of a director of the Company			<u>\$ 260,237</u> <u>\$ 102,320</u>
President Chain Store Corp. (President Chain Store)	Other related party	Subsidiary of a director of the Company	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.		
President Transnet Corp. (President Transnet)	Other related party	Subsidiary of a director of the Company	c. Purchases of goods		
President Collect Services Corp. (President Collect Services)	Other related party	Subsidiary of a director of the Company			
President (Shanghai) Health Product Trading Company Ltd. (President (Shanghai) Health Product Trading)	Other related party	Subsidiary of a director of the Company	<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>
Uni-President Shanghai Management Consulting Co., Ltd. (Uni-President Shanghai Management Consulting)	Other related party	Subsidiary of a director of the Company	Purchases of goods	Other related party	<b>2022</b> <b>2021</b>
Shanghai Management Consulting	Other related party	Subsidiary of a director of the Company			\$ 34,231      \$ 1,126
Kunshan President Enterprises Food Co., Ltd. (Kunshan President)	Other related party	Subsidiary of a director of the Company	Purchases for the related parties were determined based on mutual consent. There is no significant difference regarding the terms and conditions for the related parties and for the third parties.		
President Enterprises (Inner Mongolia) Co., Ltd. (Inner Mongolia President)	Other related party	Subsidiary of a director of the Company	d. Contract liabilities		
President (Shanghai) Trading Co., Ltd. (President (Shanghai) Trading)	Other related party	Subsidiary of a director of the Company	Contract liabilities	Other related party	<b>December 31</b>
					<b>2022</b> <b>2021</b>
					\$ 662      \$ 564

(Continued)

e. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Accounts receivable from related parties	Tung Hsiying Tung-Ju Retail Support GK BIO INTERNATIONAL SDN. BHD. Other related party	\$ 37,365 18,597 8,038 7,785 <u>1,182</u>	\$ 33,663 19,076 4,467 8,908 <u>1,625</u>
		<u>\$ 72,967</u>	<u>\$ 67,739</u>

f. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other payables to related parties	Tung Hsiying Pu Hsing Laser Solution Tung-Ju Other related party	\$ 25,769 20,419 20,388 16,560 <u>8,935</u>	\$ 19,170 18,563 18,532 6,402 <u>4,143</u>
		<u>\$ 92,071</u>	<u>\$ 66,810</u>

g. Prepayments

Line Item	Related Party Category/Name	December 31	
		2022	2021
Prepayments	Other related party	\$ 145	\$ 110

h. Lease arrangements

Related Party Category	For the Year Ended December 31	
	2022	2021
Acquisition of right-of-use assets		
Substantive related party	<u>\$ 5,852</u>	<u>\$ -</u>

Line Item	Related Party Category/Name	December 31	
		2022	2021
Lease liabilities	Pu-Lin Substantive related party	\$ 6,419 <u>5,662</u>	\$ 29,866 <u>-</u>
		<u>\$ 12,081</u>	<u>\$ 29,866</u>

For the Year Ended December 31

Related Party Category	December 31	
	2022	2021
Interest expense		
Other related party	\$ 303	\$ 400
Substantive related party	<u>10</u>	<u>-</u>
	<u>\$ 313</u>	<u>\$ 400</u>

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

i. Other transactions with related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Refundable deposits	Other related party	<u>\$ 1,619</u>	<u>\$ 1,619</u>
Guarantee deposits received	Other related party	<u>\$ 355</u>	<u>\$ 2</u>
Advance receipts (classified as other current liabilities)	Other related party	<u>\$ 25</u>	<u>\$ 25</u>

For the Year Ended December 31

Line Item	Related Party Category/Name	December 31	
		2022	2021
Operating costs - freight expense	Other related party	<u>\$ 14</u>	<u>\$ 10</u>
Operating costs - inspection expense	Other related party	<u>\$ 250</u>	<u>\$ 45</u>
Selling and marketing expenses - commissions expense	Other related party	<u>\$ 22,271</u>	<u>\$ 9,793</u>
Selling and marketing expenses - freight expense	Other related party	<u>\$ 17,622</u>	<u>\$ 2,400</u>
Selling and marketing expenses - advertisement expense	Other related party	<u>\$ 15,873</u>	<u>\$ 10,256</u>
Selling and marketing expenses - inspection expense	Other related party	<u>\$ 137</u>	<u>\$ 151</u>
Selling and marketing expenses - entertainment expense	Other related party	<u>\$ 5</u>	<u>\$ -</u>
Selling and marketing expenses - other expense	Other related party	<u>\$ 118</u>	<u>\$ -</u>

(Continued)



	For the Year Ended December 31	
	2022	2021
Secured bank facilities used in response to operating funds by the Group's property, plant and equipment - land/building as of December 31, 2022 and 2021 are as follows:		
Short-term financing facilities	\$ 1,238,000	\$ 1,238,000
Medium and long-term financing facilities	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 2,238,000</u>	<u>\$ 2,238,000</u>

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
General and administrative expenses - donations	Other related party	\$ 650	\$ 450
General and administrative expenses - freight expense	Other related party	\$ 7	\$ 2
Research and development expenses - freight expense	Other related party	\$ 84	\$ 53
Research and development expense - inspection expense	Other related party	\$ 24	\$ 5
Rental income	Other related party	\$ 11	\$ 11
Other income	Other related party	\$ 34	\$ 36 (Concluded)

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

j. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 255,417	\$ 234,214
Post-employment benefits	<u>285</u>	<u>225</u>
	<u>\$ 255,702</u>	<u>\$ 234,439</u>

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

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

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

	December 31	
	2022	2021
Property, plant and equipment - land	\$ 3,004,762	\$ 3,004,629
Property, plant and equipment - building	994,544	1,014,043
Pledged time deposits (classified as financial assets at amortized cost - non-current)	<u>24,520</u>	<u>13,320</u>
	<u>\$ 4,023,826</u>	<u>\$ 4,031,992</u>

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

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

### 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- The Company's guarantee notes issued to banks for credit lines amounted to NT\$400,000 thousand as of December 31, 2022.
- Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2022 were as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Plant and machinery	\$ 433,800	\$ 263,025	\$ 170,775

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

Operating Location	Lessor	Lease Periods	Monthly Rental
Taoyuan City	Taoyuan Irrigation Association	2020.02.01-2025.01.31	\$ 360
Taoyuan City	Passion Technology Co., Ltd.	2020.05.01-2025.04.30	280-300
Hsinchu City	Lin, Zhuang-Long, Wu, Yi-Wan	2021.11.01-2026.10.31	350-368
Taichung City	Pu-Lin Ltd.	2007.11.01-2027.11.01	220
Taichung City	Pu-Lin Ltd.	2010.04.01-2030.03.31 (Note)	129
Taichung City	Nan Shan Life Insurance Co., Ltd.	2022.05.01-2027.04.30 (Note)	555-572
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	418-444
Kaohsiung City	Kazu Kuwae Trading Co., Ltd.	2021.12.01-2025.03.31	71

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

### 35. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency	Exchange Rate	Carrying Amount
<u>December 31, 2022</u>			
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,811	30.71(USD:NTD)	\$ 117,036
USD	446	6.965(USD:CNY)	\$ 13,697
<u>Financial liabilities</u>			
Monetary items			
USD	29	30.71(USD:NTD)	\$ 891
USD	541	6.965(USD:CNY)	\$ 16,614
<u>December 31, 2021</u>			
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,493	27.68(USD:NTD)	\$ 96,686
USD	1,938	6.367(USD:CNY)	\$ 53,644
<u>Financial liabilities</u>			
Monetary items			
USD	42	27.68(USD:NTD)	\$ 1,163
USD	483	6.367(USD:CNY)	\$ 13,369

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were NT\$(1,629 thousand and NT\$(2,241) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### 36. SEPARATELY DISCLOSED ITEMS

- Information about significant transactions:
  - Financing provided to others: None;
  - Endorsements/guarantees provided: None;
  - Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): Table 1;

- Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 2;
- Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3;
- Trading in derivative instruments: None;
- Others: intercompany relationships and significant intercompany transactions: Table 4;
- Information on investees: Table 5;
- Information on investments in mainland China
  - 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.
  - Significant direct or indirect transactions with the investee, its prices and terms of payment and unrealized gain or loss: None;
- Information on major shareholders:

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

### 37. SEGMENTS INFORMATION

The Group determined its operating segments based on business activities with discrete financial information regularly reported through the Group's internal reporting protocols to the Group's chief operating decision maker. The Group is organized into several business units based on its marketing channels and services. As of December 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 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.

a. Segment revenue and results

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

<u>For the year ended December 31, 2022</u>					
	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Revenue from external customers	\$ 8,726,743	\$ 743,278	\$ 921,210	\$ -	\$ 10,391,231
Inter-segment revenue	<u>1,756,949</u>	<u>406,111</u>	<u>(Note) 34,157</u>	<u>(2,197,217)</u>	-
Segment revenue	<u>\$ 10,483,692</u>	<u>\$ 1,149,389</u>	<u>\$ 955,367</u>	<u>\$ (2,197,217)</u>	<u>\$ 10,391,231</u>
Segment income	<u>\$ 2,308,436</u>	<u>\$ 25,479</u>	<u>\$ 131,827</u>	<u>\$ 85,995</u>	<u>\$ 2,551,737</u>

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

For the year ended December 31, 2021

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Revenue from external customers	\$ 8,000,102	\$ 660,914	\$ 1,137,230	\$ -	\$ 9,798,246
Inter-segment revenue	<u>1,596,461</u>	<u>230,055</u>	<u>(Note) 161,102</u>	<u>(1,987,618)</u>	-
Segment revenue	<u>\$ 9,596,563</u>	<u>\$ 890,969</u>	<u>\$ 1,298,332</u>	<u>\$ (1,987,618)</u>	<u>\$ 9,798,246</u>
Segment income	<u>\$ 2,047,129</u>	<u>\$ 26,146</u>	<u>\$ 159,740</u>	<u>\$ 78,569</u>	<u>\$ 2,311,584</u>

Note: ODM/OEM revenues from external customers in Taiwan and Shanghai amounted to NT\$255,408 thousand and NT\$881,822 thousand, respectively.

b. Total segment assets and liabilities

<u>December 31, 2022</u>					
	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Segment assets	\$ 16,328,002	\$ 1,059,206	\$ 2,757,475	\$ (5,091,645)	\$ 15,053,038
Segment liabilities	<u>\$ 3,908,278</u>	<u>\$ 274,978</u>	<u>\$ 189,575</u>	<u>\$ (460,869)</u>	<u>\$ 3,911,965</u>

December 31, 2021

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Segment assets	\$ 15,209,320	\$ 969,912	\$ 2,631,282	\$ (4,749,635)	\$ 14,060,879
Segment liabilities	<u>\$ 3,541,931</u>	<u>\$ 219,528</u>	<u>\$ 254,723</u>	<u>\$ (384,718)</u>	<u>\$ 3,651,464</u>

c. Other segment information

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

For the year ended December 31, 2022

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

For the year ended December 31, 2021

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Depreciation and amortization	\$ 365,978	\$ 21,019	\$ 42,924	\$ (2,468)	\$ 427,453
Interest expense	\$ 4,005	\$ 134	\$ 48	\$ (176)	\$ 4,011
Amounts of additions to non-current assets (Note)	\$ 219,119	\$ 18,054	\$ 37,654	\$ -	\$ 274,827

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

d. Revenue from major products and services

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Health food	\$ 8,822,937	\$ 8,112,795
ODM/OEM	921,210	1,137,230
Cosmetics	322,519	298,979
Beverage	295,526	231,514
Others (Note)	<u>29,039</u>	<u>17,728</u>
	\$ 10,391,231	\$ 9,798,246

Note: Others include general food and pet food.

e. Geographical information

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

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

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Taiwan	\$ 9,721,833	\$ 8,881,217	\$ 8,649,192	\$ 8,504,988
China	597,652	895,987	484,507	496,195
Others	<u>71,746</u>	<u>21,042</u>	<u>-</u>	<u>-</u>
	<u>\$10,391,231</u>	<u>\$ 9,798,246</u>	<u>\$ 9,133,699</u>	<u>\$ 9,001,183</u>

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

f. Information about major customers

There was no individual customer whose sales accounted for at least 10% of the Group's revenue for the year ended December 31, 2022.

## GRAPE KING BIO LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022			Note
				Units/Shares	Carrying Amount	Percentage of Ownership (%)	
Grape King Bio Ltd.	Shares FU-Sheng International Inc. (SAMOA)	-	Financial assets at fair value through other comprehensive income - non-current	917,700	\$ 14,334	18.77	-
	Hsin Tung Yang Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	10	-	-

## GRAPE KING BIO LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details		Abnormal Transaction Unit Price	Transaction (Note 1)		Notes/Accounts Payable or Receivable Ending Balance	Notes/Accounts Payable or Receivable % to Total	Note
			Purchases/Sales	Amount		Payment Terms	Payment Terms			
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Sales	\$ 1,756,949	62.58%	30 days after monthly closing	By contract	\$ 235,179	52.95%	Note 2
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	252,194	8.98%	120 days after monthly closing	By contract	119,390	26.88%	Note 2
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,756,949	95.85%	30 days after monthly closing	By contract	(235,179)	96.72%	Note 2
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	252,194	100.00%	120 days after monthly closing	By contract	(119,390)	100.00%	Note 2

Note 1: If the terms of transactions with the related parties are different from normal terms, the difference and the reason for the difference should be declared in the column of unit price or credit period.

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

**GRAPE KING BIO LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 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. Rivershine Ltd.	Subsidiary Subsidiary	\$ 235,179	8.14	\$ -	-	\$ 235,179	-
			119,390	2.38	-	-	33,924	-

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

## GRAPE KING BIO LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 1,756,949	By contract	16.91%
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts receivable	235,179	By contract	1.56%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Net revenue from sale of goods	252,194	By contract	2.43%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Accounts receivable	119,390	By contract	0.79%

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 YEAR ENDED DECEMBER 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 December 31, 2022		Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)			
Grape King Bio Ltd.	GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI) Pro-partner Inc.	BVI	Investment activities	\$ 1,198,018	\$ 1,198,018	24,890,000	100	\$ 32,604	\$ 34,534	Notes 1, 2 and 3
		Taoyuan, Taiwan	Import and selling of health food, drink, cosmetics, sports apparatus, cleaning products, etc.	15,000	15,000	10,560,000	60	1,781,437	1,070,025	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	8,500	8,500	Note 2
	GK BIO INTERNATIONAL SDN. BHD.	Malaysia	Import and selling of health products	14,899	6,810	2,100,000	35	40,309	12,732	Note 1 and 5
Pro-partner Inc.	ELITE PROPARTNER HOLDINGS SDN. BHD.	Malaysia	Investment activities	2,017	Note 4	300,000	100	(270)	(270)	Note 2 and 4

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT\$ 3,316 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%. In December 2022, Pro-partner Inc. increased its equity interest by MYR300 thousand in ELITE PROPARTNER HOLDINGS SDN. BHD.

Note 5: In September 2022, the Company increased its equity interest by MYR1,200 thousand in GK BIO INTERNATIONAL SDN. BHD, and the proportion of ownership increased from 30% to 35%.

## GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 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 December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsule, tablet, related products and services.(Warehousing services)	USD 28,900	Note 1(2) Note 3	\$ 847,672 (USD 27,350)	\$ -	\$ -	\$ 847,672 (USD 27,350)	\$ 28,365 Note 2(2)B	100%	\$ 30,295 Note 2(2)B	\$ 1,077,909	\$ -
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)	- Note 4	- Note 2(3)	- Note 4	-
Shanghai Rivershine Ltd.	Food distribution (except grain), food packaging materials, cosmetics materials, 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)	509 Note 2(2)B	100%	509 Note 2(2)B	18,538	-
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 (RMB5,000)	-	Note 6	Note 6	Note 6	Note 6	27,586 (RMB 6,224)

(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 December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 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)	\$ -	\$ -	\$ 7,273 (USD 246)	\$ (4,686) Note 2(2)B	35.1%	\$ (1,645) Note 2(2)B	Note 7	\$ -
Shanghai Xinqian 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	-	-	-	-	(587) Note 2(2)B	45%	(265) Note 2(2)B	9,348	-

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 900,029	\$ 900,029	\$ 6,684,644

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

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

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

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

(Continued)

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

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

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

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

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

Note 4: The Company invested in Shanghai Yusong Co., Ltd. through Fu-Sheng International Inc. (SAMOA). Shanghai Yusong Co., Ltd. had been liquidated in December 2022.

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. Dongpu Biotech Corporation completed the liquidation in March 2022 and repatriated the investment funds in July 2022.

Note 7: The Company directly invested in Shanghai Changhong Biotechnology Co., Ltd. Shanghai Changhong Biotechnology Co., Ltd. is currently undergoing its liquidation procedures in November 2022, resulting in a recoverable amount less than the amount of the Company's investment, the Company recognized investment losses of \$2,538 thousand for the year ended December 31, 2022.

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

(Concluded)

**TABLE 7****GRAPE KING BIO LTD.****INFORMATION ON MAJOR SHAREHOLDERS  
DECEMBER 31, 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.	10,445,000	7.05%

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.

A hand holding a silver pen is pointing at a calendar grid. The calendar shows dates from 1 to 31. Two dates are circled in red: the 27th and the 28th. The background is a light purple geometric pattern.

# Appendix II

Parent Company Only  
Financial Statements  
with Report of Independent  
Accountants for the Year  
Ended Dec 31, 2022 and 2021



## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Grape King Bio Ltd.

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2022 is described as follows:

#### Valuation of Inventory

The products of the Company mainly include health foods and beverages. Such products have shelf-lives and are sold in a highly competitive consumer market, resulting in greater exposure to risk of loss on inventory due to damage or expiration. The estimation for loss on inventory is based on market conditions, historical sales experience of similar products, and the net realizable value of

### Grape King Bio Ltd.

#### Parent Company Only Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report



inventory. Refer to Notes 4, 5, and 11 to the parent company only financial statements for the details on the valuation of inventory. The net carrying amount of inventory as of December 31, 2022 for the Company amounted to NT\$529,877 thousand, which was significant to the parent company only financial statements, and the criteria to determine loss on inventory vary according to different categories of inventories which require critical accounting estimates. Consequently, the valuation of inventory was identified as a key audit matter.

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

1. We understood the design and tested the operating effectiveness of the key controls over the valuation of inventory;
2. We understood and assessed the reasonableness of inventory valuation policy and estimates used by the management;
3. We performed an observation on the Company's annual physical count of inventory to assess for any indications of damaged or expired inventories not listed in the allowance for inventory loss;
4. We sampled and recalculated the accuracy of net realizable value of inventory as well as performed calculations of the validity period from the year-end subsidiary ledgers and aging report of inventories, to verify that the allowance for inventory loss was appropriately recognized based on the about policy.

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

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

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

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

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

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

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

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

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

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

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

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



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 22, 2023

Notice to Readers

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

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

**GRAPE KING BIO LTD.**

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

ASSETS	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>								
Cash and cash equivalents (Note 6)	\$ 900,612	8	\$ 531,713	5	\$ 244,470	-	\$ 18,284	-
Financial assets at fair value through profit or loss (Note 7)	-	-	200,379	2	238,291	2	192,060	2
Financial assets at amortized cost (Note 9)	15,973	1	13,940	-	521,953	5	402,321	4
Notes and accounts receivable, net (Notes 10 and 22)	64,123	1	53,822	1	939	-	1,102	-
Accounts receivable from related parties (Notes 22 and 30)	380,036	4	303,853	3	176,400	2	129,135	2
Other receivables	2,364	-	1,315	-	10,959	-	14,078	-
Other receivables from related parties (Note 30)	81,586	1	74,151	1	6,909	-	2,856	-
Inventories (Note 11)	529,877	5	568,177	6	-	-	6,990	-
Other current assets (Note 17)	17,576	-	35,564	-	-	-	-	-
Total current assets	1,992,147	19	1,782,914	18	979,921	9	766,826	8
<b>NON-CURRENT ASSETS</b>								
Financial assets at fair value through other comprehensive income (Note 8)	14,344	-	11,390	-	-	-	87,375	1
Financial assets at amortized cost (Notes 9 and 31)	20,800	33	9,600	33	69,378	1	69,001	1
Investments accounted for using the equity method (Note 12)	3,531,227	33	3,302,366	33	54,055	-	50,883	-
Property, plant and equipment (Notes 13, 31 and 32)	4,659,885	44	4,461,666	45	3,554	-	5,488	-
Right-of-use assets (Note 14)	63,800	1	63,452	1	126,987	1	212,747	2
Investment properties (Note 15)	233,902	2	234,169	2	1,106,908	10	979,573	10
Intangible assets (Note 16)	31,701	-	17,627	-	-	-	-	-
Deferred tax assets (Note 24)	3,466	-	405	-	-	-	-	-
Other non-current assets (Notes 17 and 20)	125,408	1	84,228	1	1,481,374	14	1,481,374	15
Total non-current assets	8,684,533	81	8,184,953	82	2,874,252	27	2,869,691	29
<b>TOTAL</b>	\$ 10,676,680	100	\$ 9,967,867	100	\$ 10,676,680	100	\$ 9,967,867	100
<b>LIABILITIES AND EQUITY</b>								
<b>CURRENT LIABILITIES</b>								
Contract liabilities (Note 22)								
Notes and accounts payable								
Other payables (Note 19)								
Other payables to related parties (Note 30)								
Current tax liabilities (Note 24)								
Lease liabilities (Notes 14 and 30)								
Other current liabilities (Note 19)								
Current portion of long-term borrowings (Notes 18 and 31)								
Total current liabilities								
<b>NON-CURRENT LIABILITIES</b>								
Long-term borrowings (Notes 18 and 31)								
Deferred tax liabilities (Note 24)								
Lease liabilities (Notes 14 and 30)								
Other non-current liabilities (Notes 19 and 30)								
Total non-current liabilities								
Total liabilities								
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)</b>								
Share capital								
Ordinary shares								
Capital surplus								
Retained earnings								
Legal reserve								
Special reserve								
Unappropriated earnings								
Total retained earnings								
Other equity								
Total equity								
<b>TOTAL</b>								

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

**GRAPE KING BIO LTD.**

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

	2022		2021	
	Amount	%	Amount	%
NET REVENUE (Notes 22 and 30)	\$ 2,807,503	100	\$ 2,451,872	100
COST OF GOODS SOLD (Notes 11 and 23)	(1,477,591)	(53)	(1,290,204)	(52)
GROSS PROFIT	1,329,912	47	1,161,668	48
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(14,429)	-	6,575	-
ADJUSTED GROSS PROFIT	1,315,483	47	1,168,243	48
OPERATING EXPENSES (Notes 20, 23 and 30)	(406,236)	(14)	(433,269)	(18)
Selling and marketing	(350,972)	(13)	(318,850)	(13)
General and administrative	(251,269)	(9)	(245,045)	(10)
Research and development	(1,008,477)	(36)	(997,164)	(41)
Total operating expenses	307,006	11	171,079	7
INCOME FROM OPERATIONS	1,008,477	36	997,164	41
NON-OPERATING INCOME AND EXPENSES (Notes 12, 23 and 30)				
Interest income	1,591	-	272	-
Other income	99,028	4	90,730	4
Other gains and losses	432	-	1,675	-
Finance costs	(747)	-	(1,328)	-
Share of profit of subsidiaries and associates	1,124,146	40	1,079,659	44
Total non-operating income	1,224,450	44	1,171,008	48
PROFIT BEFORE INCOME TAX	1,531,456	55	1,342,087	55
INCOME TAX EXPENSE (Note 24)	(74,344)	(3)	(41,664)	(2)
NET PROFIT FOR THE YEAR	1,457,112	52	1,300,423	53
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,883	-	983	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	2,954	-	2,052	-
Remeasurement of defined benefit plans for subsidiaries recognized using the equity method	725	-	(67)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(522)	-	(184)	-

(Continued)

**GRAPE KING BIO LTD.**

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

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 17,352	1	\$ (7,325)	-
Exchange differences on translating the financial statements of foreign operations of associate	1,071	-	(467)	-
Other comprehensive income (loss) for the year, net of income tax	23,463	1	(5,008)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 1,480,575	53	\$ 1,295,415	53
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	\$ 9.84		\$ 8.81	
Diluted earnings per share	\$ 9.78		\$ 8.76	

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

(Concluded)

**GRAPE KING BIO LTD.****STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Share Capital - Ordinary Shares		Retained Earnings			Others				Total Equity
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
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	
Appropriation of 2020 earnings	-	-	-	-	-	(127,245)	-	-	-	
Legal reserve	-	-	-	127,245	-	-	-	-	-	
Special reserve	-	-	-	-	(14,287)	14,287	-	-	-	
Cash dividends	-	-	-	-	-	(948,079)	-	-	(948,079)	
Change in other capital surplus	-	-	1,814	-	-	-	-	-	1,814	
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,300,423	-	-	1,300,423	
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	732	(7,792)	2,052	(5,008)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,301,155	(7,792)	2,052	1,295,415	
Issuance of ordinary shares for cash	11,851	118,510	1,896,160	-	-	-	-	-	2,014,670	
BALANCE AT DECEMBER 31, 2021	148,137	1,481,374	2,869,691	1,198,125	86,465	3,444,844	(75,567)	(16,638)	8,988,294	
Appropriation of 2021 earnings	-	-	-	-	-	(130,115)	-	-	-	
Legal reserve	-	-	-	130,115	-	-	-	-	-	
Special reserve	-	-	-	-	5,740	(5,740)	-	-	-	
Cash dividends	-	-	-	-	-	(903,638)	-	-	(903,638)	
Change from investment in associates accounted for using the equity method	-	-	2,809	-	-	-	-	-	2,809	
Change in other capital surplus	-	-	1,732	-	-	-	-	-	1,732	
Net profit for the year ended December 31, 2022	-	-	-	-	-	1,457,112	-	-	1,457,112	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	2,086	17,644	2,954	22,684	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	1,459,198	17,644	2,954	1,479,796	
Disposal of subsidiary	-	-	-	-	-	-	779	-	779	
BALANCE AT DECEMBER 31, 2022	148,137	\$ 1,481,374	\$ 2,874,232	\$ 1,328,240	\$ 92,205	\$ 3,864,549	\$ (57,144)	\$ (13,684)	\$ 9,569,772	

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

**GRAPE KING BIO LTD.**

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,531,456	\$ 1,342,087
Adjustments for:		
Depreciation expenses	292,159	271,311
Amortization expenses	8,490	5,367
Net gain on financial assets at fair value through profit or loss	(631)	(799)
Finance costs	747	1,328
Interest income	(1,591)	(272)
Dividend income	-	(2)
Share of profit of subsidiaries and associates	(1,124,146)	(1,079,659)
Gain on disposal of property, plant and equipment, net	(15)	-
Gain on disposal of investment properties	-	(1,261)
Loss on disposal of subsidiary	779	-
Write downs of inventories	21,273	-
Impairment loss on investments accounted for using the equity method	2,538	-
Unrealized (realized) gain on transactions with subsidiaries and associates	14,429	(6,575)
Changes in operating assets and liabilities		
Notes and accounts receivable, net	(10,301)	(7,006)
Accounts receivable from related parties	(76,183)	(64,231)
Other receivables	(603)	(242)
Other receivables from related parties	(7,435)	(1,966)
Inventories	17,027	(22,876)
Other current assets	17,988	14,891
Contract liabilities	6,186	18,284
Notes and accounts payable	46,231	16,111
Other payables	41,000	2,959
Other payables to related parties	(163)	(220)
Other current liabilities	4,053	(13,895)
Net defined benefit liabilities	(2,386)	(2,488)
Cash generated from operations	780,902	470,846
Interest received	1,591	272
Interest paid	(141)	(1,204)
Income tax paid	(30,140)	(22,546)
Net cash generated from operating activities	<u>752,212</u>	<u>447,368</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	(27,173)	(5,000)
Proceeds from sale of financial assets at amortized cost	8,940	-
Proceeds from redemption of financial assets at amortized cost	5,000	-
Acquisition of financial assets at fair value through profit or loss	(800,000)	(1,200,000)
Proceeds from sale of financial assets at fair value through profit or loss	1,001,010	1,000,420
loss		(Continued)

**GRAPE KING BIO LTD.**

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Acquisition of investments accounted for using the equity method	\$ (8,089)	\$ -
Net cash inflow on disposal of subsidiary	27,586	-
Acquisition of property, plant and equipment	(442,272)	(241,412)
Proceeds from disposal of property, plant and equipment	15	-
Increase in refundable deposits	(1,886)	(1,514)
Decrease in refundable deposits	4,536	3,122
Acquisition of intangible assets	(13,698)	(1,106)
Proceeds from disposal of investment properties	-	1,382
Increase in other non-current assets	-	(151)
Dividends received	879,408	845,496
Net cash generated from investing activities	<u>633,377</u>	<u>401,237</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	-	(500,000)
Proceeds from long-term borrowings	100	-
Repayments of long-term borrowings	(94,465)	(1,207,868)
Proceeds from guarantee deposits received	1,554	794
Refund of guarantee deposits received	(3,488)	(4,523)
Repayment of the principal portion of lease liabilities	(18,485)	(15,106)
Dividends paid to owners of the Company	(903,638)	(948,079)
Proceeds from issuance of ordinary shares	-	2,014,670
Other financing activities	1,732	1,814
Net cash used in financing activities	<u>(1,016,690)</u>	<u>(658,298)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	368,899	190,307
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>531,713</u>	<u>341,406</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 900,612</u>	<u>\$ 531,713</u>

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

(Concluded)

**GRAPE KING BIO LTD.****NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)****1. GENERAL INFORMATION**

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

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

**2. APPROVAL OF FINANCIAL STATEMENTS**

The parent company only financial statements were approved by the Company's Board of Directors and issued on February 22, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

**Amendments to IAS 1 "Disclosure of Accounting Policies"**

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

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

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

- 1) the Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- 2) the Company chose the accounting policy from options permitted by the standards;
- 3) the accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;
- 4) the accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or
- 5) the accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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



## e. Inventories

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

## f. Investments in subsidiaries

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

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

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

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

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

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

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

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

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

## g. Investments in associates

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

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

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

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

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

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

## h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

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

### iii. Investments in equity instruments at FVTOCI

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

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

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

### b) Impairment of financial assets

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

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

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

default events on a financial instrument that are possible within 12 months after the reporting date.

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

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

### c) Derecognition of financial assets

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

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

### 2) Equity instruments

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

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

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

### 3) Financial liabilities

#### a) Subsequent measurement

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

#### b) Derecognition of financial liabilities

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

#### m. Provisions

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

n. Revenue recognition

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

1) Revenue from the sale of goods

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

2) Revenue from the rendering of services

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

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

o. Leases

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

1) The Company as lessor

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

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

2) The Company as lessee

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

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

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

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

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

P. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

## r. Taxation

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

## 1) Current tax

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

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

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

## 2) Deferred tax

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

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

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

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

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

## 3) Current and deferred taxes

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

**Critical Accounting Judgements**

## a. Lease terms

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

**Key Sources of Estimation Uncertainty**

## a. Estimated impairment of financial assets

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

## b. Write-down of inventories

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

## c. Recognition and measurement of defined benefit plans

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

d. Lessee's incremental borrowing rates

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

**6. CASH AND CASH EQUIVALENTS**

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 306	\$ 270
Deposits in banks		
Demand deposits	550,298	531,435
Checking accounts	8	8
Cash equivalents (investments with original maturities of less than 3 months)	<u>350,000</u>	<u>—</u>
Repurchase agreements collateralized by bonds	<u>\$ 900,612</u>	<u>\$ 531,713</u>

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

	<u>December 31</u>	<u>2021</u>
	<u>2022</u>	<u>2021</u>

Financial assets at fair value through profit or loss (FVTPL) - current

Financial assets mandatorily classified as at FVTPL  
 Non-derivative financial assets  
 - Mutual funds

\$ —

\$ 200,379

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

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

	<u>December 31</u>	<u>2021</u>
	<u>2022</u>	<u>2021</u>

Non-current - investments in equity instruments at FVTOCI

Unlisted shares  
 FU-Sheng International Inc. (Samoa)  
 Hsin Tung Yang Co., Ltd.

\$ 14,334

\$ 11,380

10

10

\$ 14,344

\$ 11,390

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**

	<u>December 31</u>	<u>2021</u>
	<u>2022</u>	<u>2021</u>

Current

Time deposits with original maturities of more than 3 months

\$ 15,973

\$ 13,940

Non-current

Pledged time deposits

\$ 20,800

\$ 9,600

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

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

**10. NOTES AND ACCOUNTS RECEIVABLE, NET**

	<u>December 31</u>	<u>2021</u>
	<u>2022</u>	<u>2021</u>

Notes receivable

Notes receivable - operating

\$ 544

\$ 324

Accounts receivable

At amortized cost  
 Gross carrying amount  
 Less: Loss allowance

66,758

56,677

(3,179)

(3,179)

63,579

53,498

\$ 64,123

\$ 53,822

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

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

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

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1 and December 31	\$ 3,179	\$ 3,179

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

	Neither Past Due nor Impaired	Past Due but not Impaired			Total
		Within 90 Days	91 to 180 Days	Over 180 Days	
December 31, 2022	\$ 59,354	\$ 4,769	\$ -	\$ -	\$ 64,123
December 31, 2021	47,480	6,342	-	-	53,822

Notes and accounts receivable were not pledged.

## 11. INVENTORIES

Finished goods  
Semi-finished goods and work in progress  
Raw materials  
Supplies  
Merchandise

	December 31	
	2022	2021
	\$ 148,218	\$ 144,435
	213,199	241,461
	120,444	142,370
	47,670	39,754
	346	157
	<u>\$ 529,877</u>	<u>\$ 568,177</u>

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

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	\$ 1,477,591	\$ 1,290,204
Loss on retirement	9,696	11,944
Inventory write-downs	21,273	-
Gain from physical counts	(2,493)	(2,501)

Inventories were not pledged.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 3,495,924	\$ 3,286,485
Investments in associates	35,303	15,881
	<u>\$ 3,531,227</u>	<u>\$ 3,302,366</u>

a. Investments in subsidiaries

	December 31	
	2022	2021
Pro-partner Inc. (Pro-partner)	\$ 2,329,961	\$ 2,139,143
GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI) (GKBVI)	1,123,364	1,080,976
Rivershine Ltd. (Rivershine)	42,599	39,342
Dongpu Biotech Corporation (Dongpu)	-	27,024
	<u>\$ 3,495,924</u>	<u>\$ 3,286,485</u>

### Proportion of Ownership and Voting Rights

	December 31	
	2022	2021
Name of subsidiaries		
Pro-partner	60%	60%
GKBVI	100%	100%
Rivershine	100%	100%
Dongpu	Note	100%

Note: Dongpu Biotech Corporation completed the liquidation in March 2022.

Investments accounted for using the equity method were not pledged.

b. Investments in associates

	December 31	
	2022	2021
Associate that are not individually material		
GK BIO INTERNATIONAL SDN. BHD.	\$ 35,303	\$ 11,767
Shanghai Changhong Biotechnology Co., Ltd.	-	4,114
	<u>\$ 35,303</u>	<u>\$ 15,881</u>

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

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





**14. LEASE ARRANGEMENTS**

## a. Right-of-use assets

	<u>December 31</u>	<u>2021</u>
	<u>2022</u>	
<u>Carrying amounts</u>		
Land	\$ 48,755	\$ 43,977
Buildings	10,827	13,162
Transportation equipment	2,887	4,304
Other equipment	<u>1,331</u>	<u>2,009</u>
	<u>\$ 63,800</u>	<u>\$ 63,452</u>

**For the Year Ended December 31**

Additions to right-of-use assets	<u>\$ 12,489</u>	<u>\$ 4,151</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,094	\$ 1,758
Buildings	12,345	9,290
Transportation equipment	2,406	2,581
Other equipment	<u>678</u>	<u>641</u>
	<u>\$ 17,523</u>	<u>\$ 14,270</u>

## b. Lease liabilities

	<u>December 31</u>	<u>2021</u>
	<u>2022</u>	
<u>Carrying amounts</u>		
Current	\$ 10,959	\$ 14,078
Non-current	<u>\$ 54,055</u>	<u>\$ 50,883</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	<u>2021</u>
	<u>2022</u>	
Land	1.02%	1.02%
Buildings	1.00% to 1.02%	1.00%
Transportation equipment	1.00% to 1.02%	1.00% to 1.02%
Other equipment	1.00% to 1.02%	1.00% to 1.02%

## c. Material lease-in activities and terms

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

## d. Other lease information

**For the Year Ended December 31**

Expenses relating to short-term and low-value asset leases	<u>\$ 1,743</u>	<u>\$ 2,114</u>
Total cash outflow for leases	<u>\$ (20,228)</u>	<u>\$ (17,220)</u>

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

**15. INVESTMENT PROPERTIES**

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1 and December 31, 2022	<u>\$ 224,988</u>	<u>\$ 12,250</u>	<u>\$ 237,238</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 3,069	\$ 3,069
Depreciation expenses	<u>-</u>	<u>267</u>	<u>267</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 3,336</u>	<u>\$ 3,336</u>
Carrying amount at December 31, 2022	<u>\$ 224,988</u>	<u>\$ 8,914</u>	<u>\$ 233,902</u>

<u>Cost</u>			
Balance at January 1, 2021	\$ 225,109	\$ 12,250	\$ 237,359
Disposals	<u>(121)</u>	<u>-</u>	<u>(121)</u>
Balance at December 31, 2021	<u>\$ 224,988</u>	<u>\$ 12,250</u>	<u>\$ 237,238</u>

Accumulated depreciation

Balance at January 1, 2021	\$ -	\$ 2,803	\$ 2,803
Depreciation expenses	<u>-</u>	<u>266</u>	<u>266</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 3,069</u>	<u>\$ 3,069</u>
Carrying amount at December 31, 2021	<u>\$ 224,988</u>	<u>\$ 9,181</u>	<u>\$ 234,169</u>

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

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2022 and 2021 is as follows:

	December 31	2021
Year 1	\$ 2,832	\$ 2,832
Year 2	2,832	2,832
Year 3	2,832	2,832
Year 4	-	2,832
	<u>\$ 8,496</u>	<u>\$ 11,328</u>

Except for depreciation recognized, the Company did not have significant addition, disposal, or impairment of investment properties during the years ended December 31, 2022 and 2021. Investment properties are depreciated using the straight-line method over their estimated useful lives of 35 to 50 years.

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

	December 31	2021
Fair value	<u>\$ 305,095</u>	<u>\$ 298,530</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 guarantee note amounting to NT\$5,600 thousand from Mr. Tseng for security purpose.

Investment properties were not pledged.

## 16. INTANGIBLE ASSETS

<u>Cost</u>	Computer Software	Trademarks	Total
Balance at January 1, 2022	\$ 37,168	\$ 16,070	\$ 53,238
Additions	13,698	-	13,698
Reclassifications	8,866	-	8,866
Balance at December 31, 2022	<u>\$ 59,732</u>	<u>\$ 16,070</u>	<u>\$ 75,802</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 20,172	\$ 15,439	\$ 35,611
Amortization expenses	8,267	223	8,490
Balance at December 31, 2022	<u>\$ 28,439</u>	<u>\$ 15,662</u>	<u>\$ 44,101</u>
Carrying amount at December 31, 2022	<u>\$ 31,293</u>	<u>\$ 408</u>	<u>\$ 31,701</u>

(Continued)

<u>Cost</u>	Computer Software	Trademarks	Total
Balance at January 1, 2021	\$ 33,193	\$ 16,070	\$ 49,263
Additions	1,106	-	1,106
Reclassifications	2,869	-	2,869
Balance at December 31, 2021	<u>\$ 37,168</u>	<u>\$ 16,070</u>	<u>\$ 53,238</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 15,028	\$ 15,216	\$ 30,244
Amortization expenses	5,144	223	5,367
Balance at December 31, 2021	<u>\$ 20,172</u>	<u>\$ 15,439</u>	<u>\$ 35,611</u>
Carrying amount at December 31, 2021	<u>\$ 16,996</u>	<u>\$ 631</u>	<u>\$ 17,627</u>

(Continued)

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

	Computer software	Trademarks
	3-8 years	4-5 years
	<u>\$ 410</u>	<u>\$ 168</u>
	1,722	850
	6,328	4,349
	<u>30</u>	<u>-</u>
	<u>\$ 8,490</u>	<u>\$ 5,367</u>

An analysis of depreciation by function

## 17. OTHER ASSETS

	December 31	2021
<u>Current assets</u>		
Prepayments for purchases	\$ 6,839	\$ 10,329
Other prepaid expense	7,798	23,061
Other current assets	2,939	2,174
	<u>\$ 17,576</u>	<u>\$ 35,564</u>

(Continued)

	December 31 2022	2021
<u>Non-current assets</u>		
Prepayments for equipment	\$ 98,826	\$ 59,315
Net defined benefit assets	19,900	15,631
Refundable deposits	6,532	9,182
Other	<u>150</u>	<u>150</u>
	<u>\$ 125,408</u>	<u>\$ 84,278</u>
		(Concluded)

### 18. BORROWINGS

Details of long-term borrowings are as follows:

Lender	December 31, 2021	Interest Rates (%)	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 portion	<u>(6,990)</u>		
	<u>\$ 87,375</u>		

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

### 19. OTHER LIABILITIES

	December 31 2022	2021
<u>Current</u>		
<u>Other payables</u>		
Bonus to employees	\$ 136,129	\$ 119,297
Payables for purchases of equipment	125,447	46,754
Salaries and incentive bonus	99,187	87,908
Bonus to directors	34,032	29,824
Accrued VAT payable	6,763	10,188
Other accrued expenses	118,779	106,768
Others	<u>1,616</u>	<u>1,582</u>
	<u>\$ 521,953</u>	<u>\$ 402,321</u>
<u>Other liabilities</u>		
Other current liabilities	<u>\$ 6,909</u>	<u>\$ 2,856</u>
	<u>\$ 3,554</u>	<u>\$ 5,488</u>
<u>Non-current</u>		
Guarantee deposits received		

### 20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT\$13,621 thousand and NT\$12,982 thousand, respectively.

b. Defined benefit plans

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

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

	December 31 2022	2021
Present value of defined benefit obligation	\$ 12,513	\$ 13,038
Fair value of plan assets	<u>(32,413)</u>	<u>(28,669)</u>
Net defined benefit liabilities (assets)	<u>\$ (19,900)</u>	<u>\$ (15,631)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	\$ 13,038	\$ (28,669)	\$ (15,631)
Service cost			
Past service cost	227	-	227
Net interest expense (income)	88	(206)	(118)
Recognized in profit or loss	<u>315</u>	<u>(206)</u>	<u>109</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,135)	(2,135)
			(Continued)

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

	December 31	2021
Discount rate	1.40%	0.70%
Expected rate of salary increase	3.00%	2.00%

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

	December 31	2021
Discount rate	\$ (400)	\$ (417)
0.25% increase	<u>\$ 417</u>	<u>\$ 436</u>
0.25% decrease	\$ 409	\$ 429
Expected rate of salary increase/decrease	<u>\$ (394)</u>	<u>\$ (413)</u>

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

	December 31	2021
Expected contributions to the plans for the next year	<u>\$ 2,309</u>	<u>\$ 2,386</u>
Average duration of the defined benefit obligation	13 years	13 years

Employee benefit expenses in respect of the Company's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate; expenses under the defined benefit plan for the years ended December 31, 2022 and 2021 were NT\$109 thousand and NT\$360 thousand, respectively.

## 21. EQUITY

- a. Ordinary shares
  - 1) Common stock

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Actuarial (gain) loss	\$ 460	\$ -	\$ 460
Changes in financial assumptions	(208)	-	(208)
Experience adjustments	205	(2,135)	(1,883)
Recognized in other comprehensive income	-	(2,171)	(2,171)
Contributions from the employer	(768)	768	-
Benefit payments	(324)	-	(324)
Curtailement	-	-	-
Balance at December 31, 2022	<u>\$ 12,513</u>	<u>\$ (32,413)</u>	<u>\$ (19,900)</u>
Balance at January 1, 2021	\$ 13,760	\$ (25,920)	\$ (12,160)
Service cost	-	-	-
Past service cost	414	-	414
Net interest expense (income)	55	(109)	(54)
Recognized in profit or loss	469	(109)	360
Remeasurement	-	-	-
Return on plan assets (excluding amounts included in net interest)	-	(360)	(360)
Actuarial (gain) loss	53	-	53
Changes in demographic assumptions	(527)	-	(527)
Changes in financial assumptions	(149)	-	(149)
Experience adjustments	(623)	(360)	(983)
Recognized in other comprehensive income	-	(2,280)	(2,280)
Contributions from the employer	(568)	-	(568)
Curtailement	-	-	-
Balance at December 31, 2021	<u>\$ 13,038</u>	<u>\$ (28,669)</u>	<u>\$ (15,631)</u>
			(Concluded)

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

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

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)	\$ 2,850,440	\$ 2,850,440
Additional paid-in capital	2,672	2,672
Treasury share transactions		
May only be used to offset a deficit		
Convertible bonds - expired share option	150	150
Treasury share transactions - share option	6,749	6,749
Arising from share of changes in capital surplus of associates	2,809	-
Others (2)	<u>11,412</u>	<u>9,680</u>
	<u>\$ 2,874,232</u>	<u>\$ 2,869,691</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) Others are unclaimed dividends.

c. Retained earnings and dividends policy

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

- 1) Paying taxes;
- 2) Offsetting losses of previous years;
- 3) Setting aside as legal reserve 10% of the remaining profit;

- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations; and
- 5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

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

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

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

The appropriations of earnings for 2021 and 2020 that were approved in the shareholders' meetings on May 27, 2022 and July 15, 2021 were as follows:

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

The appropriation of earnings for 2022 that had been proposed by the Company's Board of Directors on February 22, 2023 was as follows:

	<u>For the Year Ended</u>	
	<u>December 31,</u>	
	<u>2022</u>	
Legal reserve	\$ 145,920	
Special reserve	<u>\$ (21,377)</u>	
Cash dividends	<u>\$ 1,022,148</u>	
Cash dividends per share (NT\$)	\$ 6.9	

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on May 31, 2023.

For the year ended December 31, 2021

Type of goods or services	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
Sale of goods	\$ 1,596,461	\$ 588,265	\$ 267,146	\$ 2,451,872
Timing of revenue recognition				
Satisfied at a point in time	\$ 1,596,461	\$ 588,265	\$ 267,146	\$ 2,451,872
2) Type of goods				
				<b>For the Year Ended December 31</b>
				<b>2022</b>
				<b>2021</b>

Health food	\$ 2,047,560	\$ 1,967,615
ODM/OEM	395,694	267,146
Beverage	335,682	191,951
Cosmetics	22,252	20,615
Others (Note)	6,315	4,545
	\$ 2,807,503	\$ 2,451,872

Note: Others include general food and pet food.

b. Contract balances

Type of goods or services	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable, net	\$ 64,123	\$ 53,822	\$ 46,816
Accounts receivable from related parties	\$ 380,036	\$ 303,853	\$ 239,622
Contract liabilities - current			
Sale of goods	\$ 24,470	\$ 18,284	\$ -

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

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

From contract liabilities at the start of the year	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Revenue from the sale of goods	\$ 18,284	\$ -

d. Other equity items

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

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Balance at beginning of year	\$ (75,567)	\$ (67,775)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	18,423	(7,792)
Balance at end of year	\$ (57,144)	\$ (75,567)

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

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Balance at beginning of year	\$ (16,638)	\$ (18,690)
Recognized for the year		
Unrealized gain - equity instruments	2,954	2,052
Balance at end of year	\$ (13,684)	\$ (16,638)

## 22. REVENUE

Revenue from contracts with customers

Revenue from the sale of goods	\$ 2,807,503	\$ 2,451,872
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a. Disaggregation of revenue

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

Type of goods or services	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
Sale of goods	\$ 1,756,949	\$ 654,860	\$ 395,694	\$ 2,807,503
Timing of revenue recognition				
Satisfied at a point in time	\$ 1,756,949	\$ 654,860	\$ 395,694	\$ 2,807,503

## 23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income					
Financial assets at amortized cost					
b. Other income					
Board compensation income					
Rental income					
Dividend income					
Others					
c. Other gains and losses					
Fair value changes of financial assets and financial liabilities					
Financial assets mandatorily classified as at FVTPL					
Net foreign exchange gain (loss)					
Gain on disposal of property, plant and equipment					
Loss on disposal of subsidiary					
Impairment loss on investment accounted for using the equity method					
Gain on disposal of investment properties					
Others					
d. Finance costs					
Interest on bank loans					
Interest on lease liabilities					
Imputed interest on deposit					
Less: Amounts included in the cost of qualifying assets					
Information about capitalized interest is as follows:					
Capitalized interest amount					
Capitalization rate					
e. Depreciation and amortization					
An analysis of depreciation by function					
Operating costs					
Operating expenses (Note)					
An analysis of amortization by function					
Operating costs					
Operating expenses					
Note: The aforementioned depreciation included the depreciation of investment properties, which separately amounted to NT\$267 thousand and NT\$266 thousand for the years ended December 31, 2022 and 2021, respectively and was recognized by the Company in other gains and losses.					
f. Employee benefits expense					
Short-term benefits					
Post-employment benefits (Note 20)					
Defined contribution plan					
Defined benefit plans					
Other employee benefits					
Total employee benefits expense					
An analysis of employee benefits expense by function					
Operating costs					
Operating expenses					
g. Compensation of employees and remuneration of directors					
According to the resolution of the Board of Directors, 6%-8% of profit of the current year is distributable as compensation of employees and no higher than 2% of profit of the current year is distributable as remuneration of directors. However, the Company has to first offset accumulated losses, if any. For the years ended December 31, 2022 and 2021, the compensation of employees and the remuneration of directors are as follows:					
Accrual rate					
Compensation of employees					
Remuneration of directors					

Amount

	<u>For the Year Ended December 31</u>	<u>2021</u>
	<u>2022</u>	
Compensation of employees	\$ 136,129	\$ 119,297
Remuneration of directors	34,032	29,824

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

The appropriations of earnings for the compensation of employees and remuneration of directors for 2022 and 2021 that were resolved by the Company's Board of Directors on February 22, 2023 and February 23, 2022, respectively, are as shown below:

	<u>For the Year Ended December 31</u>	<u>2021</u>
	<u>2022</u>	<u>Cash</u>
Compensation of employees	\$ 136,129	\$ 119,297
Remuneration of directors	34,032	29,824

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

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

## 24. INCOME TAXES

- a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	<u>2021</u>
	<u>2022</u>	
Current tax		
In respect of the current year	\$ 87,914	\$ 50,458
Income tax on unappropriated earnings	13,083	10,571
Adjustments for prior years	<u>(23,592)</u>	<u>(19,987)</u>
	77,405	41,042
Deferred tax		
In respect of the current year	<u>(3,061)</u>	<u>622</u>
	<u>\$ 74,344</u>	<u>\$ 41,664</u>
Income tax expense recognized in profit or loss		

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

	<u>For the Year Ended December 31</u>	<u>2021</u>
	<u>2022</u>	
Profit before tax from continuing operations	<u>\$ 1,531,456</u>	<u>\$ 1,342,087</u>
Income tax expense calculated at the statutory rate	\$ 306,291	\$ 268,417
Income tax on unappropriated earnings	13,083	10,571
Others	(221,438)	(217,337)
Adjustments for prior years' tax	<u>(23,592)</u>	<u>(19,987)</u>
Income tax expense recognized in profit or loss	<u>\$ 74,344</u>	<u>\$ 41,664</u>

- b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	<u>2021</u>
	<u>2022</u>	
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans for subsidiaries recognized using the equity method	\$ 145	\$ (13)
Remeasurement of defined benefit plans	<u>377</u>	<u>197</u>
Total income tax recognized in other comprehensive income	<u>\$ 522</u>	<u>\$ 184</u>

- c. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
<b>Deferred Tax Assets</b>				
Temporary differences	\$ 284	\$ -	\$ -	\$ 284
Employee benefits payable	-	(52)	-	(52)
Allowance for uncollectible accounts	-	3,234	-	3,234
Allowance for inventory loss	121	(121)	-	-
Employee benefits	<u>405</u>	<u>(3,061)</u>	<u>-</u>	<u>\$ 3,466</u>
	<u>\$ 610</u>	<u>\$ 112</u>	<u>\$ -</u>	<u>\$ 722</u>
<b>Deferred Tax Liabilities</b>				
Temporary differences	\$ (68,463)	\$ -	\$ -	\$ (68,463)
Unrealized revaluation	-	-	-	-
Defined benefit liabilities (assets) - non-current	<u>(538)</u>	<u>-</u>	<u>(377)</u>	<u>(915)</u>
	<u>\$ (69,001)</u>	<u>\$ -</u>	<u>\$ (377)</u>	<u>\$ (69,378)</u>



For the year ended December 31, 2021

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

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

d. Income tax assessments

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

25. EARNINGS PER SHARE

	Unit: NT\$ per share	
	For the Year Ended December 31, 2022	2021
Basic earnings per share	\$ 9.84	\$ 8.81
Diluted earnings per share	\$ 9.78	\$ 8.76

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

	Unit: NT\$ per share	
	For the Year Ended December 31, 2022	2021
Net profit for the year	\$ 1,457,112	\$ 1,300,423
Earnings used in the computation of basic and diluted earnings per share		

Weighted average number of ordinary shares outstanding

	Unit: In Thousands of Shares	
	For the Year Ended December 31, 2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	148,137	147,553
Effect of potentially dilutive ordinary shares		
Compensation of employees	925	847
	<u>149,062</u>	<u>148,400</u>

Weighted average number of ordinary shares used in the computation of diluted earnings per share

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

26. DISPOSITION OF SUBSIDIARIES

On June 25, 2021, the Company resolved to liquidate Dongpu Biotech Corporation, and the Company completed the liquidation procedure on March, 2022 and lost control over the said subsidiary. For details about the disposal of Dongpu Biotech Corporation, refer to Note 28 to the Company's consolidated financial statements for the year ended December 31, 2022.

27. CASH FLOW INFORMATION

a. Non-cash transactions

The Company entered into the following non-cash investing and financing activities which were not reflected in the financial statements of cash flows for the years ended December 31, 2022 and 2021:

	For the Year Ended December 31, 2022	2021
Additions of property, plant and equipment	\$ (386,509)	\$ (144,097)
Changes in prepayments for purchases	(134,456)	(138,873)
Changes in payables for purchases of equipment	78,693	37,558
Payments for acquisition of property, plant and equipment	<u>\$ (442,272)</u>	<u>\$ (241,412)</u>

b. Changes in liabilities arising from financing activities

	January 1, 2022	Cash Flows	Non-cash Changes	December 31, 2022
			Lease Change	Finance Costs
Long-term borrowings	\$ 94,365	\$ (94,365)	\$ -	\$ -
Guarantee deposits received	5,488	(1,934)	-	3,554
Lease liabilities	64,961	(18,485)	17,871	65,014
	<u>\$ 164,814</u>	<u>\$ (114,784)</u>	<u>\$ 17,871</u>	<u>\$ 68,568</u>

For the year ended December 31, 2022

For the year ended December 31, 2021

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

## 28. CAPITAL MANAGEMENT

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

## 29. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value
- The Company's management considers the book value of financial instruments that are not measured at fair value in the financial statements approximate the fair value.
- b. Fair value of financial instruments measured at fair value on a recurring basis

### 1) Fair value hierarchy

	December 31, 2022				Total
	Level 1	Level 2	Level 3		
Financial assets at FVTOCI					
Investments in equity instruments					
- unlisted shares	\$ -	\$ -	\$ 14,344	\$ -	\$ 14,344
December 31, 2021					
Financial assets at FVTPL					
Mutual funds	\$ 200,379	\$ -	\$ -	\$ -	\$ 200,379
Financial assets at FVTOCI					
Investments in equity instruments					
- unlisted shares	\$ -	\$ -	\$ 11,390	\$ -	\$ 11,390

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

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

For the year ended December 31, 2022

	Financial Assets at FVTOCI	Equity Instruments
Balance at beginning of year	\$ 11,390	
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	2,954	
Balance at end of year	\$ 14,344	
For the year ended December 31, 2021		

### Financial Assets

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

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

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

	December 31 2022	December 31 2021
Discount for lack of marketability	30%	30%

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

	December 31 2022	December 31 2021
Discount for lack of marketability	\$ -	\$ (163)
1% increase	\$ -	\$ 163
1% decrease	\$ -	\$ -

c. Categories of financial instruments

	<u>December 31</u>	<u>2021</u>
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ -	\$ 200,379
Financial assets at amortized cost		
Cash and cash equivalents	900,612	531,713
Financial assets at amortized cost	36,773	23,540
Notes and accounts receivable, net	64,123	53,822
Accounts receivable from related parties	380,036	303,853
Other receivables	2,364	1,315
Other receivables from related parties	81,586	74,151
Financial assets at FVTOCI		
Equity instruments	<u>14,344</u>	<u>11,390</u>
	<u>\$ 1,479,838</u>	<u>\$ 1,200,163</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Accounts payable	\$ 238,291	\$ 192,060
Other payables	521,953	402,310
Other payables to related parties	939	1,102
Long-term borrowings (current portion included)	<u>-</u>	<u>94,365</u>
	<u>\$ 761,183</u>	<u>\$ 689,837</u>

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

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

a) Foreign currency risk

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

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

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

Sensitivity analysis

The Company is mainly exposed to the USD.

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

	<u>Currency USD Impact</u>	
	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Profit or loss	\$ 5,488	\$ 6,261

b) Interest rate risk

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

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

	December 31	2021
Fair value interest rate risk		
Financial assets	\$ 25,573	\$ 23,540
Financial liabilities	65,014	159,326
Cash flow interest rate risk		
Financial assets	911,498	531,435

#### Sensitivity analysis

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

If interest rates had been changed by 10 basis points and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would change by NT\$911 thousand and NT\$531 thousand, respectively, which was mainly due to fluctuations in the net asset's variable interest rate.

#### 2) Credit risk

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

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

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

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

#### 3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities set out in (b) below.

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

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

##### December 31, 2022

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Notes and accounts payable (related parties included)	\$ 238,291	-	-	-	-	\$ 238,291
Other payables (related parties included)	352,730	170,162	-	-	-	522,892
Lease liabilities	8,682	2,864	5,326	9,694	46,015	72,581
	<u>\$ 599,703</u>	<u>\$ 173,026</u>	<u>\$ 5,326</u>	<u>\$ 9,694</u>	<u>\$ 46,015</u>	<u>\$ 833,764</u>

Additional information about the maturity analysis for financial liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years	Total
Lease liabilities	<u>\$ 11,546</u>	<u>\$ 150,292</u>	<u>\$ 9,861</u>	<u>\$ 9,860</u>	<u>\$ 9,860</u>	<u>\$ 16,434</u>	<u>\$ 16,434</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 (related parties included)	\$ 192,060	-	-	-	-	\$ 192,060
Other payables (related parties included)	254,354	149,121	-	-	-	403,475
Lease liabilities	7,472	7,189	7,971	6,688	42,836	72,156
Variable interest rate liabilities	3,969	3,951	7,848	23,118	62,015	100,901
	<u>\$ 457,855</u>	<u>\$ 160,261</u>	<u>\$ 15,819</u>	<u>\$ 29,806</u>	<u>\$ 104,851</u>	<u>\$ 768,592</u>

Additional information about the maturity analysis for financial liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years	Total
Lease liabilities	\$ 14,661	\$ 14,659	\$ 8,802	\$ 8,802	\$ 8,802	\$ 16,430	\$ 66,956
Variable interest rate liabilities	7,920	30,966	37,104	24,911	-	-	100,901
	<u>\$ 22,581</u>	<u>\$ 45,625</u>	<u>\$ 45,906</u>	<u>\$ 33,713</u>	<u>\$ 8,802</u>	<u>\$ 16,430</u>	<u>\$ 166,430</u>

#### b) Financing facilities

Short-term borrowings amount  
Amount unused

	December 31	2021
	<u>\$ 738,000</u>	<u>\$ 738,000</u>

**30. TRANSACTIONS WITH RELATED PARTIES**

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

Line Item	Related Party Category/Name	December 31	
		2022	2021
c. Contract liabilities			
Contract liabilities	Other related party	\$ 662	\$ 564
d. Receivables from related parties			
Line Item	Related Party Category/Name	2022	2021
Accounts receivable from related parties	Pro-partner Rivershine Other subsidiaries Associate Other related party	\$ 235,179 119,390 15,203 7,785 2,479	\$ 196,673 92,188 5,723 8,908 361
Other receivables from related parties (including bonus to directors)	Pro-partner Other subsidiaries	\$ 81,553 33	\$ 74,126 25
Payables to related parties		\$ 81,586	\$ 74,151
e.			
Line Item	Related Party Category/Name	2022	2021
Other payables to related parties	President Transnet Uni-President	\$ 939	\$ 611
Prepayments		\$ 939	\$ 1,102
f.			
Line Item	Related Party Category/Name	2022	2021
Prepayments	Other related party	\$ 145	\$ 110
g.			
Line Item	Related Party Category/Name	2022	2021
Lease arrangements		\$ 145	\$ 110
For the Year Ended December 31			
Related Party Category	2022	2021	
Acquisition of right-of-use assets			
Substantive related party	\$ 5,852	\$ —	
Lease liabilities			
Line Item	Related Party Category/Name	2022	2021
Lease liabilities	Substantive related party	\$ 5,662	\$ —

Related Party Name	Related Party Category	Relationship with the Company	For the Year Ended December 31	
			2022	2021
Sheng-Lin Tseng	Substantive related party	Chairman of the Company		
Pro-partner Inc. (Pro-partner)	Subsidiary	The Company's subsidiary	\$ 1,756,949	\$ 1,596,461
GRAPE KING INTERNATIONAL INVESTMENT INC (BVI)	Subsidiary	The Company's subsidiary	280,979	239,520
Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Subsidiary	The Company's subsidiary	28,163	23,075
Shanghai Rivershine Ltd. (Shanghai Rivershine)	Subsidiary	The Company's subsidiary	7,688	736
Rivershine Ltd. (Rivershine)	Subsidiary	The Company's subsidiary	\$ 2,073,779	\$ 1,859,792
Dongpu Biotech Corporation (Dongpu)	Subsidiary	The Company's subsidiary		
Pu Hsing Enterprise Co., Ltd. (Pu Hsing)	Other related party	Director of Pro-partner		
Uni-President Enterprises Corp. (Uni-President)	Other related party	Director of the Company		
President Pharmaceutical Corp. (President Pharmaceutical)	Other related party	Subsidiary of a director of the Company		
President Chain Store Corp. (President Chain Store)	Other related party	Subsidiary of a director of the Company		
President Transnet Corp. (President Transnet)	Other related party	Subsidiary of a director of the Company		
President Collect Services Corp. (President Collect Services)	Other related party	Subsidiary of a director of the Company		
RSL Retail Support International Corp. (Retail Support)	Other related party	Subsidiary of a director of the Company		
GK BIO INTERNATIONAL SDN. BHD.	Associate	Investee of the Company accounted for using the equity method		
b. Sales of goods				
Line Item	Related Party Category/Name	2022	2021	
Sales	Pro-partner Other subsidiaries Associate Other related party	\$ 1,756,949 280,979 28,163 7,688	\$ 1,596,461 239,520 23,075 736	
The sales price for the related parties and the price for the third-party MLM member customers were determined based on mutual consent. There is no significant difference regarding the terms and conditions for the related parties and the third parties.				

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. Remuneration of key management personnel

	For the Year Ended December 31 2022	2021
Short-term employee benefits	\$ 61,814	\$ 55,151
Post-employment benefits	<u>156</u>	<u>155</u>
	<u>\$ 61,970</u>	<u>\$ 55,306</u>

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

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

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

	December 31 2022	2021
Property, plant and equipment - land	\$ 1,249,843	\$ 1,249,710
Property, plant and equipment - building	251,601	253,951
Pledged time deposits (classified as financial assets at amortized cost - non-current)	<u>20,800</u>	<u>9,600</u>
	<u>\$ 1,522,244</u>	<u>\$ 1,513,261</u>

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

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

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. The Company's guarantee notes issued to banks for credit lines amounted to NTS400,000 thousand as of December 31, 2022.

#### For the Year Ended December 31

#### Related Party Category

Interest expense	\$ 10	\$ —
Substantial related party		

The rental paid to the above related party is similar to general market rental prices, it refers to the general local rental rate.

h. Other transactions with related parties

#### For the Year Ended December 31

#### Line Item

#### Related Party Category/Name

	December 31 2022	2021
Guarantee deposits received	\$ 472	\$ 472
	\$ 14	\$ 10
	\$ 250	\$ 45
	\$ 5,050	\$ 2,400
	\$ 241	\$ 871
	\$ 137	\$ 151
	\$ 7	\$ 2
	\$ 84	\$ 53
	\$ 24	\$ 5
	\$ 2,850	\$ 2,852
	400	400
	12	11
	<u>\$ 3,262</u>	<u>\$ 3,263</u>
	<u>\$ 83,113</u>	<u>\$ 75,686</u>

#### Line Item

#### Related Party Category/Name

Operating costs - freight expense	\$ 14	\$ 10
Operating cost - inspection expense	\$ 250	\$ 45
Selling and marketing expenses - freight expense	\$ 5,050	\$ 2,400
Selling and marketing expenses - advertisement expense	\$ 241	\$ 871
Selling and marketing expenses - inspection expense	\$ 137	\$ 151
General and administrative expenses - freight expense	\$ 7	\$ 2
Research and development expenses - freight expense	\$ 84	\$ 53
Research and development expenses - inspection expense	\$ 24	\$ 5
Rental income	\$ 2,850	\$ 2,852
	400	400
	12	11
	<u>\$ 3,262</u>	<u>\$ 3,263</u>
	<u>\$ 83,113</u>	<u>\$ 75,686</u>

#### Related Party Category/Name

Pro-partner	\$ 472	\$ 472
Other related party	\$ 14	\$ 10
Other related party	\$ 250	\$ 45
Other related party	\$ 5,050	\$ 2,400
Other related party	\$ 241	\$ 871
Other related party	\$ 137	\$ 151
Other related party	\$ 7	\$ 2
Other related party	\$ 84	\$ 53
Other related party	\$ 24	\$ 5
Pro-partner	\$ 2,850	\$ 2,852
Rivershine	400	400
Other related party	12	11
	<u>\$ 3,262</u>	<u>\$ 3,263</u>
	<u>\$ 83,113</u>	<u>\$ 75,686</u>

#### Other income

Pro-partner	\$ 472	\$ 472
Other related party	\$ 14	\$ 10
Other related party	\$ 250	\$ 45
Other related party	\$ 5,050	\$ 2,400
Other related party	\$ 241	\$ 871
Other related party	\$ 137	\$ 151
Other related party	\$ 7	\$ 2
Other related party	\$ 84	\$ 53
Other related party	\$ 24	\$ 5
Pro-partner	\$ 2,850	\$ 2,852
Rivershine	400	400
Other related party	12	11
	<u>\$ 3,262</u>	<u>\$ 3,263</u>
	<u>\$ 83,113</u>	<u>\$ 75,686</u>

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

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Plant and machinery	<u>\$ 433,800</u>	<u>\$ 263,025</u>	<u>\$ 170,775</u>

### 33. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

Financial assets	Foreign Currency	Exchange Rate	Carrying Amount
Monetary items	\$ 1,816	30.71 (USD:NTD)	<u>\$ 55,769</u>
USD			
Financial liabilities			
Monetary items	29	30.71 (USD:NTD)	<u>\$ 891</u>
USD			

December 31, 2021

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

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were NT\$(3,375 thousand and NT\$(66 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

### 34. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions:

- 1) Financings provided to others: None;
  - 2) Endorsements/guarantees provided: None;
  - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint 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 the derivative instruments: None;
- b. Information on investees: Table 4;
- c. Information on investment in mainland China
- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, net income (losses) of the investee, investment income (losses), ending balance, amount received as dividends from the investee, and the limitation on investee: Table 5
  - 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 6

### 35. SEGMENTS INFORMATION

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

## GRAPE KING BIO LTD.

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022			Note
				Units/Shares	Carrying Amount	Percentage of Ownership (%)	
Grape King Bio Ltd.	Shares FU-Sheng International Inc. (SAMOA)	-	Financial assets at fair value through other comprehensive income - non-current	917,700	\$ 14,334	18.77	\$ 14,334
	Hsin Tung Yang Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	10	-	10



**GRAPE KING BIO LTD.****TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Company Name	Related Party	Nature of Relationship	Transaction Details		Abnormal Transaction Unit Price	Payment Terms	Notes/Accounts Payable or Receivable Ending Balance	Payable or Receivable % to Total	Note
			Purchases/Sales	Amount					
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Sales	\$ 1,756,949	By contract	30 days after monthly closing	\$ 235,179	52.95%	-
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	252,194	By contract	120 days after monthly closing	119,390	26.88%	-
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,756,949	By contract	30 days after monthly closing	(235,179)	96.72%	-
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	252,194	By contract	120 days after monthly closing	(119,390)	100.00%	-

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

## GRAPE KING BIO LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 DECEMBER 31, 2022  
 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Grape King Bio Ltd.	Pro-partner Inc. Rivershine Ltd.	Subsidiary Subsidiary	\$ 235,179	8.14	-	-	\$ 235,179	-
			\$ 119,390	2.38	-	-	\$ 33,924	-

**GRAPE KING BIO LTD.****INFORMATIONS ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 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 December 31, 2022			Investment Income (Losses)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)	Carrying Amount		
Grape King Bio Ltd.	GRAPE KING INTERNATIONAL INVESTMENT INC. Pro-partner Inc.	BVI Taoyuan, Taiwan	Investment activities Import and selling of health food, drink, cosmetics, sports apparatus, cleaning the articles, etc.	\$ 1,198,018	\$ 1,198,018	24,890,000	100	\$ 1,123,364	\$ 34,534	Notes 1 and 2
	Rivershine Ltd.	Taoyuan, Taiwan	Import and selling of health food, drink, daily cosmetics, appliances, etc.	15,000	15,000	10,560,000	60	2,329,961	1,070,025	Note 1
	GK BIO INTERNATIONAL SDN. BHD.	Malaysia	Import and selling of health products	30,000	30,000	3,000,000	100	42,599	8,500	-
	ELITE PROPARTNER HOLDING SDN. BHD.	Malaysia	Investment activities	14,899	6,810	2,100,000	35	35,303	12,732	Notes 1 and 3
Pro-partner Inc.				2,017	Note 4	300,000	100	1,735	(270)	Note 4

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT\$3,316 thousand has been adjusted.

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

Note 3: In September 2022, the Company increased its equity interest by MYR1,200 thousand in GK BIO INTERNATIONAL SDN. BHD, and the proportion of ownership increased from 30% to 35%.

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%. In December 2022, Pro-partner Inc. increased its equity interest by MYR300 thousand in ELITE PROPARTNER HOLDINGS SDN. BHD.

## GRAPE KING BIO LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 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 December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsule, tablet, related products and services.(Warehousing services)	USD 28,900	Note 1(2) Note 3	\$ 847,672 (USD 27,350)	\$ -	\$ -	\$ 847,672 (USD 27,350)	\$ 28,365 Note 2(2)B	100%	\$ 30,295 Note 2(2)B	\$ 1,077,909	\$ -
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)	- Note 4	- Note 2(3)	- Note 4	-
Shanghai Rivershine Ltd.	Food distribution (except materials, cosmetics materials, import and export, commission agents (except auction), related products and services.	USD 650	Note 1(2) Note 5	18,296 (USD 650)	-	-	18,290 (USD 650)	509 Note 2(2)B	100%	509 Note 2(2)B	18,538	-
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	27,586 (RMB 6,224)

(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 December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 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)	\$ -	\$ -	\$ 7,273 (USD 246)	\$ (4,686) Note 2(2)B	35.1%	\$ (1,645) Note 2(2)B	Note 7	\$ -
Shanghai Xinquan Biotechnology Co., Ltd.	Biotechnology technical technology development consultation, service and transfer, sales of cosmetic and daily necessities, etc.	RMB 5,000	Note 1(2) Note 8	-	-	-	-	(587) Note 2(2)B	45%	(265) Note 2(2)B	\$ 9,348	-

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 900,029	\$ 900,029	\$ 6,684,644

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

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

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

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

(Continued)

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

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

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

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

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

Note 4: The Company invested in Shanghai Yusong Co., Ltd. through Fu-Sheng International Inc. (SAMOA), Shanghai Yusong Co., Ltd. had been liquidated in December 2022.

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. Dongpu Biotech Corporation completed the liquidation in March 2022 and repatriated the investment funds in July 2022.

Note 7: The Company directly invested in Shanghai Changhong Biotechnology Co., Ltd., Shanghai Changhong Biotechnology Co., Ltd. is currently undergoing its liquidation procedures in November, 2022, resulting in a recoverable amount less than the amount of the Company's investment, the Company was recognized investment losses of \$2,538 thousand for the year ended December 31, 2022.

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

(Concluded)

TABLE 6

## GRAPE KING BIO LTD.

INFORMATION ON MAJOR SHAREHOLDERS  
DECEMBER 31, 2022

Name of Major Shareholder	Shares		Percentage of Ownership (%)
	Number of Shares	Shares	
Uni-President Enterprises Corp.	11,851,000		8.00%
Fubon Life Assurance Co., Ltd.	10,445,000		7.05%

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 trustee 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.

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STATEMENT 1

**GRAPE KING BIO LTD.**

**STATEMENT OF CASH AND CASH EQUIVALENTS**

**DECEMBER 31, 2022**  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Cash on hand		\$ 306
Deposits in banks		
Demand deposits		498,681
Foreign currency deposits	Including USD\$389 thousand @30.71, RMB\$9,512 thousand @4.408 and JPY\$740 thousand @0.2324	51,617
Checking deposits		8
Cash equivalents		
Repurchase agreements collateralized by bonds	Expiring the end of by March 2023, interest rates 0.95%	<u>350,000</u>
<b>Total</b>		<u>\$ 900,612</u>

Note: Cash and cash equivalents were not pledged.

STATEMENT 2

**GRAPE KING BIO LTD.**

**STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET (RELATED PARTIES INCLUDED)**

**DECEMBER 31, 2022**  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Client Name	Amount
Related Parties	
Pro-partner Inc.	\$ 235,179
Rivershine Ltd.	119,390
Shanghai Grape King Enterprise Co., Ltd.	15,203
GK BIO INTERNATIONAL SDN. BHD.	7,785
RSI Retail Support International Corp.	2,158
President Pharmaceutical Corp.	<u>321</u>
Total	<u>380,036</u>
Non-related parties	
310276	14,832
110008	11,831
904001	6,328
171127	5,984
310294	5,491
59003799	3,066
Others (Note 1)	<u>19,770</u>
	67,302
Less: loss allowance	<u>3,179</u>
<b>Net</b>	<u>64,123</u>
<b>Total</b>	<u>\$ 444,159</u>

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

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



## GRAPE KING BIO LTD.

STATEMENT OF INVENTORIES, NET  
DECEMBER 31, 2022

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

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 120,697	\$ 120,444
Supplies	48,465	47,670
Semi-finished goods and work in progress	234,471	213,199
Finished goods	153,798	354,439
Merchandises	<u>346</u>	<u>346</u>
Total	557,777	<u>\$ 736,098</u>
Less: Allowance for inventory valuation losses	<u>(27,900)</u>	
Net	<u>\$ 529,877</u>	

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

Note 2: The insurance coverage for inventories was NT\$759,000 thousand as of December 31, 2022.

Note 3: Inventories were not pledged.

## GRAPE KING BIO LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Investee companies	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Increase (Decrease) Investments Accounted for Using the Equity Method Amount (Note)	Balance, December 31, 2022		Net Assets Value	Collateral	
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	%			Amount
GRAPE KING INTERNATIONAL INVESTMENT INC.	24,890,000	\$ 1,080,976	-	-	-	\$ -	\$ 42,388	24,890,000	100	\$ 1,123,364	\$ 1,133,047	None
Pro-partner Inc.	10,560,000	2,139,143	-	-	-	-	190,818	10,560,000	60	2,329,961	2,356,951	None
Rivershine Ltd.	3,000,000	39,342	-	-	-	-	3,257	3,000,000	100	42,599	42,599	None
Dongpu Biotech Corporation	-	27,024	-	-	-	(23,200)	(3,824)	-	-	-	-	None
GK BIO INTERNATIONAL SDN. BHD.	900,000	11,767	1,200,000	8,089	-	-	15,447	2,100,000	35	35,303	36,529	None
Shanghai Changhong Biotechnology Co., Ltd.	-	4,114	-	-	-	-	(4,114)	-	35.1	-	2,538	None
Total		<u>\$ 3,302,366</u>		<u>\$ 8,089</u>		<u>\$ (23,200)</u>	<u>\$ 243,972</u>			<u>\$ 3,531,227</u>	<u>\$ 3,571,664</u>	

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

## STATEMENT 5

## GRAPE KING BIO LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Land	Buildings	Transportation Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2022	\$ 49,253	\$ 40,888	\$ 7,204	\$ 3,385	\$ 100,730
Additions	1,490	10,010	989	-	12,489
Disposals	(454)	-	(598)	-	(1,052)
Lease modification	5,382	-	-	-	5,382
Balance at December 31, 2022	\$ 55,671	\$ 50,898	\$ 7,595	\$ 3,385	\$ 117,549
Accumulated depreciation					
Balance at January 1, 2022	\$ 5,276	\$ 27,726	\$ 2,900	\$ 1,376	\$ 37,278
Depreciation Expenses	2,094	12,345	2,406	678	17,523
Disposals	(454)	-	(598)	-	(1,052)
Balance at December 31, 2022	\$ 6,916	\$ 40,071	\$ 4,708	\$ 2,054	\$ 53,749
Carrying amount at December 31, 2022	\$ 48,755	\$ 10,827	\$ 2,887	\$ 1,331	\$ 63,800

## STATEMENT 6

## GRAPE KING BIO LTD.

## STATEMENT OF NOTES AND ACCOUNTS PAYABLE DECEMBER 31, 2022

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

Name	Amount
24829752	\$ 18,659
86259631	12,269
Others (Note)	<u>207,363</u>
	\$ <u>238,291</u>

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

## STATEMENT 7

## GRAPE KING BIO LTD.

STATEMENT OF LEASE LIABILITIES  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Description	Lease Period	Discount Rate	December 31, 2022
Land	2016.04.15~2025.04.14	1.02%	\$ 49,712
Buildings	2018.06.01~2027.11.15	1.00%-1.02%	11,045
Transportation equipment	2018.06.15~2024.10.31	1.00%-1.02%	2,907
Other equipment	2019.03.01~2026.11.30	1.00%-1.02%	<u>1,350</u>
Total			65,014
Less: Current portion			<u>(10,959)</u>
Noncurrent portion			<u>\$ 54,055</u>

## STATEMENT 8

## GRAPE KING BIO LTD.

STATEMENT OF NET REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Quantity (In Thousands)	Amount
Sales revenue		\$ 2,047,560
Health food	Note	
ODM/OEM	Note	395,694
Beverage	Note	335,682
Cosmetics	Note	22,252
Others	Note	<u>6,315</u>
Total net revenue		<u>\$ 2,807,503</u>

Note: Due to the wide variety and complexity of the products sold by the Company, it is difficult to count and classify.

## STATEMENT 9

## GRAPE KING BIO LTD.

STATEMENT OF COST OF GOODS SOLD  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Amount
Raw materials used	
Beginning balance	\$ 142,459
Add: Raw materials purchased	487,774
Gain from raw material physical counts	590
Less: Ending balance	23
Raw materials scrapped	(120,697)
Raw materials sold directly	(1,499)
Transferred to other accounts	(28,262)
Transferred from other accounts	(9,916)
Direct materials used	<u>470,472</u>
Supplies used	
Beginning balance	40,413
Add: Supplies purchased	278,117
Gain from supplies physical counts	491
Transferred from other accounts	3,433
Less: Ending balance	32
Supplies sold directly	(48,465)
Supplies scrapped	(975)
Transferred to other accounts	(563)
Transferred from other accounts	(813)
Supplies used	<u>271,670</u>
Direct labor	114,083
Manufacturing overhead	476,464
Manufacturing cost	<u>1,332,689</u>
Semi-finished goods and work in process	
Beginning balance	241,461
Add: Semi-finished goods and work in process purchased	187,176
Gain from semi-finished goods physical counts	1,324
Transferred from other accounts	136
Less: Ending balance	(234,471)
Semi-finished goods and work in process scrapped	(5,297)
Transferred to other accounts	(39,234)
Semi-finished goods sold directly	(206,189)
Other operating costs	(4,073)
Cost of finished goods	<u>1,273,552</u>
Add: Beginning balance	150,314
Finished goods purchased	7,638
Gain from finished goods physical counts	87
Other operating costs	157
Less: Ending balance	(153,798)
Finished goods scrapped	(2,337)
Transferred to other accounts	(28,976)
Cost of goods sold at normal production level	<u>1,246,607</u>
Merchandise cost	
Beginning balance	157
Add: Merchandise purchased	236
Gain from merchandise physical counts	1
Less: Ending balance	(346)
Transferred to other accounts	(2)
Cost of merchandise sold	46
Cost of raw materials sold directly	28,262
Cost of supplies sold directly	975
Cost of semi-finished goods sold directly	206,189
Transferred to other accounts	(36,282)
Gain (loss) from physical counts	(2,493)
Scrapped	9,696
Other operating costs	24,591
Total	<u>\$ 1,477,591</u>

## STATEMENT 10

## GRAPE KING BIO LTD.

STATEMENT OF SELLING AND MARKETING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Amount
Advertising	\$ 202,925
Salaries and wages	77,271
Tax	30,524
Depreciation	30,092
Others (Note)	<u>65,424</u>
Total	<u>\$ 406,236</u>

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

STATEMENT 11

**GRAPE KING BIO LTD.**

**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

<b>Item</b>	<b>Amount</b>
Salaries and wages	\$ 195,389
Depreciation	32,470
Labor costs	18,998
Insurance	17,895
Others (Note)	<u>86,220</u>
Total	<u>\$ 350,972</u>

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

STATEMENT 12

**GRAPE KING BIO LTD.**

**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

<b>Item</b>	<b>Amount</b>
Salaries and wages	\$ 85,756
Research experiment fee	49,240
Commissioned research fee	34,074
Depreciation	26,546
Others (Note)	<u>55,653</u>
Total	<u>\$ 251,269</u>

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

## STATEMENT 13

## GRAPE KING BIO LTD.

## STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2022

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

	For the Year Ended December 31					
	2022		2021			
	Cost of Goods Sold	Operating Expenses	Total	Cost of Goods Sold	Operating Expenses	Total
Employee benefits expense						
Salaries and wages	\$ 176,945	\$ 313,883	\$ 490,828	\$ 187,471	\$ 244,992	\$ 432,463
Labor and health insurance	14,432	22,831	37,263	13,346	21,962	35,308
Pension	6,574	7,156	13,730	6,474	6,868	13,342
Other employee benefits	3,238	6,440	9,678	3,163	5,937	9,100
Board compensation	-	37,377	37,377	-	33,394	33,394
	<u>\$ 201,189</u>	<u>\$ 387,687</u>	<u>\$ 588,876</u>	<u>\$ 210,454</u>	<u>\$ 313,153</u>	<u>\$ 523,607</u>
Depreciation (Note 2)	\$ 202,784	\$ 89,375	\$ 292,159	\$ 186,880	\$ 84,431	\$ 271,311
Amortization	410	8,080	8,490	168	5,199	5,367

Note 1: For the years of 2022 and 2021, the Company had an average of 509 and 466 employees, respectively, which included 11 non-employee directors for both of the years ended December 31, 2022 and 2021.

- 1) Average labor costs for the years ended December 31, 2022 and 2021 were NT\$1,107 thousand and NT\$1,077 thousand, respectively.
- 2) Average salaries and bonuses for the years ended December 31, 2022 and 2021 were NT\$986 thousand and NT\$950 thousand, respectively.
- 3) The average salary and bonus decreased by 3.79% year over year.
- 4) Compensation to the supervisors for the years ended December 31, 2022 and 2021 were NT\$0 thousand and NT\$18 thousand, respectively. (Note 3)
- 5) Compensation policies

## A. Directors and Managers

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

(Continued)

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

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

## B. Employees

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

Note 2: The aforementioned depreciation included the depreciation of investment properties, which was recognized by the Company in other gains and losses of NT\$267 thousand and NT\$266 thousand, for the years ended December 31, 2022 and 2021, respectively.

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

(Concluded)



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