



葡萄王生技
GRAPE KING BIO

2023 Annual Report

TSE 1707



科技
Technology

健康
Health

希望
Hope

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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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A close-up photograph of a hand holding a dark blue pen, poised to write on a thick, aged book. The book's pages are yellowed and slightly worn. A black circular object, possibly a bookmark or a ring, is visible on the left side of the book. The background is a soft-focus, abstract pattern of green and yellow geometric shapes.

I

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 2023.

In 2023, the pandemic restrictions in Taiwan started to ease up with many people returning to their pre-pandemic lifestyles and consumers’ being fully aware of health-food supplements and nutraceuticals markets. Grape King Bio continued to expand its market share, both in Taiwan and globally through its ODM services, with high quality and innovative products. In 2023 we achieved revenues of NT\$10.64bn, exceeding the NT\$10bn mark for the second consecutive year. Furthermore we were able to generate an impressive NT\$9.81 in earnings per share.

In order to deal with the growing market and production demands, the first phase of our 4th manufacturing plant, Grape King Bio Park, was officially completed in Pingzhen Industrial Park. This new facility will provide additional manufacturing capacity and support for Grape King Bio’s ever evolving and expanding future.

Grape King Bio values not only business performance, but also long term sustainability. The Company continued with its commitment to corporate governance, food safety management, internal research and development, academia-industry collaborations, occupational safety and health, public welfare and a long term sustainable environment. Grape King Bio obtained the “ISO14064 Greenhouse Gas Inventory System” and “Taiwan Intellectual Property Management System (TIPS) Class A” certifications in 2023. We were also the first company in the Biotechnology industry to gain the “ISO37001 Anti-bribery Management System” certification. For the 3rd consecutive year, Grape King Bio was also listed as being in the top 5% of listed companies in Taiwan for its Corporate Governance Evaluation which is issued annually by the TWSE. These achievements not only demonstrate our commitment to ensuring and safe guarding shareholder value but also shows our promise to be a sustainable corporation that practices the concept of “dedicating ourselves to making society better”.

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 2023:

1. Business Results for 2023

(1) Financial Revenue and Expenditure for 2023

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

Item	2023	2022
Operating Revenue	10,635,464	10,391,231
Operating costs	2,101,926	1,910,282
Operating margin	8,533,538	8,480,949
Operating expenses	6,036,873	5,929,212
Operating net profit	2,496,665	2,551,737
Non-operating income and expenses	163,955	136,141
Net profit after tax	2,141,511	2,169,687

Outstanding shares(in thousands of shares)	148,137	148,137
Earnings per share	9.81	9.84

The consolidated revenue was NT\$10.635 billion in 2023, up 2.35% YoY. Net profit after tax was NT\$2.142 billion, down 1.30% YoY, with earnings per share reaching NT\$9.81. The overall operating profit was stable.

(2) Analysis of Profitability in 2023

Item	2023	2022
Return on assets	14.03%	14.92%
Return on equity	18.81%	20.12%
Ratio of Pre-tax net profit to paid-up capital	179.60%	181.44%
Net profit ratio	20.14%	20.88%
Earnings per share (NT\$)	9.81	9.84

(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 2023 Grape King Brand successfully launched various new products which included Marigold Lutein Powder, Premium Sliim Turmeric Complex, Marigold Lutein QQ Jelly, Antrodia King Double Action. Pro-Partner introduced Qi Rui Probiotics Powder (for cats), Xin Run Beauty Drink, Shu Wei Guo Chewy which were all well 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 2023 Business Plan

(1) Operating principle and important production and marketing policies

Founded over 50 years ago by our visionary President Shui Chao Tseng, Grape King Bio has established a strong foothold in Taiwan. To solidify its foundation for future growth, Chairman Shenglin Andrew Tseng has spearheaded organizational reform and rebranding initiatives since 2002. Internally, the Company emphasizes e-business operations, quality certifications, alongside organizational restructuring. Externally, it embraces a brand refresh focused on the core values “Technology, Health, and Hope” with a more robust “health” concept to distinguish itself from its traditional image. In 2023, Grape King Bio relentlessly pursued industry leadership through cutting-edge technology and continuous research and

development, reinforcing its position as a pioneering force in Taiwan's biotechnology sector while projecting its vision on a global scale.

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

Several factors have spurred on the growth of Taiwan's healthcare industry: the COVID-19 pandemic, a rising aging population, and a heightened public awareness of health. According to market research by KANTAR, Taiwan's consumer healthcare product market has already penetrated 56% of its addressable market. Effective brand education and communication has empowered consumers to prioritize efficacy when choosing healthcare products. The average individual spending on healthcare products has surged by 54% since the pandemic, reaching NT\$8,700. The pandemic has led to an increase in healthcare product brands in Taiwan therefore to compete in this new landscape, many manufacturers have shifted their strategies towards higher-priced, premium products. Market data also shows stronger sales performance for mid-range and high-priced healthcare products thus suggesting that post-pandemic consumers value product quality over inflation concerns.

The post-pandemic era in Taiwan has brought about a dynamic healthcare product market, with evolving consumer demands and a seamless online-offline shopping experience. Meeting consumers' increasingly specific needs and catering to their preferred purchasing channels are crucial for success. The market trend is described as M-Form. Manufactures have been actively researching and developing new and improved product ingredients, types, and functionalities. Leveraging its core competency in research and development, Grape King Bio has a team of elite researchers from its Biotech Research Institute. These experts include Ph.D. Biotechnologists, nutritionists, and food technologists whom focus on researching exclusive raw materials and technologies as well as developing healthcare products that promote health, vitality, and optimal nutrition. This ensures Grape King Bio can provide consumers with effective and premium health solutions with proven efficacy.

(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: We are able to boasts a remarkable record of achievement, including prestigious awards like the "Taiwan BIO Awards", "Agency & Advertiser of the year – Brand of the Year Silver Award", "TTQS Silver Award", "Taiwan Sustainability Action Awards" Society Inclusion Category - Silver Award, "SGS

2023 ESG Awards – Energy Management Award”, “SGS 2023 ISO PLUS Awards - Occupational Safety and Health Award”, “TCSA Taiwan Corporate Sustainability Awards – Plantium Award” for two consecutive years, “TCSA Taiwan Corporate Sustainability Awards Sustainability Comprehensive Performance - Top 100 Sustainable Companies”, “Corporate Governance Evaluation Top 5%” for three consecutive years, and First Place in Quickseek ESG data’s ESG Survey. Demonstrating its commitment to ESG, Grape King Bio fosters a positive and health work environment. This commitment is reflected in our achievements, including three consecutive Influenza Prevention Alliance Gold Award from the Taiwan Immunization Vision and Strategy, four Golden Awards for Happy Enterprise in the 1111 Job Bank voting event, 2023 Excellent & Healthy Workplace, and the Health Caring Award from the government’s Health Promotion Administration.

Grape King Bio’s dedication to R&D innovation translated into significant achievements in 2023, resulting in 30 gold medals, 2 silver medals, and 14 special prizes for its outstanding research on Probiotics, Cicada, Antrodia, Phellinus linteus, Morchella esculenta, Lignosus Rhinocerus Mycelia, and other patents in 15 international invention expos, including “2 silver medals from the MTE”, “2 gold medals and 1 special prize from the Russian Archimedes International Invention Exhibition”, “2 gold medals and 1 special prize from the World Genius Convention and Education Expo”, “2 gold medals and 1 special prize from ITEX”, “3 gold medals and 2 special prizes from the Shanghai International Invention Expo”, “2 gold medals and 2 special prizes from ICAN”, “2 gold medals and 1 special prize from WIC”, “2 gold medals and 1 special prize from the Innoverse Invention and Innovation Expo”, “2 gold medals from the All American DAVINCI International Innovation and Invention Expo”, “2 gold medals and 1 special prize from INOVA”, “2 gold medals and 1 special prize from IITE”, “3 gold medals from IIC”, “2 gold medals from the Ukraine Innovation Awards”, “2 gold medals and 1 special prize at the Hong Kong International Invention and Design Competition”, and “2 gold medals and 2 special prizes from the XV International Warsaw Invention”.

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 3rd overall in the Taiwan multi-level marketing rankings. In 2023 Pro-Partner was ranked 33th on the DSN Global 100 list of MLM companies.

(4) Sustainable Development

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.

In 2023, Grape King Bio received “ISO 14064 Greenhouse Gas Inventory System” and “ISO37001 Anti-bribery Management System” certifications, demonstrating our dedication to corporate sustainability and to making society better for the future.

i. Ethical Governance

Driven by a commitment to sustainable operation, we prioritize strong corporate governance. This approach extends beyond legal compliance, encompassing several key pillars: maintaining shareholders' equity and ensuring fair treatment, strengthening the structure and effectiveness of the Board of Directors, implementing corporate social responsibility practices, and improving information transparency. To strengthen our corporate governance structure, we have a dedicated "corporate governance unit" and "integrity management unit" within our team. These units work together to promote ethical values, including anti-corruption, and anti-bribery measures. Our commitment to integrity is further emphasized by regular testing and annual reporting to the Board of Directors on implementation progress. In 2023, Grape King Bio achieved a remarkable feat as the 8th company in Taiwan, the 1st company in the biotechnology industry, and the 1st listed company with ISO37001 Anti-bribery Management System certification at all its business locations. We remain committed to upholding integrity and making significant contribution to society!

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 third 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 2023, we were invited to attend 7 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 220 suppliers inspected in 2023. The strictest monitoring and the highest standards set by our Company ensure consumers can consume our products with confidence.

In 2023, Grape King Bio executed a full-scale communication plan this year aiming at reinforcing food safety awareness for all employees. We set up stalls, host mini-games in hiking event, promote food safety, champion global initiatives by echoing World Food Safety Day events, and displaying informative materials and slogans on food safety within the facility, publish a bi-annual Food Safety Magazine covering current issues and the latest news.

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 2023: patent research and development with 30 gold, 2 silver and 14 special prizes at the International Inventor Prize; 2023 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 4th time, and received “Excellent & Healthy Workplace, and Health Caring Award” from the government’s Health Promotion Administration and the “SGS 2023 ISO PLUS Awards - Occupational Safety and Health Award”.

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 2023 our expenditure on social participation reached NT\$6,556,000 and volunteering 1,243 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 2023, we were able to achieve our goal of using 2% renewable energy. Our company has obtained ISO 14064 Greenhouse Gas Inventory System certification and

is actively participating in the Science Based Targets initiative (SBTi) as a pioneer in environmental sustainability. We expect to submit our scientific carbon reduction goal 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 2024, and beyond.

Chairman and GM



Shenglin Andrew Tseng



Company Profile



1. Establishment Date
2. Company History
3. 2023 Awards

1. Establishment date: July 26, 1969

2. Company history:

1960s	1969: Set up "China Fusang Shenghuang Pharmaceutical Industry Co., Ltd."
1970s	<p>1971: "Grape King Food Co., Ltd." was established, produce healthy foods such as Combest P and Lewei.</p> <p>1973: "Kangbeishiang Cosmetics Co., Ltd." was set up.</p> <p>1976: "Kangbeishiang Cosmetics Co., Ltd." changed its name to "Head & Shoulders Cosmetics Co., Ltd."</p> <p>1977: started technical cooperation with "US Schering Pharmaceutical."</p> <p>1979: "China Fusang Shenghuang Pharmaceutical Industry Co., Ltd." and "Grape King Food Co., Ltd." merged into "Grape King Enterprise Co., Ltd."</p>
1980s	<p>1981: Merged "Head & Shoulders Cosmetics Co., Ltd." Into "Grape King Enterprise Co., Ltd."</p> <p>1982: The Securities Exchange Commission of the Ministry of Finance approved the Company's public listing.</p> <p>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.</p> <p>1987: The Executive Yuan as a "G.M.P. Implemented Pharmaceutical Factory".</p>
1990s	<p>1991: Set up a bio-engineering center for the research and manufacturing of biotechnology products.</p> <p>1991: Established "Pingzhen Logistics Center", covers an area of about 3,000 pings.</p> <p>1993: Invested in the establishment of Pro-Partner.</p> <p>1994: Set up the Shanghai Grape King Enterprise Co., Ltd. in the mainland through a third-country Investment.</p> <p>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.</p> <p>1998: Pro-Partner formally transitioned to multilevel marketing.</p>
2000s	<p>2002: The Company changed its name to Grape King Bio Ltd.</p> <p>2005: Passed eGMP pharmaceutical certification of the Department of Health Executive Yuan.</p> <p>2008: Constructed an automated production and packaging plant for biotechnology products and the second fermentation plant.</p>
2010s	<p>2010: Expand the biological center's 3rd fermentation plant.</p> <p>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.</p> <p>2014: The construction ceremony of the new plant in Pingzhen was held, began operations at the end of 2016.</p> <p>2014: Allowed to set up "Grape King Bio Ltd. Longtan Science Park Branch" in the Park.</p> <p>2014: Obtained PIC/S GMP and ISO 22000 certifications.</p> <p>2015: Was awarded ISO17025 certification by TAF.</p> <p>2016: The Pingzhen plant was opened.</p> <p>2017: Obtained NSF GMP certification.</p> <p>2017: Opened its "Grape King Health and Vitality Power Center."</p> <p>2017: Obtained OHSAS 18001 (Occupational Safety and Health Management System), TOSHMS (Taiwan Occupational Safety and Health Management System) and ISO14001 (Environmental Management System) certification.</p> <p>2018: Taipei Sales Office started operations.</p> <p>2018: Obtained TQF certification.</p> <p>2019: Obtained ISO 50001 and FSSC 22000 certification.</p> <p>2019: The Biotech Research Institute was set up.</p>
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: 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>2023: The first phase of Grape King Health Bio Park completed.</p> <p>2023: Obtained “ISO14064 Greenhouse Gas Inventory System” and “ISO37001 Anti-bribery Management System” certifications, and Taiwan Intellectual Property Management System (TIPS) Class A.</p> <p>2023: Launched new product “Marigold Lutein Powder”, “Probiotics Gummy for Kids”, “Marigold Lutein QQ Jelly” and “Vegetable Protein Instant Drink (chocolate flavor)”.</p> <p>2023: Listed in the Top 5% in the 9th “Corporate Governance Evaluation Award” from Taiwan Stock Exchange Corporate Governance Center.</p>
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3. 2023 Awards:

Enterprise

- (1) Ranked in Top 5% by TWSE in Corporate Governance Evaluation for the 3rd year.
- (2) 2023 "Taiwan Sustainability Action Awards" Society Inclusion Category - Silver Award.
- (3) 2023 Taiwan BIO Innovation Award for "Functional Lactobacillus plantarum GKM3®".
- (4) SGS 2023 ESG Awards – Energy Management Award.
- (5) SGS 2023 ISO PLUS Awards - Occupational Safety and Health Award.
- (6) Comprehensive Talent Training Management – TTQS Silver Award.
- (7) Awarded the 2023 Happiest Employees Gold Award from 1111 Job Bank for the 4th time.
- (8) Received two honors from the 16th Taiwan Corporate Sustainability Awards.
- (9) First company in the Biotechnology Industry to receive ISO37001 Anti-bribery Management System certification.
- (10) 2023 Excellent & Healthy Workplace, and Health Caring Award from the government's Health Promotion Administration.
- (11) The 8th Corporate Epidemic Prevention Alliance - Influenza Prevention Alliance Gold Award.
- (12) The 19th Agency & Advertiser of the Year – Brand of the Year Silver Award in 2023.

Technique & Patent

[Probiotic proprietary technology]

- (1) Gold medal From the 2023 All American DAVINCI International Innovation for "Probiotics GKK2 to manage allergic asthma symptoms".
- (2) Gold medal and special prize from the 2023 Shanghai International Invention Expo for "Probiotic compound that can effectively regulate blood lipids and reduce body fat".
- (3) Gold medal and special prize from the 2023 Shanghai International Invention Expo for "Probiotic compound that can regulate blood glucose".
- (4) Gold medal from the 2023 Ukraine Innovation Awards for "LACTIC ACID BACTERIA to strengthen resistance against Enterovirus 71".
- (5) Gold medal from the 2023 WIC for "LACTIC ACID BACTERIA to strengthen resistance against Enterovirus 71".
- (6) Gold medal from the 2023 IIIC for "Innovative probiotic GKM3® for weight control".
- (7) Gold medal from the 2023 ITEX for "Bifidobacterium lactis GKK2 that can effectively improve respiratory allergies".
- (8) Gold medal from the 2023 IIIC for "Lactobacillus fermentum GKF3 that can effectively manage depression".
- (9) Gold medal and special prize from the 2023 ICAN for "Lactobacillus fermentum GKF3 that can effectively manage depression".
- (10) Gold medal from the 2023 INNOVERSE Invention & Innovation Expo for "Lactobacillus fermentum GKJOY that can effectively manage depression".
- (11) Gold medal from the 2023 Russian Archimedes International Invention Exhibition for "Probiotics and compounds to help protect against influenza virus H1N1".

- (12) Gold medal from the 2023 ITE for “Probiotics and compounds to help protect against influenza virus H1N1”.
- (13) Gold medal from the 2023 Shanghai International Invention Expo for “Probiotics to improve gut health damaged by alcohol and reduce intestinal injury”.
- (14) Gold medal from the 2023 INOVA for “Probiotics GKK2 to manage allergic asthma symptoms”.
- (15) Gold medal from the 2023 Hong Kong International Invention and Design Competition for “An active substance of Bifidobacterium lactis GKK2, with a component that helps promote longevity”.
- (16) Gold medal from the 2023 IIIC for “Bifidobacterium lactis GKK2 to manage allergic asthma symptoms”.
- (17) Gold medal and special prize from the 2023 World Genius Convention for “Bifidobacterium lactis GKK2 to manage allergic asthma symptoms”.
- (18) Silver medal from 2023 MTE for “An active substance of Lactobacillus plantarum GKM3 that helps promote longevity and delay aging”.
- (19) Gold medal from the 2023 All American DAVINCI International Innovation for “Innovative probiotics GKM3® and GKS6® for bone health”.

[Lignosus Rhinocerus proprietary technology]

- (1) Silver medal from the 2023 MTE for “Lignosus rhinoceros mycelia to improve chronic obstructive pulmonary disease”.

[Heridium Erinaceus proprietary technology]

- (1) Gold medal and special prize from the 2023 ITEX for “Heridium erinaceus mycelium fermentation to manage dementia symptoms”.
- (2) Gold medal and special prize from the 2023 INOVA for “Patent material Heridium erinaceus to manage dementia symptoms”.
- (3) Gold medal and special prize from the 2023 Hong Kong International Invention and Design Competition for “Heridium erinaceus mycelium rich in erinaceus A”.
- (4) Gold medal and special prize from the 2023 International Warsaw Invention Show for “Heridium erinaceus mycelium rich in erinaceus A”.

[Morchella esculenta proprietary technology]

- (1) Gold medal from the 2023 World Genius Convention for “An active substance of Morchella to manage Sarcopenia”.

[Phellinus linteus proprietary technology]

- (1) Gold medal and special prize from the 2023 Russian Archimedes International Invention Exhibition for “Phellinus Linteus to prevent muscle loss”.
- (2) Gold medal and special prize from the 2023 WIC for “Phellinus Linteus to prevent muscle loss”.
- (3) Gold medal and special prize from the 2023 ITE for “Phellinus Linteus to prevent muscle loss”.
- (4) Gold medal from the 2023 Ukraine Innovation Awards for “Phellinus Linteus to prevent muscle loss”.

- (5) Gold medal and special prize from the 2023 International Warsaw Invention Show for “Phellinus Linteus to prevent muscle loss”.

[Cicada proprietary technology]

- (1) Gold medal and special prize from the 2023 ICAN for “Cordyceps Cidadae mycelium to manage cataract symptoms”.
- (2) Gold medal and special prize from the 2023 INNOVERSE Invention & Innovation Expo for “Cicada mycelium to reduce eye inflammation caused by steroids”.





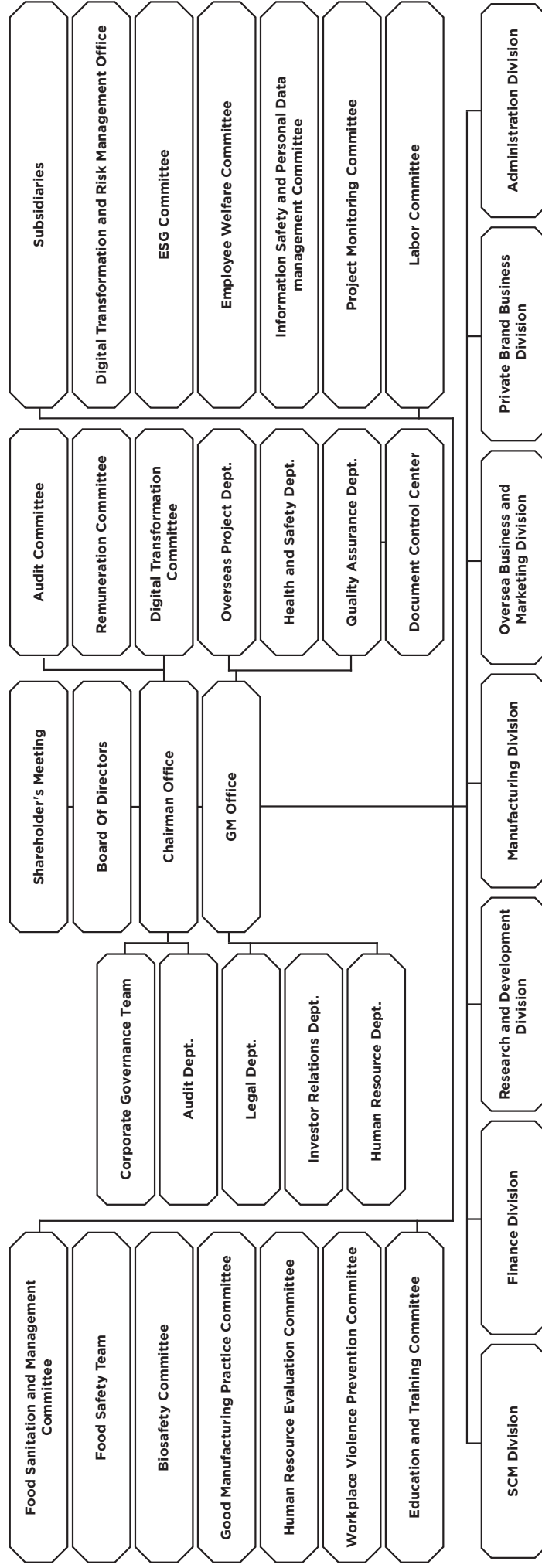
Corporate
Governance



1. Organization Structure
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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 AQI 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, packaging, as well as plant equipment repair, and energy, environmental protection management.
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, executing, and managing digital development, data security maintenance, administration, general affairs and other management systems.
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	<p>As for the businesses of the subsidiaries, please refer to page 171 of this Annual Report.</p> <p>Branches:</p> <p>(1) Zhongli Branch: Previously was engaged in the distribution of wine but now has no relevant operation.</p> <p>(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.</p>

2. Directors and Managers team

(1) Directors

April 1, 2024 Unit: Share;%

Title (Note 1)	Nationality	Name	Gender Age (Note 2)	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	6,351,244	4.29	6,511,244	4.40	-	-	1,087,000	0.73	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	4,993,117	3.37	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 Shiow 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	203,000	0.14	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	1.04	1,538,386	1.04	1,621,012	1.09	-	-	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	1.41	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)	1,303,596	0.88	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	0.44	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 61~70	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. Director.
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 Eternity 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 Scino 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; Director of Merry Life Biomedical Company, Ltd; 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; Kuowang Food Co., Ltd. Supervisor.
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	Manager, Commodity Strategy, CarMax Corporate of Hotal Motor Group.
Feng-I Lin	WAFERWORKS CORP. 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; Head Teacher of the Yuan Ze University College of Humanities and Social Sciences English Bachelor Program; Director of TBB Venture Capital Co., Ltd; Director of TBB Consulting Co., Ltd; Director of LongShun Green Energy Technology Ltd.
I-Fan Miao	Committee member, Department of Transportation, Taipei City Government; New Taipei City Traffic Accident Investigation Committee; 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

August 11 ,2023(Ex-dividend date)

Name of Institutional Shareholder	Major shareholder
UNI-PRESIDENT ENTERPRISES CORP.	Kao Chyuan Inv. Corp. (5.00%) Cathay Life Insurance Co., LTD. (4.52%) Investment account of BNP Paribas HK branch by HSBC (Taiwan) (3.02%) Bo Ming Hou (2.60%) Bo Yu Hou (2.27%) Chungghwa Post Co., Ltd. (1.91%) New Labor Retirement Fund (1.83%) Citibank (Taiwan) Ltd. in custody for Government of Singapore (1.68%) Kao Shioh Ling (1.64%) Labor Retirement Reserve Fund (The Old Fund) (1.44%)

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

December 31 ,2023

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

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 Name	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
Shenglin Andrew Tseng Chairman	<ul style="list-style-type: none"> ● Education PhD, University of Strathclyde ● Work Experience <ol style="list-style-type: none"> 1. Marketing Director - European Market Elitegroup Computer Systems Co., Ltd., UK 2. Marketing Manager - European Market Elitegroup Computer Systems Co., Ltd., UK 3. Senior Marketing Manager Proxima Procurement Ltd., UK ● 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. ● Not involved in any case related to Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Hold a concurrent post of the General Manager of the Company, is a Director in management position. 2. Hold a concurrent post of the Chairman and Director of the affiliated company.(Note) 3. Is a second-degree relative with Director Mei-Ching Tseng. 4. Top 10 individual shareholders. 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. 	Nil

Criteria Name	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
Mei-Ching Tseng Director	<ul style="list-style-type: none"> ● Education Master's Degree, Andrew Jackson University ● Work Experience <ol style="list-style-type: none"> 1. Deputy Team Leader – Political Editor Independence Morning Post 2. Vice President Pro-Partner Co., Ltd. ● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, media experience. 	<ol style="list-style-type: none"> 1. Hold a concurrent post of the General Manager, Director and supervisor of the affiliated company. 2. Is a second-degree relative with Director Shenglin Andrew Tseng. 3. Top 10 individual shareholders. 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. 	Nil
Kao Shioh Ling Director	<ul style="list-style-type: none"> ● Education Marymount College USA ● Work Experience Chairman Kao Chyuan Inv. Corp. ● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, enterprise management specialization. 	<ol style="list-style-type: none"> 1. A corporate shareholder representative with more than 5% shares. 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. 	Nil

Criteria Name	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
Yen-Shiang Huang Director	<ul style="list-style-type: none"> ● Education B.A., University of Wisconsin-Madison, U.S. ● Work Experience <ol style="list-style-type: none"> 1. Auditor TransGlobe Life Insurance Inc., U.S. 2. Executive Director, Deputy Chairman Jinghua Industrial Co., Ltd. 3. Chairman Chingbiao Biotech Co., Ltd. ● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, auditing experience. 	<ol style="list-style-type: none"> 1. Hold a concurrent post of the supervisor of the affiliated company. (Note) 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. 	Nil

Criteria Name	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
Jue-Jia Chang Director	<ul style="list-style-type: none"> ● Education Master's Degree in Marketing, George Washington University, U.S. ● Work Experience <ol style="list-style-type: none"> 1. General Manager Wavemaker, Taiwan 2. International Marketing Manager Heineken, Headquarters in the Netherlands 3. Marketing Director Heineken, Taiwan 4. Marketing Director CIBA Vision/Novartis, Taiwan 5. Senior Brand Manager GSK, Taiwan ● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, marketing experience. 	<ol style="list-style-type: none"> 1. Hold a concurrent post of the Director of the affiliated company. (Note) 2. Is a second-degree relative with Director Chih-Sheng Chang. 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. 	Nil

Criteria Name	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
Chih-Sheng Chang Director	<ul style="list-style-type: none"> ● Education Bachelor of Pharmacy, Chia Nan University of Pharmacy and Science ● Work Experience <ol style="list-style-type: none"> 1. Person-in-charge Huei Sheng Pharmacy, Yuanlin 2. Manager Super Star Pharmacy Co., Ltd. 3. Director Western Medicine Supplier Association (Changhua) 4. Director Yu Song International Co., Ltd. ● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, professional management experience. 	<p>Is a second-degree relative with Director Jue-Jia Chang</p> <ol style="list-style-type: none"> 1. Top 10 individual shareholders. 2. Supervisor at the 19th session of the Board of Directors. 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. 4. 	Nil

Criteria Name	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
Hsing-Chun Chen Director	<ul style="list-style-type: none"> ● Education <ol style="list-style-type: none"> 1. EMBA, National Chung Cheng University 2. Master's Degree in Accounting and Law, National Chung Cheng University 3. Master's Degree in Taiwan Literature and Innovation, National Chung Cheng University ● Work Experience <ol style="list-style-type: none"> 1. Department of Distribution Taiwan Tobacco & Liquor Corporation, Taichung 2. Department of Securities, Loan Collection Land Bank of Taiwan, Taichung 3. Department of Safe Deposit Box Land Bank of Taiwan, Tainan 4. Director (13th session) Early Childhood Education Academy (Chiayi City) 5. Person-in-charge and Headmaster Jia Nan Private Kindergarten (Chiayi City) ● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, extensive experience in early childhood education. 	<ol style="list-style-type: none"> 1. Supervisor at the 19th session of the Board of Directors. 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. 	Nil



Criteria Name	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
Chih-Wei Lai Director	<ul style="list-style-type: none"> ● Education Master of Innovation and Design, National Taipei University of Technology ● Work Experience <ol style="list-style-type: none"> 1. Eyewear Designer All-Logic International Co., Ltd. 2. Design Director Zhi Yun Creativity Co., Ltd. 3. Product Strategy Section Chief Technical Research and Development Center of Hotel Motor Carmax Co., Ltd. ● Proficiency Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, extensive design experience. 	<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>	Nil
Feng-I Lin Independent Director	<ul style="list-style-type: none"> ● Education <ol style="list-style-type: none"> 1. Master of Economics, Nankai University, Tianjin 2. Bachelor of Accountancy, Soochow University ● Work Experience Vice President Want Want China Holdings Limited ● Proficiency Experience in finance and accounting A member of the Audit Committee Remuneration Committee and Digital Transformation Committee 	<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>	2

Criteria Name	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
Ching-Pu Chen Independent Director	<ul style="list-style-type: none"> ● Education <ol style="list-style-type: none"> 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 ● Work Experience <ul style="list-style-type: none"> Independent Director ADDA Corporation ● Proficiency <ul style="list-style-type: none"> 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. A member of the Audit Committee, Remuneration Committee and Digital Transformation Committee.. 		0

Criteria Name	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
I-Fan Miao Independent Director	<ul style="list-style-type: none"> ● Education Master, Pekin University Law School ● Work Experience <ol style="list-style-type: none"> 1. Committee Member Service Quality Steering Committee for City and Intercity Bus in Taipei City 2. Duty Solicitor Awakening Foundation 3. Deputy Secretary General Consumer's Foundation Chinese Taipei 4. Member of the Committee on Road Safety for Children Jing Chuan Child Safety Foundation 5. Investigation/Legal Aid Lawyer Legal Aid Foundation of Taiwan 6. Member of the Sewage System Evaluation Commission Interior Ministry of Construction and Planning 7. Vice Director Consumer Reports of Taiwan, Consumer's Foundation Chinese Taipei 8. Committee Member Traffic Accident Investigation Veto Committee of Taipei City 9. Independent Director JaBon International Co., Ltd. ● Proficiency Experience in law A member of the Remuneration Committee and Audit Committee. 		0

Criteria Name	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
Chen Jing Ning Independent Director	<ul style="list-style-type: none"> ● Education Master of Sociology, National Chengchi University ● Work Experience <ol style="list-style-type: none"> 1. Congressional Assistant Legislative Yuan 2. Vice President Jet-Go Consulting Group 3. General Manager Shiun Lu Public Consulting Co., Ltd. 4. Part-time Lecturer in Fashion Marketing Shih Chien University 5. Part-time Lecturer in Feminism Shih Hsin University 6. Consultant Jing Chuan Child Safety Foundation ● Proficiency Experience in social studies. A member of the Audit Committee. 		0

Note: For concurrent employment status, please refer to the “concurrent job list of the Company and other companies” on page 24 of this annual report.

Note1: The Directors of the company have not involved in any case related to Article 30 of 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.

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:

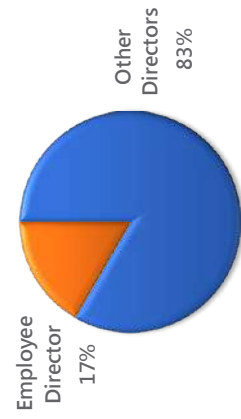
The Company pays attention on the gender equity on the composition of the Board of Directors. It shall compose 33% from each gender, and the estimated goal for female Directors are above 4 seats.

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.

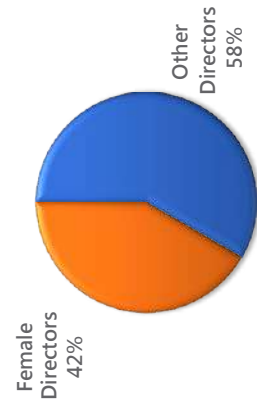
The Company's diversification policy and concrete management goals are as follows:

Diversification Name	Gender	employee	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
Shenglin Andrew Tseng	M	V	V			-	V	V	V					
Mei-Ching Tseng	F	V		V		-	V	V	V					
Kao Shiow Ling	F				V	-	V	V	V					
Yen-Shiang Huang	M			V		-	V	V	V		V			
Jue-Jia Chang	M			V		-	V	V	V		V			
Chih-Sheng Chang	M				V	-	V	V	V		V			
Hsing-Chun Chen	F				V	-	V	V	V		V			
Chih-Wei Lai	M		V			-	V	V	V		V			
Feng-I Lin	M				V	3	V	V	V		V		V	
Ching-Pu Chen	M				V	3	V	V	V		V			
I-Fan Miao	F			V		2	V	V	V		V			V
Chen Jing Ning	F			V		1	V	V	V		V			

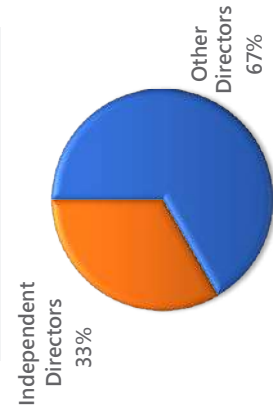
Proportion of employee Directors



Proportion of female Directors



Proportion of Independent Directors



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 Shioh 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 Shioh 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. The Company continues to arrange various on-the-job training for the board members to improve their decision-making skills as well as supervisory capabilities, and to further strengthen the overall competency of the Board of Directors.

Directors who are employees account for 17%, 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 58.3 years old, five are aged between 61 and 70, five 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 20th 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 AQI 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)).

Management Team

April 1, 2024 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	-	-	1,087,000	0.73	PhD, University of Strathclyde	Note 2	Nil	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	Nil	
Deputy GM, Business Division	Republic of China	Yuan-Tsung Lin	Male	2017.07.01	-	-	-	-	-	-	EMBA, National Chung Hsing University	Note 2	Nil	Nil	Nil	
CFO and Corporate Governance Officer	Republic of China	Nick Hung	Male	2014.01.01	5,000	0.00	-	-	-	-	Bachelor, Chung Hsing University	Note 2	Nil	Nil	Nil	
CLO	Republic of China	Bing-Jyun Cwei	Male	2021.07.01	-	-	-	-	-	-	College of Law, National Chengchi University	Nil	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	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	Nil	
CSO	Republic of China	Duncan Aitken	Male	2024.02.16	60,000	0.04	-	-	-	-	Degree in Business Management - The Open University UK Postgraduate diploma in CSR - University of Bedfordshire	Nil	Nil	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.





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; Chairman of Shanghai Pujun Trading Co., Ltd; Director of PUBAI LIMITED.
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)

Title		Name	Director remuneration				The sum of A, B, C and D as a percentage of after-tax net profit (Note 10)		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 business 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	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	Cash		Stock	The Company	All companies in the consolidated financial statements (Note 7)
Director	Chairman	Shenglin Andrew Tseng															
	Director	Mei-Ching Tseng															
	Director	UNI-PRESIDENT ENTERPRISES CORP. Representative	-	-	-	34,032	1,320	1,320	35,352 2.43%	4,919	8,898	-	6,652	18,652	-	46,923 3.23%	62,902 4.33%
	Director	Kao Shiow Ling															Nil
	Director	Yen-Shiang Huang															
	Director	Jue-Jia Chang															
	Director	Chih-Sheng Chang															
	Director	Hsing Chun Chen															
Director	Chih-Wei Lai																
Independent Director	Independent Director	Feng-I Lin	-	-	-	-	2,340	2,340	2,340 0.16%	-	-	-	-	-	-	2,340 0.16%	2,340 0.16%
	Independent Director	Ching-Pu Chen															Nil
	Independent Director	I-Fan Miao															

	Independent Director	CHEN Jing Ning																		
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- (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, according to 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 7,345 thousand dollars and variable remuneration is NTD 41,918 thousand dollars for the Company's Directors and independent Directors. The total fixed remuneration is NTD 9,309 thousand dollars and variable remuneration is NTD 55,933 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)	Companies in the consolidated financial statements (Note 9) I
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	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-Sheng Chang, Hsing Chun Chen, Jue-Jia Chang	Chih-Wei Lai, Chih-Sheng Chang, Hsing Chun Chen, Jue-Jia Chang	Chih-Wei Lai, Chih-Sheng Chang, Hsing Chun Chen, Jue-Jia Chang	Chih-Wei Lai, Chih-Sheng Chang, Hsing Chun Chen, Jue-Jia Chang
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	Yen-Shiang Huang	Yen-Shiang Huang	Yen-Shiang Huang	Yen-Shiang Huang
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Shenglin Andrew Tseng, Mei-Ching Tseng, UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shioh Ling	Shenglin Andrew Tseng, Mei-Ching Tseng, UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shioh Ling	Mei-Ching Tseng, UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shioh Ling	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shioh Ling
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	-	-	-	-
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	-	-	Shenglin Andrew Tseng	Shenglin Andrew Tseng, 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	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 s 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, 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".

ii. If the Director receives remuneration from the Company's re-invested businesses other than the subsidiaries or parent company, such remuneration should be clearly indicated.

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)	The Company	Cash	Stock	The Company	Companies in the consolidated financial statements (Note 5)	
General Manager	Shenglin Andrew Tseng												
GM of the Longtan branch	Jin-Chu Chen												
Deputy GM, Business Division	Yuan-Tsung Lin	6,655	7,742	-	-	3,514	4,467	14,988	-	-	25,157 1.73%	27,197 1.87%	Nil
CFO and Corporate Governance Officer	Nick Hung												

The fixed remuneration is NTD 6,655 thousand dollars and variable remuneration is NTD 18,502 thousand dollars for the Company's general managers and deputy general managers. The total fixed remuneration is NTD 7,742 thousand dollars and variable remuneration is NTD 19,455 thousand dollars in the financial reports.

The remuneration of the Company's general manager in 2023 was 13.7 times the average salary of the non-managerial employee and 15.7 times the median; whereas 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.

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)	Jin-Chu Chen, Nick Hung	Jin-Chu Chen, Nick Hung, Yuan-Tsung Lin
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	Shenglin Andrew Tseng	Shenglin Andrew Tseng
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 Managers' 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 Managers' 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 Managers' 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	-	30,617	30,617	2.11
	GM of the Longtan branch	Jin-Chu Chen				
	Deputy General Manager	Yuan-Tsung Lin				
	CFO and Corporate Governance Officer	Nick Hung				
	CLO	Bing-Jyun Cui				
	Division Director	Du-Sheng Wang				
	Division Director	Sheng-Chieh Hsu				
	Vice Division Director	Chia-lun Lin				
	Director	Ryan Chou				
	Director	Yi-Ru Hu				
	Director	Yen-Lien Chen				
	Director	Duncan Aitken				
	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 2023		Ratio of Total Remuneration to Net Profit after Tax in 2022	
	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report
Director (including independent Director)	3.39	4.49	3.19	3.79
General Manager and Deputy General Managers	1.73	1.87	1.66	1.74

- 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. 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: Include annual operating net profit margin rate and operating revenue achievement rate; 2. Non-financial goal: implementation of KPI indicators that are based on annual operational goals and innovation.

Five major operational goals in 2023: (1) Maintain continuous sales growth (2) Reinforce food safety practices (3) Strengthen digital transformation (4) Accelerate production performance and OEM (5) Achieve sustainable development goals (introduce ISO 37001 Anti-bribery management system, Taiwan Intellectual Property Management System (TIPS), with obtain ISO 14064 Greenhouse Gas Inventory System certification, and commit to Science-Based Targets initiative (SBTi).

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 2023 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 2023, 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	5	1	83	
Director	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shioh Ling	3	3	50	
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: Nil.

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 9 th board meeting of the 20 th term Board of Directors January 06, 2023	Shenglin Andrew Tseng	2022 management bonus scheme proposed by the Remuneration Committee.	Relation with personal interest	Vote withdrawal in accordance with the law
2	The 11 th board meeting of the 20 th term Board of Directors May 09, 2023	Shenglin Andrew Tseng	2022 management bonus scheme proposed by the Remuneration Committee.	Relation with personal interest	Vote withdrawal in accordance with the law
3	The 13 th board meeting of the 20 th term Board of Directors August 09, 2023	Shenglin Andrew Tseng	Claim for indemnity in 2023.	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, 2023~ Dec.31, 2023	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, 2023~ Dec.31, 2023	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, 2023~ Dec.31, 2023	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, 2023~ Dec.31, 2023	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, 2023~ Dec.31, 2023	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 2023, 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 4.65 (out of 5 points). Self-evaluation of Board of Directors is 4.51. Self-evaluation of Director is 4.78.

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 2023, the performance evaluation results of the Board of Directors, individual board members, and functional committees were "Excellent" in 2023. The content of the performance evaluation was reported at the 15th meeting of the 20th Board on January 19, 2024.

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 Board of Directors has established "Corporate Governance Best Practice Principles" to promote sound governance and strengthen board competency. The Board has a diversity policy to enhance its composition. The members of the 20th Board of Directors are diverse in education, expertise, gender, and age.
- B. The Company has established "Ethical Corporate Management Best Practice Principles" and "Unethical Conduct Prevention Programs" to actively prevent 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 2023 during the 15th Board of Directors held by the 20th Board on January 19, 2024.
- 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 2023 was 0%.
- E. The Company encourages board members to attend the shareholders' meeting to protect shareholders' equity. The Chairman as well as all independent Directors and Directors were attended the shareholders meeting in 2023 (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 2023, the Independent Directors had 3 meetings with internal audit managers and 4 meetings with accountants. These meetings covered a range of topics, including financial reports, internal audit implementation, internal control system, human resources policies, sustainable development plans, latest updates on laws and regulations, 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 2023, 6 board meetings were held with a Directors' attendance rate of 94%; 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 held lectures and courses on topics like the Taiwan economy's outlook in a changing global landscape, the rise of AI technology – Chat GPT development and potential business opportunities in 2023. Directors were offered continuing education based on their individual needs. They could choose from a range of topics: ESG sustainable corporate strategy, risk management, business transformation model, CEO lecture, credit rating, digital innovations, and sustainable transformation. Directors spent a total of 79 study hours.
- I. To strengthen corporate governance, the Company established committees to assist the Board of Directors in managing and supervising company operations.
 - a. 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.

- b. 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.
 - c. A Digital Transformation Committee was 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. Digital transformation utilizes sensors, the Internet of Things, data visualization analysis, AI optimization, and other digital technologies. This approach is expected to achieve the development goals of reduced carbon emissions and improved energy efficiency management.
- (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, 2023 and December 31, 2023 focused on the following:
 - A. Review of financial statement quarterly.
 - B. Review of annual business report, financial statement, and earning distribution.
 - C. Review Audit Quality Indicators (AQI), independence, appointment and fees of CPAs.
 - D. Review amendments to the internal control system.
 - E. Supervise risk management.
 - F. Review of the new plant investment amount.
 - G. Review claims for indemnity.
- 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	Professional Qualifications and Experience (Note1)	Independence Criteria (Note 2)
	Name		
Independent Director	Feng-I Lin	<p>Education:</p> <p>1.Master of Economics, Nankai University, Tianjin</p> <p>2.Bachelor of Accountancy, Soochow University</p> <p>Experience and expertise:</p> <p>Vice President of Want Want China Holdings Limited, extensive experience in finance and accounting.</p>	<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>
Independent Director	Ching-Pu Chen	<p>Education:</p> <p>1. PhD in Decision Science, Harvard University</p> <p>2. Master of Engineering Science, Harvard University</p> <p>3. Double Degree in Electrical Engineering and Mathematics, Virginia Military Institute</p> <p>Experience and expertise:</p> <p>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>	
Independent Director	I-Fan Miao	<p>Education:</p> <p>Master, Pekin University Law School</p> <p>Experience and expertise:</p> <p>Currently a practicing lawyer who assists in communication between Consumer Foundation and consumers</p>	
Independent Director	Chen Jing Ning	<p>Education:</p> <p>Master of Sociology, National Chengchi University</p> <p>Experience and expertise:</p> <p>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.</p>	

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 36 of this annual report.

- iv. Five Audit Committee meetings (A) were held in 2023; 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 8 th meeting of the 1 st term February 22, 2023	<p>Motion 1: The Company’s 2023 business report and financial statements.</p> <p>Motion 2: The Company’s 2022 earnings distribution proposal.</p> <p>Motion 3: Proposal to pass the 2022 “effectiveness evaluation of internal control system” and “Internal Control Statement” in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies”.</p> <p>Motion 4: The audit quality index (AQI) evaluation and CPA appointment of 2023.</p>	<p>Motion 1: The case was passed and the proposal was submitted to the Board of Directors for resolution.</p> <p>Motion 2: The case was passed and the proposal was submitted to the Board of Directors for resolution.</p> <p>Motion 3: The case was passed and the proposal was submitted to the Board of Directors for resolution.</p> <p>Motion 4: The case was passed and the proposal was submitted to the Board of Directors for resolution.</p>	Approved by the Directors who participated in the discussion.

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 9 th meeting of the 1 st term May 09, 2023	Motion 1: 2023 Q1 Consolidated financial statement. Motion 2: Add "supervise risk management" as the duty of the Audit Committee. Motion 3: Amendments to documents such as "investment cycle", "research and development cycle", and "check collection regulations", and establishment of "tracking audit procedures".	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.	Approved by the Directors who participated in the discussion
The 10 th meeting of the 1 st term May 31, 2023	Motion 1: Longtan Plant Phase Two investment – plant construction. Motion 2: Add "supervise risk management" as the duty of the Audit Committee. Motion 3: Amendments to documents such as "investment cycle", "research and development cycle", and "check collection regulations", and establishment of "tracking audit procedures".	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.	Approved by the Directors who participated in the discussion
The 11 th meeting of the 1 st term August 9, 2023	Motion 1: 2023 Q2 Consolidated financial statement. Motion 2: Claim for indemnity in 2023. Motion 3: Amendments to "sales and collection cycle (IC1)", "purchase and payment cycle (IC2)", "production cycle (IC3)", "payroll and personnel cycle (IC4)", "capital acquisition and repayment cycle (IC5)", "Property, Plant and Equipment cycle (IC6)", "investment cycle (IC7)", "research and development cycle (IC8)", "and computerized information cycle (IC9)".	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.	Approved by the Directors who participated in the discussion
The 12 th meeting of the 1 st term November 7, 2023	Motion 1: 2023 Q3 Consolidated financial statement. Motion 2: Increase in public fee of CPA in 2023 due to increase in consolidated entity. Motion 3: Pass the 2024 annual audit plan in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies". Motion 4: Amendments to "research and development cycle (IC8)" and "personal data protection management (C-000-MC014-000-000)".	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.	Approved by the Directors who participated in the discussion

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 2023 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 in 2023:

Term/Date	Communication with internal audit managers	Communication with accountants	Suggestion and result
The 8 th meeting of the 1st term February 22, 2023	1. Audit report. 2. Review of 2022 Internal Control Statement (including subsidiary) and self-evaluation. 3. To ensure Human Resources policy remain compliant with evolving laws, regulations and business trends, relevant plans will be discussed in the next meeting.	1. CPA reports on the audit status of consolidated financial reports of 2022 Q4. 2. Explanation on Article 10-2, 72 of the Statute for Industrial Innovation. 3. Explanation on "International Ethics Standards Board for Accountants".	None
The 11 th meeting of the 1st term May 09, 2023	1. Internal Audit implementation and review of comments on the report. 2. Report on human resources policy applications to address market labor changes.	1. CPA reports on the review status of consolidated financial reports of 2023 Q1. 2. Report on the newsletter pertaining to "Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies," (year 2023) issued by the Financial Supervisory Commission in connection with the Audit Committee.	None
The 11 th meeting of the 1st term August 09, 2023	Internal Audit implementation and review of comments on the report.	1. CPA reports on the review status of consolidated financial reports of 2023 Q2. 2. Report on future (to be implemented) laws and regulations regarding "investment deduction applicable to innovative research and development and advanced process equipment expense".	None
The 12 th meeting of the 1st term November 09, 2023		1. CPA reports on the review status of consolidated financial reports of 2023 Q3. 2. CPA reports on 2023 audit plan.	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 current members comprise three Directors (including two Independent Directors). The convener of the Committee Ching-Pu Chen possesses professional skills in the fields of decision science, policy analysis, and planning; Chairman Shenglin Andrew Tseng possesses skills in corporate strategy and business management; Feng-I Lin possesses skills in financial accounting. All of them have the professional skills required by the Committee. To support the Company's digital transformation progress, the meeting shall be convened at least every six months.

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.

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 36 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 2023, 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 06, 2023	Motion 1: Digital transformation progress – Introduction of SAP.	Motion 1:: Presented by the manager of the Management Division. Members and supervisor of the finance and corporate governance, and supervisor of the Administration Division discuss the internal environment after introduction of SAP based on the following topics: ●SAP project schedule ●System integration structure ●Future introduction system estimation/evaluation		
August 09, 2023	Motion 1: Digital transformation progress.	Motion 1: Report by the supervisor of the Administration Division. Members and supervisor of the finance and corporate governance, and supervisor of the Administration Division discuss the "Digital transformation phase two – setting up a data center".		

(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	
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?	✓		The Board of Directors adopted the "Corporate Governance Best Practice Principles", which are aligned with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and are available on the Company's website or MOPS.
2. The Company's shareholding structure and shareholders' equity (1) Has the Company set up internal operating procedures to handle shareholder proposals, doubts, disputes and litigation matters and followed the procedures? (2) Does the Company have a list of its major shareholders and the ultimate controllers of the major shareholders? (3) Has the Company established and implemented risk management and firewall mechanisms with its affiliates?	✓		<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 monitors the shareholdings of insiders (Directors, managers, and majority shareholders with more than 5% ownership of Company 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"> 1. Set up an internal control system for supervision and management of subsidiaries in accordance with the law to effectively manage risk. 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. 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. 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. <p>(4) Resolution of Board of Directors "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.</p> <p>2023 initiatives:</p> <ol style="list-style-type: none"> i. The Company provided a training session for Directors on November 9, 2023, 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 4, 2023, 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 briefing for employees and managers.
(4) Has the Company set up an internal standard to prohibit the insiders' use of private information to trade securities?	✓		No major difference

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TSE/TPEx Listed Companies" and Reasons
	YES	NO	
			<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 117 colleagues were tested, with 100% passing rate (score above 80 points).</p> <p>iii. The promotion of "Business Integrity, Insider Trading Prevention and Regulations for Handling Material Inside Information" in 2023 was reported at the Board of Directors held on January 19, 2024.</p> <p>iv. A total of 571 Directors, managers, and employees received 285 hours of advocacy training in 2023. 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 on November 9, 2023. 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>3. The composition and duties of the Board of Directors</p> <p>(1) Has the Board of Directors formulated a diversified approach and specific management goals, and implemented them?</p> <p>(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?</p> <p>(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?</p>	V		<p>(1). 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, diverse policy is implemented to improve the structure of the Board of Directors.</p> <p>(2). Currently, there are 12 board members composed of 4 Independent Directors (33.33%), 5 female Directors (41.67%), and 2 Directors who are also employees (16.67%). For Directors' information, board diversity policy, management goals, and implementation status, please refer to page 36 of this annual report.</p> <p>In addition to the Audit Committee and Remuneration Committee, the Company has set up a Digital Transformation Committee via the Board of the Directors. There are three Directors in this Committee with two-third of Independent Directors. Their duties include: 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>(3). By resolution of the Board of Directors, the Company has set up "Regulations for the Performance Evaluation of the Board and Functional Committees" and conducts at least one evaluation per year on the performance of the Board of Directors, board members, and functional committees.</p> <p>Results of the performance evaluation of the Board, Audit Committee, and Digital Transformation Committee were reported at the Board meeting on January 19, 2024. Relevant information may be used as reference for selecting or nominating directors and determining their compensations. Please refer to "Other Matters to be Recorded III" under the section of the "Board of Directors Operating Status" on page 47 of this annual report.</p>

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	
(4) Does the Company regularly evaluate the independence of its certified public accountants?			<p>(4). 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 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. CPA Ming Yuan Chung and CPA Yu Feng Huang of Deloitte & Touche 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 2024 CPA have been approved by the Board of Directors on February 26, 2024.</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>No major difference</p>
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>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 Board of Directors. 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"> ● To propose recommendations on corporate governance to the board or the general manager for reference and execution ● To assist in matters related to the board or shareholders' meetings in accordance with the law ● To prepare board or shareholders' meeting minutes ● To assist Directors in completing registration and declarations in accordance with the provisions ● To assist Directors in continuing education and compliance with statutory requirements ● To assist in providing information required by Directors to carry out their duties ● Verify the qualifications of Independent Directors ● Handle matters related director changes ● Other matters prescribed by the Articles of Incorporation and the law <p>Business execution plan in 2023 is as follows:</p> <ol style="list-style-type: none"> 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. Assisted in 6 Board of Directors meetings and 1 general shareholders' meeting in accordance with <p>No major difference</p>

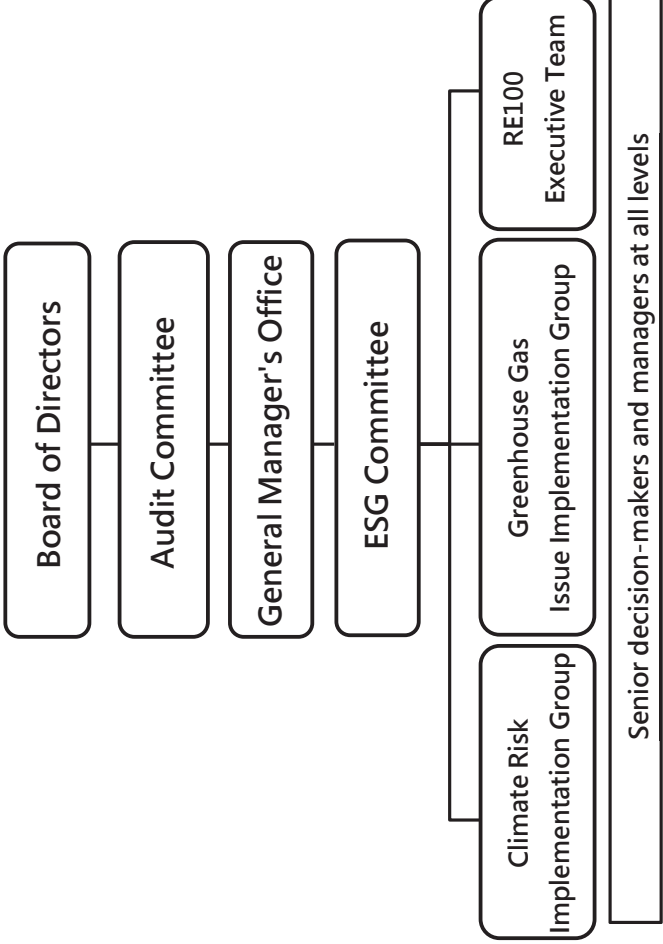


Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles" for TWSE/TPEx Listed Companies" and Reasons																				
	YES	NO																					
		<div>Abstract Illustration</div> <p>the law; resolved issues regarding various legal and important requirements to Company operations; complete Board of Directors and the shareholders' meeting minutes.</p> <p>iii. Assisted Directors in completing the reporting of various information in accordance with the law.</p> <p>iv. Assisted Directors in arranging refresher courses based on the Company's industry characteristics 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 "anti-corruption and anti-bribery policy", "tax policy" as well as amending internal regulations such as "Remuneration Committee Organizational Charter", "Rules of Procedure for Board of Directors Meetings", and "Ethical Corporate Management Best Practice Principles" for the Board of Directors to fully perform its corporate governance duty.</p> <p>xi. Verify the qualifications of independent directors and report to the Board of Directors.</p> <p>Below is the continuing education program for the corporate governance manager in 2023:</p> <table><tr><th>Date</th><th>Organization</th><th>Course name</th><th>Study hours</th><th>Total hours</th></tr><tr><td>2023.08.09</td><td>Taiwan Institute of Directors</td><td>Rise of AI technology – Chat GPT development and business opportunities.</td><td>3</td><td rowspan="4">12</td></tr><tr><td rowspan="2">2023.09.11~2023.09.12</td><td rowspan="2">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></tr><tr><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></tr><tr><td>2023.11.09</td><td>Taiwan Institute of Directors</td><td>Taiwan's economy outlook in a changing global landscape.</td><td>3</td></tr></table>	Date	Organization	Course name	Study hours	Total hours	2023.08.09	Taiwan Institute of Directors	Rise of AI technology – Chat GPT development and business opportunities.	3	12	2023.09.11~2023.09.12	Accounting Research and Development Foundation	Continuing Education Program for the Chief Accountant relevant to Issuers and the Stock Exchange – course in corporate governance..	3	Continuing Education Program for the Chief Accountant relevant to Issuers and the Stock Exchange - course in ethics and legal liability.	3	2023.11.09	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape.	3	
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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.</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	
6. Has the Company appointed a professional stock transfer agent to handle shareholder-related affairs?	✓		No major difference
7. Information disclosure (1) Has the Company set up a website to disclose financial and corporate governance information? (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.)? (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?	✓		No major difference
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.)?	✓		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>shareholders easily understand our operating status.</p> <p>iii. Supplier relationship: The Company and its business partners conduct business activities with fairness, integrity, and in strict compliance with laws and regulations, as well as contract obligations. The "Code of Integrity" and "Code of Conduct for Suppliers" are followed to evaluate integrity record of the counterparty. Ethical behavior terms and corporate social responsibility policy are included in all contracts signed with the counterparty, prohibiting any inappropriate business conduct, including bribery, corruption, human rights violations, as well as environmental friendly, health and safety breaches. The Company has implemented the ISO37001 Anti-bribery Management System since 2023. This system strengthens its efforts to promote anti-bribery and anti-corruption practices among suppliers. In addition, all suppliers are required to sign a "Commitment to Honest Operation". The supplier smart management platform is used to communicate and reinforce policies on business confidentiality and anti-corruption. Through the Company's supplier 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 2023 at the Board of Directors meeting on January 19, 2024.</p> <p>For stakeholder communication issues, the relevant website links are as follows: https://www.grapeking.com.tw/stakeholder/62591ad4df427</p> <p>v. 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 2023" (Note 4).</p> <p>vi. Implementation of risk management policies and risk measurement standards: (1) Risk Management Organizational Framework The Company's risk management organization regards the Board of Directors as the highest management and decision-making unit, and the Audit Committee provides assistance in supervising risk management. The operating strategy and industrial environment are followed to ensure compliance with the risk management policy and procedures. To achieve, this, the Sustainable Development and ESG Committee, led by the General Manager, actively promotes implementation by engaging managers and employees from all levels. The Committee establishes various task forces, such as those focused on climate risk, greenhouse gas emissions, and RE100 implementation. These task forces analyze, prevent, and monitor overall and material risks. The Sustainable Development and ESG Committee integrates these risk assessments and reports to the Audit Committee and the Board of Directors at least once a year.</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><u>Abstract Illustration</u></p>  <p>(2) Risk Management Policies and Procedures</p> <p>To embed risk management as a core element of our corporate culture, the Board of Directors has adopted the "Risk Management Policies and Procedures". These procedures outline a collaborative approach, with participation and execution from the Board of Directors, managers and employees at all levels. The Company conducts regular material risk assessments to evaluate and control every potential threatens to its operations. These assessments serve as reference for the development and refinement of our operating strategies. To enhance the Board of Directors' competency, given the company's scale and risk profile, the Board of Directors approved an expanded scope for the Audit Committee on May 9, 2023. This expansion includes increased oversight of risk management practices, organizational structure and operational effectiveness. The Audit Committee will also assist the Board of Directors in establishing an effective risk management mechanism, risk response strategy, and risk management monitoring procedures.</p> <p>(3)The Company has established a risk management mechanism to implement risk assessment, identification and disposal. This mechanism proactively identifies potential risks that could impact the company's operations. It has been verified to comply with international safety risk inspection standards and has obtained Anti-bribery Management System (ISO37001), Information Security Management (ISO27001), Environmental Management (ISO 14001), Occupational Safety and Health Management (ISO45001), Energy Management (ISO50001), Talent Quality-Management System (TTQS) certifications, Taiwan Intellectual Property Management System (TIPS) Class A, as</p>



Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	
			<p>well as other risk management certifications. Effective risk management begins with identifying potential risks within operational processes. A robust control system categorizes and defines these risk factors 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 2023 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 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 2023. The 2023 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 2023 operating status:</p> <p>A. To ensure effective risk management, the Company conducts annual risk assessments. The Sustainable Development and ESG Committee regularly reports to the Audit Committee and Board of Directors on the "operational status of the Company's risk management mechanism". It collects and analyzes risk assessments submitted by senior decision-making managers (excluding those holding positions in the internal audit unit) from all operating units. The Committee supervises risk management activities to ensure the implementation of the Company's risk control mechanism. The 2023 risk management operating status, which identified the Company's five major types of risks for the year (financial, operational, strategic, hazard, and climate change-related), was reported to the Audit Committee and the Board of Directors on November 9, 2023. The report also detailed</p>

No major difference

<u>Evaluation Item</u>	<u>Implementation Status</u>		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	<u>YES</u>	<u>NO</u>	
			<p>corresponding actions planned to address these risks.</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 2023. The effective internal control evaluation result has been approved by the Audit Committee and the Board of Directors on February 26, 2024.</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 142 people were trained in 2023 to strengthen the awareness and cognition of the Company's operating risk.</p> <p>vii. 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>viii. Purchase of liability insurance for Directors: The Company has purchased "Directors & Officers' Liability Insurance". The insurance amount is regularly reviewed and reported to the Board of Directors.</p> <p>ix. 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 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, 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. 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\$9.81 in 2023. 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 3 consecutive years in</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>2020 and 2022 .</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 & 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 10 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 and has made a successor 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>

No major difference

<u>Evaluation Item</u>	<u>Implementation Status</u>		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	<u>YES</u>	<u>NO</u>	
			<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&D Division, Jin-Chu Chen, is transferred to Longtan Branch as general manager. The vice director of R&D Division, Sheng-Chieh Hsu, takes over the director of R&D Division as the Company's R&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>x. Intellectual Property Management Scheme:</p> <p>Sustainable management is the business philosophy of the Company while technology, R&D and innovation are key factors to achieving continuous growth. Intellectual property rights are considered 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 2023 execution status is as follows:</p> <p>(1) The execution status relevant to the management of intellectual properties was recorded at the 15th meeting of the 20th Board of Directors on January 19, 2024.</p> <p>(2) Patent acquisition results are as follows:</p> <p>In 2023, the Company's total number of global patent applications was 47, of which Taiwan accounts for 18.</p> <p>(3) The trademark registration results are as follows:</p> <p>In 2023, the total number of global trademark applications was 9, of which Taiwan accounts.</p> <p>(4) The trade secret protection results are as follows:</p> <p>The Company established the "Trade Secret Protection System" and "Confidential Information Management Procedure". In addition to requiring clients and suppliers to sign an NDA (non-disclosure agreement) as well as employees to sign a "staff NDA". The "Confidential Information Management Procedures" were updated in 2023. These procedures outline the Company's standards for handling confidential information, including labeling, storing, using, accessing, transferring and destroying such information. Several internal seminars on confidential information management were held, and public announcements summarizing key points on confidential levels in contracts as well as management of confidential information were reiterated to all employees.</p>

No major difference



<u>Evaluation Item</u>	<u>Implementation Status</u>		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	<u>YES</u>	<u>NO</u>	
			<p>In addition, the Company implemented the "Trade Secret Innovative Registration" system in 2023 to enhance trade secret protection and maintain its competitive advantage. The system was officially launched on March 1, 2023.</p> <p>(5) Certification: The Company is certified by the Taiwan Intellectual Property Management System (TIPS) Class A on December 29, 2023, valid until December 31, 2024.</p> <p>xi. Information Security Governance: 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 2023 execution status is as follows:</p> <ol style="list-style-type: none"> (1) Assign 4 information security personnel. (2) The total amount invested in certification, authorization, and equipment were 6.97 million dollars in 2023. (3) Conduct cyber security audit regularly. (4) In response to changes in the ERP network architecture, a business continuity planning drill is conducted. (5) Promote information security and conduct regular (every two weeks) email social engineering drill, enhance employees' response and alertness to information security risks. (6) Perform one offsite backup and restore tests. (7) Hold one meetings of the Personal Data Committee. (8) Hold four status meetings organized by the information security management team of the Sustainable Development and ESG Committee, to discuss sustainable goals. (9) In accordance with the ISMS system, the Company's ISO27001 was revalidated and certified on May 27, 2023 (validity period: May 27, 2023 to October 31, 2025). (10) Information security governance implementation status was reported at the 15th meeting of the 20th session of the Board of Directors on January 19, 2024.
9. 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. The Company ranked among the top 5% Corporate Governance Evaluation Awards of the Taiwan Stock Exchange Corporate Governance Center (all 928 listed companies in 2022) in 2023. The Company continues to strengthen corporate governance. Improved items: (1) Added supervising risk management authority to the Audit Committee. (2) Added rules governing financial and business matters between related parties. (3) Set about to introduce the Taiwan Intellectual Property Management System (TIPS).			

Evaluation Item			Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			Abstract Illustration		
			YES	NO	
Prioritized items awaiting improvement:					
Item	Indicator items		Description and improvements		
1.1	Does the Company report the remuneration of the directors in the annual general meeting, including remuneration policy, individual remuneration and amount?		The Company will conduct an internal evaluation.		
2.3	Whether the Chairman and General Manager or other equivalent job position (top managers) are not the same person, spouses or relations within the first degree of kinship?		Maintain the status quo.		
2.23	Whether the Regulations for the Performance Evaluation of the Board is approved by the Board of Directors, and subject to external evaluation every three years as clearly stipulated? Is the implementation status and result of evaluation in the current year or the past two years disclosed on the company website or in the annual report?		The Company has established the "Regulations for the Performance Evaluation of the Board". External evaluation is still evaluating.		
3.13	Whether the Company has voluntarily disclosed the individual remuneration of the Directors in its annual report?		The Company will conduct an internal evaluation.		
3.21	Whether the Company has voluntarily disclosed the individual remuneration of the General Manager and Deputy General Manager in its annual report?		The Company will conduct an internal evaluation.		

Note 1: 2024 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.	V	



Item	Independence		Compliance with independence	
	Item	Explanations	YES	NO
	(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.			
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 affect 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 challenged. Examples of circumstances that create advocacy threats for a professional accountant include: (1) The firm promoting or brokering shares in an audit client or other securities issued by the client. (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.	V		
9	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: (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. (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. (3) A professional accountant accepting gifts or preferential treatment from the client, the client's Director, supervisor, officer or major stockholder.	V		
10	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: (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. (2) A firm being pressured to reduce inappropriately fees, in order to compel the firm to reduce the extent of work performed.	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
Measurement index	<ul style="list-style-type: none"> ● Audit experience ● Training hour ● Turnover rate ● Professional support 	<ul style="list-style-type: none"> ● Accountant workload ● Audit commitment ● Status on Engagement ● Quality support capability 	<ul style="list-style-type: none"> ● Non-audit service fee ● Customer familiarity 	<ul style="list-style-type: none"> ● Deficiency and punishment of external audit ● Issuance letter of improvement from competent authority. 	<ul style="list-style-type: none"> ● Innovative plan or initiative
Evaluation result	Above industry standards	Above industry standards	Meets industry standards	Meets industry standards	Meets Company requirements

Based on the evaluation result above, Accountants Ming Yuan Chung and Yu Feng Huang from Deloitte & Touché are qualified and appointed as the Company's CPAs.

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, 2024 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 “Independence of audit and review”. 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

February 16, 2024

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, 2024 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 “Independence of audit and review”. 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

February 16, 2024

Note 4: Directors Training in 2023

Title	Name	Date	Organizer	Course	Hours
Director	Shenglin Andrew Tseng	2023.11.09	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape	3
		2023.08.09	Taiwan Institute of Directors	Rise of AI technology – Chat GPT development and business opportunities	3
		2023.07.13	Taiwan Institute For Sustainable Energy	The 33th TCCS Council Meeting and CEO Lecture	2
		2023.04.20	Taiwan Institute For Sustainable Energy	The 32th TCCS Council Meeting and CEO Lecture	2
Director	Mei-Ching Tseng	2023.08.23	Taiwan Institute of Directors	Model transformation	3
		2023.08.09	Taiwan Institute of Directors	Rise of AI technology – Chat GPT development and business opportunities	3
Director's corporate representative	Kao Shiow Ling	2023.10.26	Taiwan Institute of Directors	Building a smart enterprise with digital innovation and sustainable transformation	3
		2023.04.27	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape	3
Director	Yen-Shiang Huang	2023.11.09	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape	3
		2023.08.09	Taiwan Institute of Directors	Rise of AI technology – Chat GPT development and business opportunities	3
Director	Jue-Jia Chang	2023.11.09	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape	3
		2023.07.11	Taiwan Association Corporate Governance	How to effectively manage omnipresent risk?	3
Director	Chih-Sheng Chang	2023.11.09	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape	3
		2023.08.09	Taiwan Institute of Directors	Rise of AI technology – Chat GPT development and business opportunities	3
Director	Hsing-Chun Chen	2023.11.09	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape	3
		2023.08.09	Taiwan Institute of Directors	Rise of AI technology – Chat GPT development and business opportunities	3
Director	Chih-Wei Lai	2023.11.09	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape	3
		2023.08.09	Taiwan Institute of Directors	Rise of AI technology – Chat GPT development and business opportunities	3
Independent Director	Feng-I Lin	2023.11.09	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape	3
		2023.08.09	Taiwan Institute of Directors	Rise of AI technology – Chat GPT development and business opportunities	3
		2023.06.06	Securities & Futures Institute	Understanding and application of credit rating	3
Independent Director	Ching-Pu Chen	2023.11.09	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape	3
		2023.10.04	Taiwan Association Corporate Governance	How the Board of Directors established the ESG sustainable governance strategy	3
Independent Director	I-Fan Miao	2023.11.09	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape	3
		2023.08.09	Taiwan Institute of Directors	Rise of AI technology – Chat GPT development and business opportunities	3

Independent Director	Chen Jing	2023.11.09	Taiwan Institute of Directors	Taiwan's economy outlook in a changing global landscape		3
	Ning	2023.08.09	Taiwan Institute of Directors	Rise of AI technology – Chat GPT development and business opportunities		3

(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">● Education:<ol style="list-style-type: none">1. Master of Economics, Nankai University2. Bachelor of Accountancy, Soochow University● Experience and expertise:<p>Want Want Group Deputy General Manager with background in finance and accounting.</p>	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">● Education:<ol style="list-style-type: none">1. PhD in Decision Sciences, Harvard University2. Master of Engineering Science, Harvard University3. Bachelor of Electrical Engineering, math, Virginia Military Institute● Experience and expertise:<p>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>		0



Independent Director	I-Fan Miao	<ul style="list-style-type: none"> ● Education: Master of Laws, Peking University ● Experience and expertise: Currently a practicing lawyer who assists in communication between Consumer Foundation and consumers 		0
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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 2023 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.

- Periodically reviewing the Remuneration Committee Charter and making recommendations for amendments.
- Establishing and periodically reviewing the performance assessment standards, and the policies, systems, standards, and structure for the compensation of the Directors and managerial officers.
- 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:

- Ensuring that the compensation arrangements of the Company comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
- 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.
- 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.
- 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.
- 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
2023.01.06	<p>Motion 1: Amendment to the "Remuneration Committee Organizational Charter".</p> <p>Motion 2: Set up the managers' year-end bonus for 2022.</p>	<p>Motion 1: The case was approved and the proposal was submitted to the Board of Directors for resolution.</p> <p>Motion 2: (The stakeholders (General Manager Shenglin Andrew Tseng and CFO Nick Hung) were requested not to be present when the decision was made.)</p>

	<p>Motion 3:</p> <p>The "2022 Annual Excessive Profit Bonus Scheme" for Shanghai Grape King Enterprises Co., Ltd.</p>	<p>1. The case was passed and the proposal was submitted to the Board of Directors for resolution.</p> <p>Motion 3:</p> <p>(The stakeholder (General Manager Shenglin Andrew Tseng) was requested not to be present when the decision was made.)</p> <p>The case was passed and the proposal was submitted to the Board of Directors for resolution.</p>
2023.02.22	<p>Motion 1:</p> <p>Issues on remuneration of employees and distribution of remuneration of Directors of the Company in 2022.</p>	<p>Motion 1:</p> <p>The case was passed and the proposal was submitted to the Board of Directors for resolution.</p>
2023.05.09	<p>Motion 1:</p> <p>The Company's 2022 (paid in 2023) managers' compensation.</p>	<p>Motion 1:</p> <p>(The stakeholders (General Manager Shenglin Andrew Tseng and CFO Nick Hung) were requested not to be present when the decision was made.)</p> <p>The case was passed and the proposal was submitted to the Board of Directors for resolution.</p>

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?			<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. Sustainable development affair Director is assigned, the ESG framework is classified into 16 ESG 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. The Committee reports regularly to the Board of Directors every year.</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 & ESG Committee" with the purpose of achieving the Company's sustainable development goals: namely, corporate governance, product responsibility, R&D, happy workplace, prosperous society and a green environment.</p> <p>Main tasks are as follows:</p> <ul style="list-style-type: none"> - Create and revise the Sustainable Development Report - Integrate material risk issues - Plan and implement ESG annual plan <p>3. The "Sustainable Development and ESG Committee" regularly reviews and reports the implementation results and improvements, and hold meeting twice 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 2023 with the following motions: (1) Distribution of TCFD questionnaires and sharing of industry benchmark trends; (2) Report on the implementation of annual sustainability goals by responsible teams; (3) Analysis on the result of major issues concerning stakeholders; (4) Sharing of global sustainable development trends; (5) Analysis and discussion of Taskforce on Nature-related Financial Disclosures (TNFDs); (6) Report on the implementation of annual sustainability goals by responsible teams and annual goal adjustments. The implementation status of sustainable development initiatives in 2023 was reported to the Board of Directors on January 19, 2024. Six major sustainable development areas were determined according to our corporate culture alongside technology, health, and expectations. Key points of implementation are based on categories such as governance, environment, and society.</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.</p> <p>For more details, please refer to the ESG Management Structure in the Preface section of the 2023 ESG Report.</p>
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	V		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	Summary	
	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. . .			
strategies?(Note 2)	After risk evaluation, relevant risk management policies or strategies are formulated as follows:			
	Material issue	Risk evaluation aspect	Risk management policies or strategies	
	Environmental	Risks relevant to climate change	Climate change and environmental risk: 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. 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 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.	
	Social	Operational risk Hazardous risk	Talent development and employee welfare: 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. 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.	
	Corporation Governance	(1) Financial risk (2) Operational risk	(1) Financial risk: Ensure effective response that impacts interest rates, exchange rates and credit risks. (2-1) Supply chain risk: Continue to manage customers and suppliers, regularly conduct supplier evaluation; on-site evaluation and monitoring of supply quality	

Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
			<p>can help maintain a smooth supply chain and reduce supply chain risk.</p> <p>(2-2)Food safety risk: 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 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)Trade secrets, patent and trademark rights: Protect trade secrets, patent and trademark rights to strengthen core technologies and ensure brand advantage.</p> <p>(3)Product development and release: 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 2023 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 2023 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 2023:</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) Zhongli 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 Zhongli Plant to continuously protect the environment.</p> <p>v. Improving energy efficiency: There are 28 heaters operating in the substation panel on the 3F of the Pingzhen Plant; The PKL filling machine air conditioner was a 5RT air cooled water chiller in Zhongli Plant. It was replaced with a public system with cooled water and fan blower. The operation schedule of the process cooling water supplying</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	
(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>pump (40HP and 15HP) at the Longtan Plant was adjusted. A total of 10 energy-saving measures were implemented.</p> <p>vi. 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>vii. 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>viii. Obtained management system certifications:</p> <p>ISO 50001 energy management system certification (Valid from October 8, 2022 until October 8, 2025)</p> <p>ISO 14001 environmental management system certification (Valid from Sep. 11, 2023 until Sep. 11, 2026)</p> <p>For more details, please refer to Environmental Management in CH6 Green Environment of the 2023 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>vi. Supporting green energy: The Company actively participates in RE100 and sets the goal of achieving 100% renewable energy by 2035. It has signed a two-year contract with a renewable-energy-based electricity retailing enterprise in 2021. Pingzhen headquarters has transitioned to green power (solar energy) since June, 2022. By November 30, 2023, the facility had successfully achieved its goal of utilizing 2% renewable energy, with a total of 900,000 kW of solar power transferred. The 180kW solar power system installed at the Longtan Plant since November 10, 2022, has generated 205,764kW of electricity as of December 31, 2023. This can reduce carbon dioxide emissions by 101,854kg.</p> <p>vii. For more details, please refer to 3.3.2 Design of Green Product Package in CH3 R&D Innovation and Environmental Management in CH6 Green Environment of 2023 ESG Report.</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			<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, health and energy policies. It also actively implements its</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																
consumption and carbon emission as well as greenhouse gas reduction?		<div>Summary</div> <p>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 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><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. Fire emergency generators are set up in Pingzhen, Zhongli, Longtan, and Yongfeng Plants. Additionally, there is UPS backup system to ensure stable power for research and development equipment at Longtan Plant, minimizing disruptions caused by unexpected outages.</td></tr><tr><td>Crisis relevant to Electricity Shortage</td><td>Impact on public and production facilities as well as factor's production yield rate</td><td>1. The design and plan for the new factory would include a backup power system and reduce production loss due to external factors. 2. Utilize an Uninterruptible Power System as auxiliary power specifically for lab equipment to keep research and development projects protected. 3. For high/low-voltage power equipment, a mechanical and electrical inspection company conducts monthly inspections, performs infrared temperature measurement and overall annual maintenance, so as to ensure normal operation of the plant's main power supply equipment. 4. In response to climate change and energy conservation, the Company increased its energy efficiency target from 1% to 1.5% in 2023 in accordance with the annual energy declaration to MOE and the ISO50001 energy management system. A total of 10 energy-saving measures were proposed across Pingzhen, Zhongli, and Longtan Plants. The total energy efficiency volume was 481,641kW, which represents 1.6% of energy savings, achieving the energy-efficiency target of 1.5% energy savings.</td></tr><tr><td>Water rationing and</td><td>Affect the operation of public</td><td>1. Continue to evaluate and plan measure for recycle and</td></tr></tbody></table>	Identification of climate change risk	Risk or impact	Response measures and related actions taken in the year	Global Warming	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.	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. 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(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?			<table><tr><td>water shortage crisis</td><td>and process equipment and production schedule in the plant.</td><td>reuse of water resource, as well as backup mechanism for water supply pipes in the plant. 2. Continue to improve efficiency of recycle and reuse of water resource. Accumulated ROR recycle water from Pingzhen, Zhongli and Longtan. The accumulated water recycling volume was 53,060 tons in 2023. The accumulated carbon reduction was 8,489kg.</td></tr></table> <p>For more details, please refer to 1.3 Risk Management in CH1 Ethics Governance of the 2023 ESG Report.</p> <p>(4) The Company first introduced ISO14064-1:2018 external inventory in 2022. The organizational boundary includes Grape King Bio Ltd., Pro-Partner Co., Ltd., and Rivershine Ltd. ISO14064-1 scopes 1, 2 were certified by a third party in 2022. The Company's has not received a complete assurance opinion for its 2023 Greenhouse gas inventory before the publication of this annual report. A complete assurance report will be disclosed on the Company's website under the ESG section.</p> <p>The carbon emissions in the past two years are as follows:</p> <table><tr><th>Item</th><th>2022</th><th>2023</th></tr><tr><td>Scope1 : Direct emission volume(metric ton).</td><td>5,633.7225</td><td>6,227.3267</td></tr><tr><td>Scope2 : Indirect emission volume(metric ton).</td><td>16,544.0541</td><td>16,425.7044</td></tr><tr><td>Greenhouse gas total emission (metric ton) (note 1).</td><td>22,177.7766</td><td>22,653.0311</td></tr><tr><td>Unit product emission(kgCO2e/kg).</td><td>2.83</td><td>2.87</td></tr></table> <p>Covering scope: The GHG emission of 2022 and 2023 included Grape King Bio Ltd, Pro-Partner Ltd, Rivershine Ltd.</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, CO₂, CH₄, and N₂O.</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. 2022 data was verified by SGS Taiwan Ltd. An audit report is available on the Company's website. Data for 2023 has yet to be evaluated. SGS Taiwan Ltd is scheduled to verify data for Grape King Bio Ltd and Rivershine Ltd in the second half of 2024. The audit report will be available on the Company's website after evaluation.</p> <p>Data on water source and waste management in the past two years are as follows:</p>	water shortage crisis	and process equipment and production schedule in the plant.	reuse of water resource, as well as backup mechanism for water supply pipes in the plant. 2. Continue to improve efficiency of recycle and reuse of water resource. Accumulated ROR recycle water from Pingzhen, Zhongli and Longtan. The accumulated water recycling volume was 53,060 tons in 2023. The accumulated carbon reduction was 8,489kg.	Item	2022	2023	Scope1 : Direct emission volume(metric ton).	5,633.7225	6,227.3267	Scope2 : Indirect emission volume(metric ton).	16,544.0541	16,425.7044	Greenhouse gas total emission (metric ton) (note 1).	22,177.7766	22,653.0311	Unit product emission(kgCO2e/kg).	2.83	2.87
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	<u>Yes</u>	<u>No</u>	
		<p>(i) Promotion measure: promote energy conservation, transition to low-carbon energy, introduce energy efficiency improvement design, optimize energy efficiency, and raise energy conservation awareness among employees through behavioral patterns such as schedule control, machine management and increased equipment efficiency to reduce electricity consumption</p> <p>(ii) Reduction target: The annual energy efficiency rate is 1.5% following the operation mode of the PDCA energy management system. The energy efficiency target is 451,326kW. The Company joined the international RE100 organization in 2019, with its commitment to use 100% renewable energy by 2035.</p> <p>(iii) Achievement: A total of 10 energy-saving measures were proposed. The energy efficiency rate was 1.6%; the energy savings was 481,641kW, and the CO₂e were reduced by 238,412kg. In 2018, the Health and Vitality Power Center was equipped with a solar energy generator to provide overall lighting. Power generation in 2023 was about 273kW, accounting for 0.2% of the total power consumption of the Center, and CO₂ emissions were reduced by about 135.1kg CO₂e/year. In renewable energy certificate, the company invested 8 million dollars for the Solar Photovoltaic System at the Longtan Plant. The capacity was 180KW, obtained 191 sheets of renewable energy certificates in 2023. As of December 31, 2023, the accumulated electricity generated was 205,764kW, which can reduce carbon dioxide emissions by 101,854kg. The Company has signed a 2-year contract to purchase 0.9 million kW of green power (solar energy) from a renewable-energy-based electricity retailing enterprise. A total of NT2.82 million for 600 units of renewable energy certificates was invested in 2023. As of November 30, 2023, the transferred volume has reached the first-stage target of 900,000 kW. The green power purchase contract was renewed for 2024 to 2026, for 3.6 million kW.</p> <p>(iv) Received certification of ISO 50001 (energy management system). (Validation period: October 8, 2022~ October 8, 2025).</p> <p>Water resources management:</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 2023, a total of 53,060 tons of water was recycled by the end of 2023, and 8,489kg of carbon emissions were reduced.</p> <p>Waste management:</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) (Validity period: September 11, 2023~ September 11, 2026)</p> <p>Other environment-related management</p> <p>(i) Promotion status:</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>● 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.</p> <p>● 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 equipment evaluation form as reference for the purchasing personnel.</p> <p>(ii) Relevant certifications: Received certification of ISO 45001 (occupational safety and health management system) (Validation period: August 28, 2023~August 28, 2026). Received certification of CNS45001 (Taiwan occupational safety and health management system) (Validation period: August 28, 2023~August 27, 2026). For more details, please refer to CH6 Green Environment of the 2023 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) Protecting rights is a fundamental value at Grape King Bio. The Company has established and implemented a "Human Rights Policy" based on relevant employment laws in Taiwan and China. The policy also adheres to international human rights standards, including the "International Bill of Human Rights", "OECD Guidelines for Multinational Enterprises", "Universal Declaration of Human Rights", "ILO Declaration on Fundamental Principles and Rights at Work", "United Nations Guiding Principles on Business and Human Rights (UNGPs)", "The Convention on the Rights of Children (CRDP)", and "The United Nations Global Compact (UNGC)", and other international guidelines / standard core elements and local company laws. The Company has established a Code of Conduct for Suppliers, which outlines expectations for ethical labor practices. This code encourages suppliers and business partners to develop similar policies within their own companies to help identify and prevent potential human rights risks faced by employees across the entire corporate and supply chain. If any violations or harmful impacts on human rights are identified through annual internal audits, the Company is committed to seeking fair and just remedies.</p> <p>The Company fosters a diverse and inclusive workplace, where we value equal opportunity and respect for all employees regardless of race, gender, skin color, nationality, social background, ethnicity, religion, or age. We are committed to providing a safe and healthy work environment for all employees. This includes strict adherence to employment and labor act regulations. We forbid any form of forced labor or child labor. We maintain a workplace free from violence, harassment, intimidation, and any internal or external threats. We implement safety protocols as well as management policies and procedures.</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. In 2023, three of the four complaints received have been resolved. The remaining complaint is under investigation and corrective actions are being implemented. We will continue to manage and follow up on all complaints in the future.</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. One sexual harassment case was filed in 2023. Relevant courses will be conducted to strengthen employee awareness of appropriate behavior and</p>	No major difference

<u>Promoted Item</u>	<u>Implementation Status (Note 1)</u>		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	<u>Yes</u>	<u>No</u>	
(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			<p>language, while emphasizing professional conduct as well as mutual respect, and fostering a workplace culture of gender equality.</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. There were four violations against labor laws in 2023. The Company has re-evaluated its manpower allocation, working hour management, and administrative process. Additionally, it improved information dissemination and communication between managers and employees.</p> <p>iv. To manage the Company's occupational safety and health procedures, an Occupational Safety and Health Committee was set up to advocate, promote, and establish a safe and healthy work environment. There were two violations against occupational safety laws in 2023. The Company has implemented shift schedules for special operators. Additionally, security inspections were conducted periodically on chemical and machinery equipment.</p> <p>v. 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 PDCA 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 stress were held, which were 3 hours in total. A total of 96 people had attended the training with a 93.4% satisfaction. EAP specialists were assigned to conduct visits and provide guidance programs to high-risk personnel for a total of 5 sessions. In 2023, several initiatives were undertaken to strengthen organizational communication and listening. The "Appointment with the Chairman" event held four times had 13 participants. Activities organized include 70 visit and guidance program sessions with EAP specialists and 8 quarterly briefing sessions for foreign employees. In addition to required on-the-job interviews, 40 resignation interviews were conducted to gather feedback and insights from employees. 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. Two impromptu talk shows focused on stress relief were held with 107 participants. 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 2023 ESG Report.</p>
		(2)	<p>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> <p>i. The Board of Directors has established the Remuneration Committee in charge of handling the manager's compensation policy, system, structure, and review.</p>

Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
employees properly?		<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>vii. The Company conducts employee satisfaction surveys regularly and sets annual satisfaction targets. For areas that fall short, improvement plans are developed to address them.</p> <p>viii. In 2023, managerial and non-managerial positions received salary adjustments ranging from 1~3% based on company performance and individual performance.</p> <p>ix. 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 49.3% and 50.7% in 2023. The proportion of male to female new employees in 2023 was 1:1.1. 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 52.7% female employees and 46.6% female managers in 2023.</p> <p>Employee welfare programs: Regarding the Company's employee welfare programs, retirement system and their implementation, please refer to page 144-145 of this annual report. For employee safety and workplace protection measures and their implementation, please refer to page 145-148 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 2023 ESG Report.</p> <p>(3) The Company is dedicated to disaster prevention and protection. A total of 1,697 hours of occupational safety and health training was held in 2023. There were five occupational injury in 2023, five person with temporary disability (1% of the total number of employees at the end of 2023), disabling injury frequency rate (FR) was 4.3 (Peers 2.98 - 44% higher), disabling injury severity rate (SR) was 59 (Peers 113, 48% lower), Frequency-Severity Indicator, FSI was 0.5 (Peers 0.578, 12% lower). Occupational accident rate is lower than that of peers, and the Pingzhen Plant also reached 370,000 accident-free working hours in May 2023, the goal of zero injury has yet to be achieved. The Company undertook a comprehensive safety review, implemented various project inspections and improvements, reinforced safety trainings on automatic equipment and key hazard incidents, controlled machine safety interlock devices, and reaffirmed its commitment to safety. It launched a health care management program to ensure a safe, healthy, and comfortable work environment.</p>	



Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons																										
	Yes	No																											
(4) Has the Company developed an effective training program for employees?			No major difference																										
	Summary																												
	There was zero fire incident and no personnel injury with 0% casualty rate in 2023. The Company will continue to focus on occupational safety training and occupational accident prevention to improve fire safety management. The Company's training and promotion in the past two years:																												
	<table><tr><th colspan="2">Occupational safety training</th><th>2022</th><th>2023</th></tr><tr><td rowspan="2">Participant category (Employee / Contractor)</td><td>Employee</td><td>378</td><td>359</td></tr><tr><td>Contractor</td><td>50</td><td>60</td></tr><tr><td colspan="2">Total number of participants</td><td>428</td><td>419</td></tr><tr><td rowspan="2">Hour</td><td>Employee</td><td>1,706</td><td>1,517</td></tr><tr><td>Contractor</td><td>150</td><td>180</td></tr><tr><td colspan="2">Total training hour</td><td>1,856</td><td>1,697</td></tr></table>			Occupational safety training		2022	2023	Participant category (Employee / Contractor)	Employee	378	359	Contractor	50	60	Total number of participants		428	419	Hour	Employee	1,706	1,517	Contractor	150	180	Total training hour		1,856	1,697
	Occupational safety training			2022	2023																								
	Participant category (Employee / Contractor)	Employee		378	359																								
		Contractor		50	60																								
	Total number of participants			428	419																								
	Hour	Employee		1,706	1,517																								
		Contractor		150	180																								
Total training hour		1,856	1,697																										
The Pingzhen plant and Longtan plant (certified in August 2023) have obtained ISO 45001 and Taiwan Occupational Safety and Health Management System (TOSHMS) certifications.(2023/08/28~2026/08/28)																													
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 2023 ESG Report.																													
(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 map, and talent development training. An innovative R&D center of the R&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, there were proposals to conduct competency assessments and training programs for the management team. The Company continues to implement ESG and human capital development strategies. It also passed the TTQS re-evaluation, receiving a silver plate certification in 2023. In 2024, the Company will																													

Promoted Item	Implementation Status (Note 1)										Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary								
	further refine and expand its talent cultivation and development approach, as well as build a future-oriented talent pool that supports its goal of sustainable talent development. Training status according to employee position and gender in the past two years:										

Promoted Item	Implementation Status (Note 1)											Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary									
(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?			penetration rate	Personnel on production line	99%	88%			100%	100%		
				Other personnel	97%	92%			100%	100%		
			Average hours of annual training	Supervisor above management level	14.6	13.4			17	24.3		
				Personnel on production line	13.4	8.6		15	17.3	14.4	18	
				Other personnel	15.0	14.5			18.8	14.5	18	
(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?												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. Supplier audit : The Company conducted on-site audit for 220 raw material suppliers in 2023, with a 100% audit rate.</p> <p>3. Management of supplier classification: Five major factors; namely, quality, cost, delivery, service/cooperation and integrity were classified as the basis for supplier risk management.</p> <p>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.</p> <p>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. The Company actively cooperated with labor inspections and held 3 occupational safety sessions as well as health promotion event in 2023.</p> <p>For more details, please refer to 2.2 Supply Chain Management in CH2 Product Liabilities of the 2023 ESG Report.</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?		V	<p>The Company's 2023 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 & Personal Products and Processed Foods industries. In accordance with standards such as the Taiwan Stock Exchange Corporation's "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", the ISO26000 Social Responsibility Guidance, and the United Nations Global Compact. 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 2023 ESG Report of the Company was issued in April, 2023 and is also available on the Company website (www.grapeking.com.tw) for viewing and downloading.</p> <p>For more details, please refer to the About section of the 2023 ESG Report.</p> <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>7. Other important information to help understand the implementation of corporate social responsibility programs:</p> <p>2023 Governance Performance</p> <ul style="list-style-type: none"> Corporate governance <ul style="list-style-type: none"> (1) Examined by external certifying unit (BSI) and obtained the ISO37001 Anti-bribery management system certification in 2023. (2) The "Anti-corruption and Anti-bribery Policy" was approved by the Board of Directors in 2023. The Company implements ethical management through this policy. (3) The performance evaluation results of the Board of Directors, individual director, and functional committees are "excellent" in 2023. (4) Zero case regarding integrity management was filed or reported (including anonymous report) in 2023. (5) There were no instances of corruption or bribery, conflict of interest, money laundering or insider trading in 2023. (6) The risk evaluation result of anti-corruption and integrity management in 2023 was low risk. (7) Adopted SASB indicators (processed food industry was added to existing personal and household goods industry) for ESG communication with investors. Product innovation <ul style="list-style-type: none"> (1) There were 21 journals published and 32 patents applied in 2023. (2) A total of 2 products had received Symbol of National Quality (SNQ) in 2023. 			

- (3) 2023 Taiwan BIO Innovation Award.
- (4) The Company secured NT\$3.63 million funding from the Hsinchu Science Park Bureau, National Science and Technology Council for its health cross-disciplinary project in 2023.
- (5) A total of 289,545,000 dollars was invested in innovation and development in 2023.

- Food safety and supply chain management

- (1) Passed 15 microbiota and chemical ability tests executed in 2023.
- (2) 100% recovery rate from sustainability self-assessment surveys of key suppliers, and maintain 100% compliance on the annual regular supplier evaluation in 2023.
- (3) The Smart Multi-level Communication Platform for Suppliers' participation rate was 89.94% in 2023.
- (4) Tracking and inspection on production line has been 100% completed in 2023. The output value ratio of the products produced by the inspected production line was 100%.

- Customer satisfaction and regulatory compliance

- (1) Online customer service management system on quality-related issues in 2023.
- (2) Continued to update customer inquiries to constantly understand customers' needs and ensure consistency and accuracy in reply.
- (3) Completed product refresher training courses every month led by professional nutritionists on new products and common product inquiries from customers to enhance service quality.
- (4) Certified by the Taiwan Intellectual Property Management System (TIPS) Class A in 2023.
- (5) Held Confidential Information Management System seminars and intellectual property related trainings.

- Brand value

- (1) Received a Platinum Award from TCSA corporate sustainability report in 2023.
- (2) Received top 100 sustainable corporate models in 2023.
- (3) Rank in top 5% of the listed companies for excellent corporate governance by the TWSE in 2023 for the 3rd consecutive year.
- (4) Received Silver medal from Taiwan Sustainability Action Award - Social inclusion category in 2023.
- (5) 2023 Taiwan BIO Innovation Award for "Functional Lactobacillus plantarum GKM3®".
- (6) Golden Awards for Happy Enterprise in the 1111 Job Bank voting event in 2023.
- (7) First Place in Quickseek ESGdata's ESG Survey in 2023.

Social Performance in 2023

- Talent development and employee welfare

- (1) SGS 2023 ISO PLUS Awards - Occupational Safety and Health Award and iSports Enterprise Certificate.
- (2) Received the "Influenza Prevention Alliance Gold Award" from the Corporate Epidemic Prevention Alliance of Taiwan Immunization Vision and Strategy in 2023.
- (3) Received silver plate certification Talent Quality-management System (TTQS) from Ministry of Labor again in 2023.
- (4) Maintain no accident during 2014 and 2023 (9 consecutive years).
- (5) The ratio of male employee to female employee was maintained at 50:50 in 2023.
- (6) Continued to hold "Ethical performance" course in 2023.
- (7) Grape King Bio Learning College structure in 2023 while planning and establishing College Talent Cultivation Plan in Research and Developing Department (IRC & QA).

- Community investment

- (1) Completed campus needs survey for disadvantaged children in 2023 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-Dan elementary School
Amount	NT\$200,000	NT\$150,000	NT\$200,000	NT\$200,000	NT\$100,000	NT\$50,000	NT\$160,000	NT\$150,000	NT\$90,000	NT\$100,000

- (2) Donated 3 units of meal plans for disadvantaged group, serving a total of 16,625 persons

- (3) Ordered 200 boxes of Mid-Autumn Festival mooncakes from Hong Ja Educational Private Shelter for sharing love and care in the neighborhood community in 2023.

- (4) The Company has planned cooperation project with three associations in 2023 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 Zhongji 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\$1,310,000
Zhongli Plant - Zhenxing Village	Mid-Autumn Festival giftbox neighborhood safety, and environmental improvement	NT\$300,000
Pingzhen Plant-Beixing Village	Mid-Autumn Festival gifts	NT\$100,000

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 2023:

Issue	Current status	Action plan
Prevent water pollution	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.	Reinforce the supervision on the discharge, and conduct monthly analysis and supervision on discharge sample by nearby residents' request.
Improve noise prevention	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.

For more details, please refer to "4.1 Human Rights" in "Chapter 4 Happy Workplace" of the 2023 Sustainability Report.

- Support domestic culture development

To promote corporate social responsibility and improve arts and cultural participation, the Company supported domestic cultural development in 2023 by contributing NT\$44.04 million dollars to performing groups, theater productions, movies, cultural events or exhibitions. Nine festive events were held in Taipei, Taichung, and Kaohsiung, featuring local singers, famous bands, and performing groups. The total expense was 37.76 million NT dollars, with over 34,000 participants. The Company strategically invested 3.24 million dollars in the local film and television industry by supporting film productions like "Wave Makers", "Billionaire Story", "XI It's Monday again", "U Motherbaker", and "Tales of Taipei". It also hopes to spread positive energy through music. It was the title-sponsor of product spokesperson Shou's Taipei concert, which attracted 5,000 attendees and represented an investment of NT\$ 2 million dollars. Committed to sustainability, the Company also supports various domestic cultural development activities through its high-quality products.

Event period	Type	Name of event	Way of sponsor
2023/09/22~2023/09/24 2023/10/28~2023/10/29	Drama	"Thank you for watching" stage play	Sponsor cash, energy drinks and health food worth NT\$230,000.
2023/09/11~2023/09/16	Drama	"The Miracles of the Namiya General Store" by Godot Theatre Company	Sponsor energy drinks and health food worth NT\$80,000.
2023	Drama	Online comedy "Sweet GA"	Sponsor energy drinks and health food worth NT\$100,000.
2023/12/25	Art event	Yu Chun Weng's new song press	Sponsor energy drinks and health food



			conference	worth NT\$200,000.
2023/11/25	Art event		Andrew Charity Association - academic competition	Sponsor cash NT\$100,000.
2023/10/21~2023/11/26	Art event		Taoyuan Iron Rose Festival	Sponsor energy drinks worth NT\$50,000.
2023/10/20~2023/10/29	Art event		Taiwan International Queer Film Festival	Sponsor energy drinks worth NT\$20,000.
2023/09/28~2023/10/10	Art event		Taoyuan Film Festival	Sponsor energy drinks worth NT\$30,000.
2023/09/10~2023/09/15	Art event		MÜST International Songwriting Camp	Sponsor energy drinks worth NT\$20,000.
2023/02/13~2023/02/23	Exhibition		Children's artistic world – children art exhibition	Sponsor related expenses about NT\$210,000.

Environmental Performance in 2023

- Climate commitment and environmental advocacy

- (1) Launched Science Based Targets initiative (SBTi) goal to 1.5°C setting plan in 2023.
- (2) Held public welfare event "Spreading Love with White Bottles" in 2023; the environmental protection department recycled 360kg of empty plastic bottles and sent them to recycling plants in July to make into plastic pellets for recycling and reuse.

- Energy and water management

- (1) Total electricity saving from the three plants was 481,641kW, which was 238,412kg reduction on CO2 emission and 1.64% on electricity saving rate in 2023.
- (2) Invested NT\$8 million in establishing the "Solar Photovoltaic System" at the Longtan plant. Generated 205,764kW of electricity as of December 31, 2023. This can reduce carbon dioxide emissions by 101,854kg. and obtained 191 sheets of renewable energy certificates.
- (3) Purchased NT2.82 million for 600 sheets of renewable energy certificates in 2023. The total transferred volume up to the end of November was 900 thousand kW, which had achieved the goal to use renewable energy by 2% in phrase 1.
- (4) The water recycling volume from the three plants was 18,989 tons in 2023; whereas the accumulated recycling volume was 53,060 tons. The carbon dioxide reduction was 8,489kg.

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.

Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation of Climate-Related Information

Item	Implementation status
<p>1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<p>The Chairman holds the highest position in the Sustainable Development and ESG Committee. The representative of the senior manager acts as the committee member, and representatives from each department (Financial Division, Research and Development Division, Manufacturing Division, SCM Division, Business Division, Administration Division, Health and Safety Department, Human Resource Department, Overseas Investment or Relations Department) serve as committee members. Meetings should be held at least once every six months to discuss and execute the ESG annual plan. In January and August of every year, all members join the ESG target discussion and report on the progress of ESG initiatives, and regularly check the effectiveness of the climate risk management mechanism.</p> <p>The Committee establishes various task forces (including those focused on climate risk, greenhouse gas mitigation, and RE100 implementation) that convene at least once every quarter and are responsible for the development of action and target plans to address related issues. Relevant departments facilitate communication across departments to gather current information and suggestions. They also report to the Chairman and the Board of Directors on the implementation status and improvement progress.</p>
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<p>Climate change will directly or indirectly affect the Company's finance, strategy, operation, and product. The Company prioritizes the order of significance based on indicators such as "level of impact" and "probability of occurrence" of the risk and opportunity related to climate, and comes up with relevant mitigation and adjustment measures to the risk and opportunity. Short-term to medium-term risks include cost risk of market and low-carbon technology transition. The Company continues to increase its usage ratio in renewable energy. The operation cost increases due to technology transformation. Medium-term risks include requirements and supervision</p>



Item	Implementation status
	<p>of existing products and services, and reputation risk. If the Company's sustainable performance makes no progress, it will lose investors' interest. The Company has come up with countermeasures to address previously identified risks. In terms of short-term to medium-term opportunities, it continues to expand ESG disclosure to attract investors and hopefully enter new and emerging markets to increase revenue. For more details, please refer to Chapter 6.1 of the 2023 Sustainable Report.</p>
<p>3. Describe the financial impact of extreme weather events and transformative actions.</p>	<p>The Company gradually introduces climate risk scenario analysis and appropriate physical and transition risk scenario to analyze the possible decrease in productivity caused by heat injury and operation disruptions due to flooding caused by short-duration heavy rainfall at the Company's main production location – Taoyuan City under a worst-case climate scenario. The Company has come up with countermeasures. In terms of transitional action and identified climate-related risks, the Company continues to increase its usage ratio in renewable energy, make four major strategies to prevent stock depletion, and develop low-carbon transition technologies, which may lead to increase operational costs. For more details, please refer to Chapter 6.1 of the 2023 Sustainable Report.</p>
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>Climate risk execution and greenhouse gas issue task forces set up under the “Sustainable Development and ESG Committee” report on issues related to climate change to the Committee at least twice a year while executing climate-related risk and opportunity identification procedures. The Audit Committee supervises the risk management process that respond to climate risk. In the process of identifying and evaluating risk, the front line unit reports on the climate-related issues it faces to the top management. It also defines the significance of climate risks based on risk identification or evaluation of climate risk level or risk sequence, and adopts differentiated risk management measures and draws up relevant strategies.</p>

Item	Implementation status
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>The Company conducts a scenario analysis every year and discloses the affected amount in the CDP Climate Change Questionnaire that best fits the international scenario, such as the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA), or the transition risk scenario and physical risk scenario are selected from climate-related scenarios in key operating regions. For more details, please refer to the Company's CDP Climate Change Questionnaire and Chapter 6.1 of the 2023 Sustainable Report.</p>
<p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>The Company created positive environmental influence through low-carbon transition technologies, existing energy-saving measures, increased usage of renewable energy, and upcycling waste to maximize energy efficiency in order to achieve carbon reduction targets.</p> <p>The Company has set up key indicators to measure and manage climate risk and opportunity. It uses indicators like market management, low-carbon technology transition cost, requirements and supervision of existing products and services along with reputation risk, and targets such as energy-saving efficiency, renewable energy usage rate, RE100 achievement rate, and SBTi target setting to evaluate the effectiveness of climate-related operation. For more details, please refer to Chapter 6.1 of the 2023 Sustainable Report.</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>The Company has yet to introduce internal carbon pricing.</p>
<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p>	<p>For progress of each indicator, please refer to Chapter 6 of the 2023 Sustainable Report.</p>





Item	Implementation status
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	The Company has not received a complete assurance opinion of the 2023 Greenhouse gas inventory before the publication of this annual report. A complete assurance report will be disclosed on the company website. For more details on greenhouse gas inventory and assurance status, reduction targets, strategy, and concrete action plan, please refer to Chapter 6 of the 2023 Sustainable Report.

1-1 Greenhouse Gas Inventory and Assurance Status for the 2 Most Recent Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

1. Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases in the 2 most recent fiscal years.

Company Profile	In accordance with Sustainable Development Roadmap disclosure of TWSE- and TPEX-Listed Companies
<input type="checkbox"/> Paid-in capital of more than NT\$10 billion, steel industry, cement industry	<input type="checkbox"/> Parent company inventory <input type="checkbox"/> Consolidated company inventory
<input type="checkbox"/> Paid-in capital of more than NT\$5 billion but less than NT\$10 billion	<input type="checkbox"/> Parent company to obtain assurance <input type="checkbox"/> Consolidated company to obtain assurance
<input checked="" type="checkbox"/> Paid-in capital less than NT\$5 billion	assurance

2023	Total emissions (Ton CO ₂ e)	Density (Ton CO ₂ e/thousand dollar)(Note 4)	Assurance institutions	Assurance status description (Note 3)
Scope One (Note 1)	6,227.3267	0.5855	SGS Taiwan Ltd.	The Company has not received a complete assurance opinion of the 2023 Greenhouse gas inventory before the publication of this annual report. The 2023 data of Grape King Bio Ltd. and Rivershine Ltd. will be evaluated by SGS Taiwan Ltd. in the second half of
Scope Two (Note 2)	16,425.7044	1.5444		
Total	22,653.0311	2.1300		

	Total emissions (Ton CO ₂ e)	Density (Ton CO ₂ e/thousand dollar)(Note 4)	Assurance institutions	2024. A complete assurance report will be disclosed on the Company's website.
2022				Assurance status description (Note 3)
Scope One (Note 1)	5,633.7225	0.5422	SGS Taiwan Ltd.	The 2022 data was evaluated by SGS Taiwan Ltd., and the audit report has been disclosed on the Company's website.
Scope Two (Note 2)	16,544.0541	1.5921		
Total	22,177.7766	2.1343		

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of the product/service or revenue, but the data calculated in terms of revenue (NT\$ 1 million) should at least be disclosed.

- 1-1-2
Greenhouse Gas Assurance Information
2. Describe the status of assurance for the 2 most recent fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
 - Status of assurance in 2023
 - Scope of assurance - Grape King Bio Ltd. and Rivershine Ltd.
 - Assurance institutions - SGS Taiwan Ltd.
 - Assurance standards - ISO 14064-1:2018
 - Assurance opinion - The Company has not received a complete assurance opinion of the 2023 Greenhouse gas inventory before the publication of this annual report. The 2023 data of Grape King Bio Ltd. and Rivershine Ltd. will be examined by SGS Taiwan Ltd. in the second half of 2024. A complete

assurance report will be disclosed on the Company's website.

- Status of assurance in 2022
 - ◆ Scope of assurance - Grape King Bio Ltd., Pro-Partner Ltd. and Rivershine Ltd.
 - ◆ Assurance institutions - SGS Taiwan Ltd.
 - ◆ Assurance standards - ISO 14064-1:2018
 - ◆ Assurance opinion - Grape King Bio made greenhouse gas claims in accordance with the examination guidelines. Disclosed information covers January 1, 2022 to December 31, 2022. Greenhouse gas emissions during this period reached 42,814.938 tons CO₂e, and emissions from biomass burning reached 0.0000 ton CO₂e.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

1. Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets:

- Promotional measure: Introduced ISO14064 Greenhouse Gas Inventory System ahead of government policy and obtained ISO14064 certification in 2023, committed to Science Based Targets initiative (SBTi). It expects to set SBTi goal to 1.5°C in 2024 and aims to achieve in advance Taiwan's 2050 net-zero carbon emissions.
- Target setting: It expects to receive ISO14064 certification, commit to Science Based Targets initiative (SBTi) in 2023, and set SBTi goal to 1.5°C in 2024.
- Status of achievement: Introduced ISO14064 Greenhouse Gas Inventory System across all plants in 2022 to check inventory from 7 facilities, identified 7 indirect emission inventory indicators based on 9 evaluation aspects, completed 9 management documents, obtained ISO14064 certification and committed to Science Based Targets initiative (SBTi) in 2023

(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>V</p>	<p>(1) The Company has established "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors. This set of principles outlines the policy and ethical management practices to prevent unethical behavior. It clearly states that the Company's Directors, managers, employees or persons having substantial control over the Company shall neither 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 duties that damage the interests and reputation of the Company, etc. The Board of Directors and top management have signed a "Statement of compliance with the ethical management policy" to establish and actively foster a culture of integrity and accountability. The "Ethical Corporate Management Best Practice Principles" and relevant policy have been disclosed on the MOPS and the Company's website.</p> <p>(2) In accordance with "Ethical Corporate Management Best Practice Principles", the Company has developed an "Unethical Conduct Prevention Program" approved by the Board of Directors. This program includes an evaluation mechanism to identify and evaluate high-risk ethical issues within the Company's business operations. It addresses all unethical behaviors specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", and outlines the corresponding preventive measures. The Corporate Governance Team's 2023 unethical conduct risk evaluation found that the current rules and regulations could effectively reduce unethical behavior risks, resulting in a low risk evaluation.</p> <p>The Company introduced the ISO37001-certified Anti-bribery System in 2023 while the "Anti-corruption and Anti-bribery Policy" was approved by the Board of Directors on August 9, 2023. It is committed to upholding high ethical standards when conducting business with other parties, and takes a zero tolerance approach to corruption and bribery. Guided by its commitment to ethical management principles, the Company has established, the "Anti-corruption and Anti-bribery Management Procedures" to prevent corruption and bribery, ensuring compliance to the ethical management policy.</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. The "Corporate Governance Team," dedicated to ethical management, actively monitors government regulations to ensure that the Company's corporate governance and ethical management regulations and procedures remain up-to-date. It also conducts regular unethical risk assessments and amends prevention plans accordingly. The team then reports on the implementation progress to the Board of Directors. We have also published the abovementioned</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>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.</p> <p>An anti-corruption course and supplementary test have been included in the new employee orientation to ensure employee awareness of anti-corruption practices. 142 peoples in total were tested in 2023.</p>
<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>	V		<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 2023" was reported at the 9th meeting of the 20th Board of Directors held on January 6, 2024.</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 letter of commitment, stating adherence to the "Ethical Corporate Management Best Practice Principles". The Rules of Procedures in the Board of Directors and Audit Committee Charter include an avoidance of conflict of interest clause to prevent situations where personal interests might influence decisions. 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 shall be recused from discussion and 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 companies follow Article 17 of the "Corporate Governance Code of Practice". Business transactions are based on the principle of fairness and reasonableness. The financial and business transactions between related parties are governed by written regulations. These regulations clearly define pricing terms and payment conditions for contracted matters, eliminating the possibility of unconventional transactions and strictly prohibiting any transfer of interests. Furthermore, transactions involving major related parties and companies need prior approval by the audit committee before being submitted to the Board of Directors for resolution.</p> <p>The Company has Independent Directors who offer objective guidance based on their professional expertise and experience. The Board of Directors shall give full consideration to the views of Independent Directors during discussions of any motion. Reasons for objections or reservations</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>will be documented in the meeting minutes to safeguard the Company's best interests.</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> <p>(4) The Company follows the Regulations Governing the Preparation of Financial Reports by Security Issuers and IFRSs (approved by the FSC, IAS, and Standing Interpretation Committee)d in establishing an accounting system and preparing financial statements, and entrusts the auditing work to Deloitte Taiwan. The Company has established an accounting system and an internal control system for the integrity operation of the Company, and the internal audit unit conducts checks in accordance with the annual audit plan based on the results of assessment of the risk of involvement in unethical conduct, so managers can understand the implementation of internal controls for reaching management goals.</p> <p>(5) The Company has established an ethical code of conduct to regularly ensure integrity management among directors, managers, and employees, enabling them to fully understand relevant regulations. The internal and external education training on integrity management (Includes Taiwan Intellectual Property Management System TIPS, ISO37001 Anti-bribery System, Intellectual Property, establishment of approval authority, risk control, information security protection, and cloud security audit practice seminar, and ISO-related courses) with a total of 2,014 participants for 5,093 hours. New employees were also required to attend training and take a supplementary test on the Ethical Code of Conduct as well as a course on anti-corruption practices. Topics include: ethical regulations, business confidentiality, rules and regulations, and filing complaints. Following successful completion of the training and signing of employment contract (includes employee's commitment to integrity and confidentiality), employees will take a test. In 2023, a total of 142 people participated in the testing process. The Company introduced the ISO37001 Anti-corruption and Anti-bribery Management Procedures in 2023 to standardize ethical conduct across the organization. This comprehensive system ensures that all employees, business partners, Directors and Managers uphold ethical principles by adhering to the Company's anti-corruption and anti-bribery policies and signing the employee commitment to integrity. A total of 574 people signed the pledge.</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>(1) The Company supports the creation of a transparent culture that upholds ethical standards and integrity. Internal employees and external personnel are encouraged to report any act in violation of laws and regulations or related policies of the Company through relevant reporting channels, which also allow anonymous reporting. The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Accusation and Complaint Management". The Company has set up a clear accusation system, and detailed specific accusation channels, a reward system, and ad hoc units as follows:</p> <p>i. Grievance channels :</p> <p>(i) Internal suggestion box</p> <p>(ii) Grievance and complaint hotlines</p> <p>(A) Grievance hotline : (03)4572121#1999</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) 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?</p> <p>(3) Does the Company take measures to protect the reporter from improper treatment?</p>			No major difference
<p>4. Strengthening of Information Disclosure</p> <p>(1) Does the Company disclose the contents of Ethical Corporate Management Best Practice Principles and the effectiveness on its website and MOPS?</p>	Y		
<p>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:</p> <p>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.</p>			
<p>6. Other important information that will help to understand the operation of the Company's integrity:</p> <p>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", "Code of Conduct for Suppliers" and "Anti-corruption and Anti-bribery Policy" as guidelines for all employees and business partners to follow.</p> <p>Anti-corruption, Ethical Corporate Management practices and implement ethical values cover the following:</p> <p>1. Employees</p> <p>(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</p>			

Evaluation Item	Implementation Status		Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<p>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.</p> <p>(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.</p> <p>(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.</p> <p>(4) The whistleblowing procedures clearly state that whistleblowers and employees involved in the investigation are protected from unfair retaliatory action or treatment.</p> <p>(5) In 2023, there were 0 (zero) complaints and reports (including anonymous reports) related to integrity management.</p> <p>(6) In 2023, there were no instances of corruption or bribery, conflict of interest, money laundering or insider trading.</p> <p>(7) The Company introduced the ISO37001 Anti-bribery System in 2023, while the "anti-corruption and anti-bribery policy" was approved by the Board of Directors. All 574 employees have signed the "employee commitment to integrity".</p> <p>(8) 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.</p> <p>The perspective of "moral values" received the highest score.</p> <p>(9) 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.</p>		Abstract Illustrations	
2. Business Partners :			
<p>(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 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 and signed the supplier commitment to integrity. 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 78 critical suppliers in 2023 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 2023.</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 2023, there were 0 (zero) complaints and reports (including anonymous reports).</p>			
3. Evaluation of Anti-corruption and Ethical Corporate Management Practices :			
<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. Based on the 2023 evaluation, the risk was assessed as low. The result was provided to internal audit to support their development of the audit plan.</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 2023 and 2022 were NT\$200,000 and NT\$770,000 respectively, which accounted for 0.002% and 0.007% of the total revenue.</p> <p>(3) The Company established an "Anti-corruption and anti-bribery promotion team" in 2023. The team is led by the Legal Department, which supervises the promotion and planning of the management system as well as cross-departmental consultations. It is also responsible for reviewing the management system design and evaluating its effectiveness. The team reports the implementation status of the system to the Board of Directors at least once a year. The 2023 implementation progress was reported to the Board of Directors on November 9, 2023.</p>			
4. Supervisory functions of the Board of Directors :			
<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", "Procedures for Handling Material Inside Information" and "anti-corruption and anti-bribery policy" 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 amendment was approved by the Board of Directors to amended Article 10 of the "Corporate Governance Best Practice Principles", 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>			

Evaluation Item	Implementation Status		Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<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. The "Anti-corruption and anti-bribery policy" was established and the "Ethical Corporate Management Best Practice Principles" was amended in 2023.</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) "Promotion of ethical management, prevention of insider trading and material information handling in 2023" was reported at the 15th meeting of the 20th Board of Directors on January 19, 2024. Summary of the report is as follows:</p> <ul style="list-style-type: none"> ● Examined by external certifying unit (BSI) and obtained the ISO37001 Anti-bribery management system certification. ● The "Employee commitment to integrity" was signed by all employees. ● 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. ● 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 117 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. ● The Company provided training programs on "Business Integrity and Insider Trading Prevention and Procedures for Handling Material Inside Information" for all Directors. ● A total of 27 Directors participated in the business integrity-related courses (including courses related to group tax management) for 79 hours in total. ● The Company held internal and external training related to the issues of integrity management. (Includes Taiwan Intellectual Property Management System TIPS, ISO37001 Anti-bribery anti-corruption, Intellectual Property, establishment of approval authority, risk control, information security protection, and cloud security audit practice seminar, and ISO-related courses.) with a total of 2,014 participants for 5,093 hours. ● 0 case related to ethical business was reported in 2023. 			

(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 26, 2024

The internal control system in 2023, 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 26, 2024, and those 12 Directors in presence all agree at the contents of this statement.

Grape King Bio Ltd.

Chairman: Shenglin Andrew Tseng

General Manager: 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 2023 general shareholders' meeting was held on May 31, 2023 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 2022 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.	110,356,321 votes, 94.74% of total votes	4,854 votes, 0.00% of total votes	0 votes, 0.00% of total votes	6,122,146 votes, 5.25% of total votes
2	Acknowledgement of the Company's 2022 profit distribution.	Proposed June 30, 2023 as the record date, and July 21, 2023 as the payment date (cash dividend of NT\$6.9 per share).	110,646,878 votes, 94.98% of total votes	5,671 votes, 0.00% of total votes	0 votes, 0.00% of total votes	5,830,772 votes, 5.00% of total votes
3	Passed the amendments on the "Rules of Procedure for Board of Directors Meetings".	The resolution was passed and announced on the MOPS and the Company's website in accordance with regulations.	110,617,506 votes, 94.96% of total votes	34,802 votes, 0.02% of total votes	0 votes, 0.00% of total votes	5,831,013 votes, 5.00% of total votes

ii. Important resolutions of the Board of Directors:

Board of Directors	Resolution content and subsequent handling	Matters in §14-3 of the Securities Exchange Act	Independent Directors' objection or reserved opinion
The 9 th board meeting of the 20 th -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, Chairman and General Manager 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 10 th board meeting of the 20 th -term Board of Directors	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	V	

Board of Directors	Resolution content and subsequent handling	Matters in §14-3of the Securities Exchange Act	Independent Directors' objection or reserved opinion
February 22, 2023	of 2023.		
	5. Passed the Company's Rules of Procedure for Shareholders' Meetings.	√	
	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	√	
	8. Passed the 2022 "internal control system and assess the efficiency of its operations" and "internal control system statement".	√	
	Independent Directors' opinions: Nil.		
	The Company's handling of Independent Directors' opinions: Nil.		
The 11 th board meeting of the 20 th -term Board of Directors May 09, 2023	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.		
	1. Adopted the Remuneration Committee's proposal of the 2022 remuneration for managers.(2023 pay)	√	
	2. Approved the Company's 2023Q1 consolidated financial statements.	√	
	3. Approved adding the responsibility of "supervising risk management" to the Audit Committee.	√	
	4. Approved the amendments to documents pertaining to "investment cycle", "research and development cycle", "management regulation of receipt", and added new "tracking audit procedure".	√	
	Independent Directors' opinions: Nil.		
	The Company's handling of Independent Directors' opinions: Nil.		
The 12 th board meeting of the 20 th -term Board of Directors May 31, 2023	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, Chairman and General Manager 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.		
	1. Approved the Longtan Plant phase two expansion investment – plant building.	√	
	2. Approved the Longtan Plant phase two expansion investment – equipment purchase.	√	
	3. Passed the Company's proposed credit line and credit line renewal application with Hua Nan Bank 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 13 th board meeting of the 20 th -term	1. Approved the Company's 2023Q2 consolidated financial statements.	√	
	2. Approved the Claim for indemnity in 2023.	√	
	3. Approved the "Tax Policy".	√	

Board of Directors	Resolution content and subsequent handling	Matters in §14-3of the Securities Exchange Act	Independent Directors' objection or reserved opinion
Board of Directors August 09, 2023	4. Approved the "anti-corruption and anti-bribery policy".	V	
	5. Approved the "Ethical Corporate Management Best Practice Principles".	V	
	6. Passed the Company's proposed credit line and credit line renewal application with Chang Hwa Bank for its business operation's needs.	V	
	7. Approved the amendments to documents pertaining to "sales and collection cycle (IC1)", "purchase and payment cycle (IC2)", "production cycle (IC3)", "payroll and personnel cycle (IC4)", "capital acquisition and repayment cycle (IC5)", "Property, Plant and Equipment cycle (IC6)", "investment cycle (IC7)", "research and development cycle (IC8)", "and computerized information cycle (IC9)".	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, Chairman Shenglin Andrew Tseng have a stake in a matter under discussion in the meeting, shall recuse themselves from the voting due to the conflict of interests.		
The 14 th board meeting of the 20 th -term Board of Directors November 9, 2023	1. Approved the Company's 2023Q3 consolidated financial statements.	V	
	2. Approved the increase in the public fee of CPA in 2023 due to increase of consolidated entity.	V	
	3. Approved to lift the non-compete clause of the deputy general manager of the Business Division.	V	
	4. Approved to set up a subsidiary in Malaysia.	V	
	5. Passed the Company's proposed credit line and credit line renewal application with Land Bank of Taiwan for its business operation's needs.	V	
	6. Pass the 2024 Audit Plan.	V	
	7. Approved the amendments to documents pertaining to "research and development cycle (IC8)" and "Personal Data Protection Management (C-000-MC014-000-000)".	V	
The 15 th board meeting of the 20 th -term Board of Directors January 19, 2024	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.		
	1. Passed the "2023 management bonus scheme" proposed by the Remuneration Committee.	V	
	2. Passed the 2024 business plan.	V	
	3. Passed the amendments to "Code of Integrity Practice".	V	
	Independent Directors' opinions: Nil.		
The 16 th board meeting of the 20 th -term Board of Directors February 26, 2024	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, Chairman and General Manager 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.		
	1. Passed the 2023 remuneration distribution to employees and Directors.	V	
	2. Passed the 2023 business report and financial statements.	V	
	3. Passed the Company's 2023 earnings distribution proposal.	V	
	4. Passed the Company's Articles of Incorporation.	V	
	5. Passed the Company's Rules of Procedure for Shareholders' Meetings.	V	
	6. Passed the elect the Directors.	V	
	7. Passed the list of Director and Independent Director candidates nominated by the board of directors.	V	
	8. Passed the assignment of Company Director Representative for subsidiary, Pro-Partner Ltd.	V	

Board of Directors	Resolution content and subsequent handling	Matters in §14-3of the Securities Exchange Act	Independent Directors' objection or reserved opinion
	9. Passed the motion of lifting the business strife limitation for new Directors.	V	
	10. Passed the Company's 2024 shareholders' meeting date, venue and agenda: Date: 9am on May 30, 2024 (Thursday) 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) 2023 business report. (2) 2023 Audit report by the Audit Committee. (3) Report on 2023 remuneration distribution for employees and Directors. Matters for Ratification: (1) Adoption of the 2023 business report and financial statements. (2) Adoption of the proposal for distribution of 2023 profits. Matters for discussion: (1) Amend the Company's Articles of Incorporation. (2) Amend the Company's Rules of Procedure for Shareholders' Meetings. Matters for Election (1) To elect the Directors. Other Matters (1) To release from non-competition restrictions on Directors. Extempore motion	V	
	11. Passed the audit quality index (AQI) evaluation and CPA appointment of 2024.	V	
	12. Passed the 2024 certification fee for financial statements prepared by CPAs.	V	
	13. Approved the remuneration adjustment of independent directors.	V	
	14. Passed the 2023 "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.		
	Results of the Board of Directors; For Motion 9 and Motion 13, 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 8, since the Directors' remuneration belongs to the Company, recusal is no longer necessary; For Motion 9, Chairman Shenglin Andrew Tseng, Director Mei-Ching Tseng, Director Yen-Shiang Huang and Director Jue-Jia Chang who were eligible for transferee, avoided the voting due to the conflict of interests; For Motion 13, Independent Director Feng-I Lin, Independent Director Ching-Pu Chen, Independent Director I-Fan Miao and Independent Director Chen Jing Ning who were eligible for transferee, avoided 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 2023 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	Ming Yuan Chung	Yu Feng Huang	Jan 1, 2023 - Dec. 31, 2023	3,670	761	4,431	

Please describe the service content of the non-audit fees: Assurance services for ESG report is NT\$510,000, transfer pricing report is NT\$241,000, 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: As part of the accounting firm's internal adjustment in 2023, the lead accountant and concurring accountant positions will swap roles. Yu Feng Huang will become the concurring accountant and Ming Yuan Chung will take over as lead accountant.**
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 1, 2024 Unit: share

Title (Note)	Name	2023		Current year as of April 1	
		Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)	Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)
Chairman and GM	Shenglin Andrew Tseng	-	-	-	-
Director	Mei-Ching Tseng	-	-	-	-
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	-	-	-	-
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	(5,000)	(5,000)	-	-
CLO	Bing-Jyun Cuei	-	-	-	-
Director of Management	Du-Sheng Wang	-	-	-	-
Director of R&D	Hsu Sheng-Chieh	-(Note3)	-(Note3)	-	-
CSO	Duncan Aitken	(Note4)	(Note4)	-(Note5)	-(Note5)

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.

Note3: Took office on January 5, 2023, the changes in the number of shares here were compared to the changes in shareholding as of December 31, 2023.

Note4: Took office on February 16, 2024, therefore the changes in shareholding and pledged share were not calculated.

Note5: Took office on February 16, 2024, the number of shares here were compared to the changes in shareholding as of April 1, 2024.

(2) Share Trading Information: NA

(3) Share pledge Information: NA.

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

April 1, 2024

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	7,284,000	4.92	-	-	-	-	Nil	Nil	
Shenglin Andrew Tseng	6,511,244	4.40	-	-	1,087,000	0.73	Mei-Ching Tseng	Sister and brother	
Nanshan Life Insurance Co., Ltd.	4,099,000	2.77	-	-	-	-	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	
Labor Pension Fund (The New Fund)	1,996,000	1.35	-	-	-	-	Nil	Nil	
BANK SINOPAC COMPANY LIMITED	1,981,000	1.34	-	-	-	-	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, 2023 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 Changhong 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
Shanghai Pujun Trading Co., Ltd.	No shareholding as it is a limited company	51	No shareholding as it is a limited company	-	No shareholding as it is a limited company	51
UVACO MY SDN. BHD.	Note1	100	-	-	Note1	100

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

Note1 : UVACO MY SDN. BHD. completed registration in December 2023. Capital injection in phase one was completed. Share capital is MY one dollar and number of shares is one.





IV

Capital and Shares

- 
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 1, 2024 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
1969	1000	5,000	5,000,000	5,000	5,000,000	Establishment with cash	Nil	China Fusang
1971	1000	18,000	18,000,000	18,000	18,000,000	Capital increase	Nil	
1971	1000	500	500,000	500	500,000	Establishment with cash	Nil	Grape King Food
1973	1000	25,000	25,000,000	25,000	25,000,000	Capital increase	Nil	
1973	1000	500	500,000	500	500,000	Establishment with cash	Nil	Head & Shoulders
1977	1000	66,100	66,100,000	66,100	66,100,000	Capital increase	Nil	
1977	1000	48,600	48,600,000	48,600	48,600,000	Capital increase	Nil	
1977	1000	10,000	10,000,000	10,000	10,000,000	Capital increase	Nil	
1979	10	15,000,000	150,000,000	15,000,000	150,000,000	Capital increase	Nil	Grape King Enterprise
1982	10	19,380,000	193,800,000	19,380,000	193,800,000	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	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	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	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	Approval ref. "80 Tai-Tsai-Cheng (1) No. 03453" for a capital increase of NT\$4,918,500 from 1991 earnings	Nil	
1992	10	75,000,000	750,000,000	64,909,085	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	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	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	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	Approval ref. "85 Tai-Tsai-Cheng (1) No. 41796" for a capital increase of NT\$88,230,430 from 1995 earnings	Nil	

April 1, 2024 Unit: NT\$; share

Year	Par Value (NT\$)	Approved Capital		Paid-in Capital		Remarks		Capital Increased by Assets Other than Cash	Others
		Shares	Amount	Shares	Amount	Source of Capital			
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			Remarks
	Issued Shares	Un-issued Shares	Total	
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 1, 2024 Unit: person; share; %

Holding structure	Shareholder structure	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Foreigners	Total
		Number					
	Shareholding	3,469,840	16,154,968	27,173,822	80,809,199	20,529,544	148,137,373
	%	2.34	10.91	18.34	54.55	13.86	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 1, 2024

Unit: person; share; %

Shareholding Tiers	No., of Shareholders	Shareholding	%
1 to 999	42,898	1,890,122	1.28
1,000 to 5,000	11,341	19,908,015	13.44
5,001 to 10,000	826	6,387,558	4.31
10,001 to 15,000	219	2,773,500	1.87
15,001 to 20,000	114	2,121,164	1.43
20,001 to 30,000	101	2,515,775	1.70
30,001 to 40,000	66	2,356,319	1.59
40,001 to 50,000	32	1,468,528	0.99
50,001 to 100,000	74	5,272,930	3.56
100,001 to 200,000	42	5,973,754	4.03
200,001 to 400,000	33	9,006,791	6.08
400,001 to 600,000	9	4,496,038	3.04
600,001 to 800,000	6	4,013,230	2.71
800,001 to 1,000,000	6	5,534,183	3.74
1,000,001 or more	31	74,419,466	50.23
Total	55,798	148,137,373	100

Preferred shares: NA

(4) Major Shareholders

April 1, 2024

Unit: share; %

Name	Shares	Shareholding	%
Uni-President Enterprises Corporation		11,851,000	8.00
Fubon Life Insurance		7,284,000	4.92
Shenglin Andrew Tseng		6,511,244	4.40
Nanshan Life Insurance Co., Ltd.		4,099,000	2.77
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
Labor Pension Fund (The New Fund)		1,996,000	1.35
BANK SINOPAC COMPANY LIMITED		1,981,000	1.34

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

Unit: NT\$; share; %

Item		Year	2022	2023	Current year as of April 1, 2024
Market price per share (Note 1)	Highest		170.00	191.00	163.00
	Lowest		120.00	147.50	151.50
	Average		142.10	166.55	156.15
Net worth per share (Note 2)	Before distribution		64.60	67.36	(Note 6)
	After distribution		57.70	-	-
Earnings per share	Weighted average number of shares		148,137,373	148,137,373	148,137,373
	Earnings per share		9.84	9.81	(Note 6)
Dividend per share	Cash dividend		6.90	6.90 (Note 7)	-
	Bonus shares	By Retained earnings	-	-	-
		By Paid-in Capital	-	-	-
	Accumulated undistributed dividends		-	-	-
Investment return analysis	Price / Earnings ratio (Note 3)		14.44	16.98	-
	Price / Dividend ratio (Note 4)		20.59	24.14 (Note 7)	-
	Cash dividend yield rate (Note 5)		4.86	4.14 (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 2023 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 26, 2024, 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 2024 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\$136,129,234; share distribution: Nil.

B. Bonus for Directors: NT\$34,032,308.

- (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 2023 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 nd 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 striped tie is pointing with a green pen at a bar chart on a clipboard. The chart has blue bars of varying heights. The background is blurred, showing another person in a white shirt. An orange semi-transparent box is overlaid on the right side of the image.

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

- (xlvii) F107080 Wholesale of Environment Medicines
- (xlviii) F207080 Retail Sale of Environment Medicine
- (xlix) C802080 Pesticides Manufacturing
- (l) H703100 Real Estate Rental and Leasing
- (li) F601010 Intellectual Property
- (lii) I101090 Food Consultancy
- (liii) C201020 Pet food processing
- (liiii) 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	8,787,716	83
ODM	973,934	9
Cosmetic	345,368	3
Sales Channel(Note1)	248,103	2
Beverage	239,608	2
Others(Note2)	40,735	1
Total	10,635,464	100

Note1: The sales channel is focused on selling products from other companies to establish a distribution network for the Group's private brand.

Note2: Others refer to general food and pet food, etc.

iii. The Company's current products:

Manufacturing and trading of healthcare products, beverages, OEM, etc.

iv. Development plan for new products in 2024:

Grape King Bio plans to launch 10 products under its own brand in 2024, including specific distribution channels products and upgraded versions other popular products, functional foods, vitamin supplements, etc. These new products will cater to a wider range of consumer supplement needs, targeting distribution across various channels including mother and child healthcare market, telemarketing, and emerging markets. The products will focus on relief and relaxation, improved sleep, beauty maintenance, physique and physiological function support, overall health, etc., with formulations that meet ESG product standards. The Company will also enhance its clinical research on self-developed probiotics and mushroom-based raw materials to expand the application scope of its products.

Leveraging its expertise in health foods, Pro-Partner is set to launch a variety of products in 2024, featuring new dosages and enhanced efficacy. It is also strategically expanding its product portfolio to encompass healthcare and cleaning solutions. In addition to health food products that improve stamina for specific customer groups and digestive health, it will include probiotics with new dosages and functional drinks formulated with unique technology. The Company will also focus more on product research using unique high-end ingredients to create health-promoting products. In product development, Grape King Bio will also increase self-developed raw materials for daily applications to expand its product benefits that provide health and nutrition for the entire family.

(2) Industry overview

i. Industry status and development

While the COVID-19 pandemic has been brought under control with the widespread use of vaccines and testing, its impact on global economy appears less significant compared to other factors like the Russia-Ukraine war, China-United States trade tensions and reorganization, and rising interest rates driven by inflation. The World Health Organization (WHO) declared an end to the COVID-19 public health emergency in May 2023. Pandemic prevention efforts have transitioned to a more normalized state. The global biotechnology industry ramped up research and development in response to COVID-19. This surge has accelerated advancements in many biomedical innovation technology applications, such as mRNA, nucleic acid drugs, genome editing, and the development of vaccines, new drugs, and regenerative medicine. Furthermore, the integration of digital technologies like artificial intelligence, big data, deep learning, etc, is fueling advancements in telemedicine, digital medicine, and precision medicine. In addition, the market demand for healthcare products that boost the immune system continues to expand and is expected to further drive the development of the global biotechnology market.

In response to a shifting supply and demand landscape, the global healthcare supplement industry is prioritizing four key areas with significant growth potential: healthy aging, stress relief and sleep improvement, gut health improvement, and personal healthcare. According to Report linker's predictive research, the global functional material market was 102.1 billion USD in 2022 and will increase to 111.1 billion USD in 2023 with an 8.8% compound annual growth rate. It is estimated to grow to 157 billion USD in 2027. Sales of probiotics and fiber products continue to grow as expected mainly because of the product benefits that promote gut health, cholesterol reduction, and blood sugar control. Fueled by biotechnology and digital technology, the healthcare supplement industry is experiencing a significant ecological evolution. Several key trends are propelling this growth, including an aging population and sub-replacement fertility, a rise in chronic diseases and obesity, and a growing emphasis on preventive health measures. Consumers are now more focused on being healthy and re-evaluating their diets, placing a premium on products that support immunity, gut health, cardiovascular health, brain function, emotional well-being and stress resistance.

With the efforts of the government and the private sector over the years. In 2022, its turnover reached NT\$700.9 billion, down 1.57% from 2021. The private sector's investment in biotechnology was more than NT\$56.029 billion. The sales volume from the health and wellness industry was the largest with NT\$226.8 billion, equivalent to 6.6% growth; NT\$193.9 billion for medical equipment, NT\$133.9 billion for biotech applications, and NT\$96.1 billion for pharmaceuticals.

The domestic health and nutritional food market is experiencing sustained growth fueled by several key consumer trends: a heightened focus on personal health, increased emphasis on immune support post-pandemic, eye health due to rising screen time, and a demand for healthcare products that cater to the active lifestyle. Based on the Ministry of Economic Affairs' industrial production statistics, the domestic production value of health food products reached NT\$25 billion in 2022, representing a 16.15% increase from 2021. This category includes capsules, tablets, granules, powder, infant and toddler formula supplements, patient supplements, and other nutritional foods. According to research by the food institute ITIS, Taiwan's health food market reached NT\$160.8 billion in 2021, which is equivalent to 6.3%. The growth rates in dietary supplements and traditional food were 8.3% and 3.9%, respectively. Overall health requirements have grown significantly. However, there is a significant difference in the revenue performance of local manufacturers. While Grape King Bio Ltd. achieved a consolidated revenue growth of 6.05% in 2022, some manufacturers experienced a decline in their revenue 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: Invest in Shanghai Pujun Trading Co., Ltd. to establish retail channels for its proprietary products in Mainland China, continued partnership with All Cosmos Bio-Tech to run 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 447 multi-level marketing companies registered with the Fair Trade Commission as of the end of 2022. Domestic companies were about 82.31%; whereas foreign companies were 17.69%. The total number of multi-level distributors in Taiwan were 3.486 million in 2022, with a total revenue of NT\$105.467 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.

China has been prioritizing public health since 2016 through its “Healthy China” initiative. This initiative utilizes the “National health plan” as a strategy, employing various policies to promote public health. In 2019, the government further strengthened its commitment with the “Healthy China Action (2019-2030)” development strategy, which aims to bolster the health industry and provide significant protection. The State Administration for Market Regulation has been promoting a double-track operating system in healthcare and food, as well as expanding the category to include raw materials for healthcare, new food, and market growth. Therefore, the number of companies engaged in the manufacture and production of health foods has been growing rapidly. The industry has become increasingly complex due to several factors: the entry of large pharmaceutical companies and food enterprises, the influx of overseas brands through cross border e-commerce platforms, and the emergence of new media/channels that provide rapid growth opportunities for new brands.

Several factors have contributed to the rising health awareness and expanding healthcare market in China. The global pandemic and a growing focus on overall health factors in recent years have heightened consumer awareness. Additionally, the increase in China’s average Gross Domestic Product (GDP) has driven the continuous growth of the healthcare market. According to a global healthcare market development report by Euro monitor, China has become the world’s second largest market and is projected to become the leader in terms of volume within the next three years. This propels the rapid growth in the healthcare food industry. With various product types, faster product updates, new marketing promotions and channels, the trend is attracting a younger consumer demographic. The variety and diversity of healthcare needs and increasing focus on lifestyle-oriented health products are intensifying competition within the OEM/ODM industry.

Using Grape King Bio’s 50 years of raw material research and development expertise, Shanghai Grape King stands out by self-developing and producing exclusive functional products for the China market. This commitment to innovation allows them to provide customers with customized, differentiated and comprehensive product solutions, while ensuring high quality and great service. In addition to retaining its existing valued customers and strengthening those partnerships, the Company actively seeks out new, promising clients to build long-term, stable cooperation. To address the need for diverse product dosage forms, the Company maintains strategic cooperation with high-potential OEM partners. These partnerships create a win-win situation for all parties by leveraging complementary expertise.

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 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. Added 4 fermentation tanks at the Health Bio Park (Yongfeng Plant) with a total ferment volume of 120 tons. Large-scale production is expected to ramp up beginning 2024 Q3.
- vi. Awards won
 - (i) Gold medal at the 2023 Russian Archimedes International Invention Exhibition for "Probiotics and compounds to protect against influenza virus H1N1".
 - (ii) Gold medal and special prize at the 2023 the Russian Archimedes International Invention Exhibition for "Phellinus Linteus to prevent muscle loss".
 - (iii) Silver medal at the 2023 MTE for "An active substance of Lactobacillus plantarum GKM3 to promote longevity and delay aging".
 - (iv) Silver medal at 2023 MTE for "Lignosus Rhinocerus Mycelia active substance to manage Chronic Obstructive Pulmonary Disease".
 - (v) Gold medal at the 2023 ITEX for "An active substance of Bifidobacterium lactis GKK2, a composition comprising thereof and its use for promoting longevity".
 - (vi) Gold medal and special prize at the 2023 ITEX for "Compositions comprising an active compound to manage dementia and methods of use".
 - (vii) Gold medal and special prize at the 2023 World Genius Convention for "An active substance of Bifidobacterium lactis GKK2, with a component that helps promote longevity".
 - (viii) "An active substance of Morchella to improve Sarcopenia" was awarded a Gold medal at the 2023 World Genius Convention.
 - (ix) Gold medal and special prize at the 2023 Shanghai International Invention Expo for "Lactobacillus plantarum and application to lower uric acid, reduce allergies, and lower blood sugar".
 - (x) Gold medal and special prize at the 2023 Shanghai International Invention Expo for Lactobacillus plantarum and application to lower blood fat, liver function index, and uric acid as well as prevent inflammation.
 - (xi) Gold medal at the 2023 Shanghai International Invention Expo for "Lactobacillus rhamnosus GKLC1, compounds and methods to relieve alcoholic liver disease, stomach and/or intestines".
 - (xii) Gold medal and special prize at the 2023 INNOVERSE Invention & Innovation Expo for "Cicada mycelium to reduce eye inflammation caused by steroids".
 - (xiii) Gold medal at the 2023 INNOVERSE Invention & Innovation Expo for "Lactobacillus fermentum GKJOY to effectively manage depression".

- (xiv) Gold medal and special prize at the 2023 WIC for “PHELLINUS LINTEUS used in preparing composition to manage Sarcopenia”.
- (xv) Gold medal at the 2023 WIC for “LACTIC ACID BACTERIA to increase resistance against Enterovirus 71”.
- (xvi) Gold medal at the 2023 All American DAVINCI International Innovation for “Bifidobacterium lactis GKK2 to manage allergic asthma”.
- (xvii) Gold medal at the 2023 All American DAVINCI International Innovation for “Innovative probiotics GKM3® and GKS6® for bone health”.
- (xviii) Gold medal and special prize at the 2023 ICAN for “Cordyceps Cidadae mycelium to manage cataract symptoms”.
- (xix) Gold medal and special prize at the 2023 ICAN for “Lactobacillus fermentum GKF3 to effectively manage depression”.
- (xx) Gold medal and special prize at the 2023 IITE for “PHELLINUS LINTEUS used in preparing composition to manage Sarcopenia”.
- (xxi) Gold medal at the 2023 IITE for “Probiotics and compounds to protect against influenza virus H1N1”.
- (xxii) Gold medal at the 2023 IIIC for “Lactobacillus fermentum GKF3 to effectively manage depression”.
- (xxiii) Gold medal at the 2023 IIIC for “Bifidobacterium lactis GKK2 to manage allergic asthma”.
- (xxiv) Gold medal at the 2023 IIIC for “innovative probiotic GKM3® for weight control”.
- (xxv) Gold medal at the 2023 Hong Kong International Invention and Design Competition for “Lactobacillus rhamnosus GKLC1, compounds and methods to relieve alcoholic liver disease, stomach and/or intestinal injury”.
- (xxvi) Gold medal and special prize at the 2023 Hong Kong International Invention and Design Competition for “An active substance to prevent hearing loss, preparation method and pharmaceutical composition”.
- (xxvii) Gold medal at the 2023 Ukraine Innovation Awards for “Probiotics and compounds to protect against influenza virus H1N1”.
- (xxviii) Gold medal at the 2023 Ukraine Innovation Awards for “PHELLINUS LINTEUS used in preparing composition to manage Sarcopenia”.
- (xxix) Gold medal and special prize at the 14th International Warsaw Invention Show in 2023 for “PHELLINUS LINTEUS used in preparing composition to manage Sarcopenia”.
- (xxx) Gold medal and special prize at the 14th International Warsaw Invention Show in 2023 for “Compositions comprising an active compound for treating dementia and methods of use”.
- (xxxi) Gold medal and special prize at the 2023 INOVA for “Compositions comprising an active compound for treating dementia and methods of use”.
- (xxxii) Gold medal at the 2023 INOVA for “Bifidobacterium lactis GKK2 to effectively manage respiratory allergies”.
- (xxxiii) 2023 Taiwan BIO Innovation Award for “Functional Lactobacillus plantarum GKM3®”.
- (xxxiv) Symbol of National Quality (SNQ) for “Hericium Erinaceus Mycelium Capsule”.
- (xxxv) Symbol of National Quality (SNQ) for “Antrodia cinnamomea fermentation powder”.

vii. Patents obtained in the past three years:

Approving Country	Patent Name	Date	Patent No.
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 Rhinoceros 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 Psychotaxia 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 Psychotaxia 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 function, including its applications and compositions	Sep. 14, 2021	11,116,807 B2
ROC	Adjusting testosterone, compounds and methods of use thereof	Sep. 21, 2021	I740199
Japan	An active substance of Lactobacillus plantarum GKM3, a composition comprising thereof and its use for promoting longevity	Sep. 27, 2021	6949906

Approving Country	Patent Name	Date	Patent No.
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 myelinization 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	I745003
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	I749362
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	I750788
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	I750788
ROC	Use of LACTIC ACID BACTERIA for increasing resistance against Enterovirus 71	Feb. 11, 2022	I754929
ROC	Phellinus mycelium active substance and preparation of composition to fight against Enterovirus 71	Feb. 21, 2022	I755725
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	I757735
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	I760548
Singapore	Lignosus Rhinoceros 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

Approving Country	Patent Name	Date	Patent No.
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	Hericium 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
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	Pediococcus pentosaceus GKP4 and composition to prevent sarcopenia	Nov. 11, 2022	I783780
ROC	Composition and application for suppressing angiogenesis	Nov. 01, 2022	I782862
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	Composition and application for suppressing angiogenesis	Nov. 01, 2022	I782862
Malaysia	Lignosus Rhinocerus Mycelia active substance to ameliorate chronic obstructive pulmonary disease	Feb. 03, 2023	MY-195667-A
Malaysia	Lignosus Rhinocerus Mycelia active substance to ameliorate chronic obstructive pulmonary disease	Feb. 03, 2023	MY-195667-A
ROC	Deinococcus pharmaceutical compositions and application to suppress angiogenesis	Feb. 11, 2023	I791918
Canada	Cicada mycelia active essence for preventing or treating acute lung injury; production methods and uses	Jan. 24, 2023	3,040,916
ROC	Complex probiotics composition and application to minimize overactive bladder syndrome	May. 11, 2023	I802077
Singapore	Bifidobacterium lactis GKK2, compounds and methods to relieve asthma	Mar. 15, 2023	10201907542 S
ROC	Phellinus linteus composition to manage obesity and relevant metabolic syndrome	Feb. 11, 2023	I792756

Approving Country	Patent Name	Date	Patent No.
Singapore	An active substance of <i>Lactobacillus plantarum</i> GKM3, a composition comprising thereof and its use for promoting longevity	Feb. 15, 2023	1020190754R
America	<i>Bifidobacterium lactis</i> GKK2, compounds and methods to relieve asthma		Applied for the license
ROC	Probiotics composition to reduce drug addiction relapse	Mar. 01, 2023	I795087
ROC	<i>Lactobacillus</i> composition to prevent and/or manage skin aging	Mar. 01, 2023	I794766
Singapore	<i>Bifidobacterium lactis</i> GKK2, compounds and methods to relieve asthma	Apr. 04, 2023	10201907549 U
Singapore	<i>Lactobacillus Fermentum</i> GKF3, Composition Comprising the Strain and method for improving Psychotaxia using the same	Jan. 28, 2023	10201910740 U
China	<i>Lactobacillus</i> pharmaceutical compositions and edible compositions for treating, preventing, or managing osteoporosis (M3 S6)	Apr. 14, 2023	ZL 2018 1 1228535.9
China	Morchella active substance	Mar. 17, 2023	ZL 2020 1 1399434.5
Japan	Use of PHELLINUS LINTEUS for preparing composition of improving Sarcopenia	Mar. 23, 2023	7250065
ROC	<i>Hericium mycelium</i> active substance for preventing or treating retinopathy	Apr. 11, 2023	I798936
ROC	Probiotic exosomes and its usage	Feb. 21, 2023	I793595
America	<i>Hericium</i> for reducing pain, <i>Hericium mycelium</i> active substance, its preparation method and pharmaceutical composition	May. 16, 2023	11,648,233
ROC	Granular structure with active substance of organic acid	May. 21, 2023	M641394
ROC	Preparation for compositions to boost immunity (GKK2 、 GKF3 、 GKLC1 、 GKM3 boosts fetal mouse immunity)	Jun. 01, 2023	I803730
ROC	Preparation of Lactic acid bacteria for anti-viral composition (segmentation)	Jun. 11, 2023	I805237
ROC	The manufacturing method for granular probiotics with multilayer antioxidant coating	Jun. 21, 2023	I805932
ROC	Use of LACTIC ACID BACTERIA for increasing resistance against Enterovirus 71	Jul. 01, 2023	I807609
Japan	Composition with <i>Lactococcus</i> ferment for external wound	Jun. 15, 2023	7297021
Japan	Oral administration composition for managing Sarcopenia (probiotic)	Jun. 22, 2023	7301117
America	Morchella reproductive function (segmentation)	Aug. 22, 2023	US 11730783 B2
ROC	<i>Cicada mycelium</i> active substance for improving eyesight	Aug. 22, 2023	I811009
China	Preparation for compositions of <i>Lactobacillus reuteri</i> GKR1 to reduce uric acid	Aug. 08, 2023	ZL 2020 1 0939422.0
America	Preparation for oral administration composition of <i>Lactobacillus Fermentum</i> GKF3 to reduce smoking addiction	Sep. 12, 2023	11752177 B2
China	<i>Bifidobacterium lactis</i> GKK2, compounds and methods to relieve asthma	Sep. 08, 2023	ZL 2018 1 1083391.2
China	An active substance of <i>Lactobacillus plantarum</i> GKM3, a composition comprising thereof and its use for promoting longevity	Sep. 19, 2023	ZL 2018 1 1092850.3
China	An active substance of <i>Lactobacillus paracasei</i> GKS6, a composition comprising thereof and its use for promoting longevity	Sep. 15, 2023	ZL 2018 1 1093133.2

Approving Country	Patent Name	Date	Patent No.
China	Bifidobacterium lactis GKK2, compounds and methods to relieve asthma	Aug. 25, 2023	ZL 2018 1 1083035.0
America	Composition with Lactococcus ferment for external wounds and its usage	Aug. 01, 2023	11766465
China	Innovative Lactobacillus paracasei GKS6 for improving metabolic Syndrome, its medium, cultivation method, usage, pharmaceutical composition and edible composition	Sep. 12, 2023	ZL 2018 8 0002040.6
Japan	Preparation for oral administration composition of Lactobacillus Fermentum GKF3 to reduce smoking addiction	Sep. 05, 2023	7344269
ROC	Preparation for composition of probiotic compound to manage innate weakness when performing aerobic exercises	Oct. 01, 2023	I817792
Japan	Complex probiotics composition to minimize overactive bladder syndrome		Applied for the license
Malaysia	An active substance of Lactobacillus plantarum GKM3, a composition comprising thereof and its use for promoting longevity	Mar. 29, 2023	MY-196412-A
ROC	Use of LACTIC ACID BACTERIA for increasing resistance against Enterovirus 71	Oct. 01, 2023	I817332
Malaysia	An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity	Sep. 11, 2023	MY-198618-A
ROC	Composition with Lactococcus ferment for healing external skin wound and its usage		Applied for the license
Malaysia	LACTIC ACID BACTERIA and its composition for promoting blood calcium and managing osteoporosis		Applied for the license

viii. 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, Natto Red Yeast Rice, 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, PowerBOMB Lichi, Salt & Hops Flavor, Premium Sliim Turmeric Complex, Premium Ganoderma King, Probiotic King Powder, Premium Night Sliim Turmeric Complex, Beauty Essential Drink, Fiber Enzyme Sachet, Cranberry & Hyaluronan Probiotics, 365 Energy Capsule, Sliim Turmeric Complex Essence Drink, Joyful+ Probiotics Ferratella, Joyful+ Probiotics Biscuits, Marigold Lutein Gummy for Kids, Power of 8 Probiotics, Vegetable Protein Instant Drink (chocolate flavor), Marigold Lutein Powder, Marigold Lutein Powder EX, Premium Sliim Turmeric Complex, Probiotics Gummy for Kids, Premium Deer Placenta Beauty Capsule, Ren Shen Essence Drink, Anti Starch 2.0, Antrodia King Double Action, Ganoderma King Double Action, Marigold Lutein QQ Jelly, Kombucha, Kombucha (less sugar), Power Cordyceps King, Super 13 Pro & Prebiotics(N), CHANG QIE LI, Coriolus versicolor Noodle, Happy Probiotics, Baby Drink, Qing Cai Xian Capsule, Elderly Meal Supplement, Wei Jay Capsule (Vegetarian), Bai Ke Sz Capsule (Vegan), Meal Supplement (Original), Meal Supplement (General), Ai Yi Capsule, Ai Yi Capsule (Vegan), Lutein complex Capsule(Vegan), Xin Run Beauty Drink, Hericium Erinaceus Mycelium Capsule, Beauty Drink, TANG LI JIA Capsule, Ning Kang Fu Capsule, Q10 Capsule, Xin Run Beauty Drink, Qi Rui Probiotics Powder(for cats), Shu Wei Guo Chewy Candy, Qi Rui Probiotics Powder(for dogs), Kang Er Dong Pro & Prebiotics, Kang Er Chang Pro & Prebiotics.

ix. R&D Expenses in the past three years

Unit: NT\$ thousand

Year	2021	2022	2023
Amount	292,228	289,884	289,545

(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, Taiwan Grape King Bio 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, after the successful launch of its anti-fat accumulation health products in 2023, Grape King Bio is set expand its healthcare portfolio with new offerings for eye care and cardiovascular health in 2024. Combining Grape King Bio's excellent research and development strategies with the growing domestic health trend towards functional foods and various dosages makes it easy to integrate healthcare in one's 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, 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. Recognizing the increasing demand for healthcare products in 2023, Shanghai Grape King has been developing new businesses. Including establishing an M2C e-commerce platform, invested in Shanghai Pujun Trading Co., Ltd. and collaborating with mature offline channels, as well as connecting supply chains and distribution channels to strengthen private brand development, which will add new value and improve profit.

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.

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.

The Chia market, is now ramping up and is ready to welcome a new lively and vigorous consumer market. We continues to combine Grape King 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 with a complete brand identity matrix and channel distribution.

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 and quality, we are able to maintain a substantial market share. On the direct marketing side, Pro-partner Inc. revenue reached NT\$8.73 billion in 2022, accounting for 9.85% of the total multi-level marketing. 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 China, 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 pandemic provided a surge in demand for healthcare products, but it also intensified competition within the industry. Hence, in addition to consolidating its core OEM business, the Company has established various platform channels, promoted its private label brand, and partnered with high value brands. We also connected supply chains and distribution channels for better cost control and profitability to ensure sustainable operations.

iv. Favorable and unfavorable factors for development and countermeasures

(i) Favorable and unfavorable factors for development:

Favorable Factors	Unfavorable Factors
<u>Health food industry:</u> 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. 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. 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. 4. The Government provides NT\$10 billion per year to support the biotechnology industry, and the industry outlook is promising.	<u>Health food industry:</u> 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. 2. As government regulations on healthcare advertising tighten, marketing strategies may face stricter limitations, potentially impacting their effectiveness.
<u>Food and beverage industry:</u> 1. Taiwan has a warm weather, and the demand for beverage is strong. 2. With the development of the economy, the national income level is improving, and people are paying 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.	<u>Food and beverage industry:</u> 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 high. 2. Beverage manufacturers like to swarm into a particular type of beverage, and the price competition will lower the profit. 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.
<u>Pharmaceutical Industry:</u> 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. 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. 3. With the rise of health awareness, consumers are more attracted to health and health care related products.	<u>Pharmaceutical Industry:</u> 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. 2. Large foreign pharmaceutical companies have come to Taiwan to erode the domestic drug market. This is disadvantageous to the

Favorable Factors	Unfavorable Factors
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.	development of domestic pharmaceutical manufacturers. 3. At present, there are more than 100 domestic GMP pharmaceutical manufacturers and numerous small manufacturers. There is a fear of vicious competition.

(ii) Countermeasures

The Company capitalizes on innovative research and development and quality management to lower 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)	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Health food	Note	Note	853,937	Note	Note	942,804
Beverage - General Liquid (L)	Note	Note	114,691	Note	Note	157,289
Other (ODM, cosmetics, etc.)	Note	Note	648,993	Note	Note	748,413
Total			1,617,621			1,848,506

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	2022				2023			
	Import		Export		Import		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Health food	Note	8,783,413		-	Note	8,685,310		-
Beverage - General Liquid (L)	Note	492,258		-	Note	451,604		-
Other (ODM, cosmetics, etc.)	Note	1,035,185	Note	80,375	Note	1,403,676	Note	94,874
Total		10,310,856		80,375		10,540,590		94,874

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		2022	2023	2024 as of the date of publication of the Annual Report (April 1, 2024)
Number of employees	Staff	530	556	555
	Technician	139	129	127
	Operator	148	179	168
	Total	817	864	850
Average age		37.91	37.73	38.65
Average service year		6.81	4.75	6.53
Academic distribution	Ph.D.	1.60	1.72	1.88
	Master's degree	14.21	15.62	14.00
	College	57.19	60.17	55.29
	High school	19.25	20.49	20.83
	Below high school	7.75	2.00	8.00

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 2023 are as follows:

Unit: NT\$ thousand

Environmental management	Zhongli plant	Pingzhen plant	Longtan branch	Total
Wastewater management	31,837	230	1,734	33,801
Waste management	4,062	1,838	3,253	9,153
Air pollution management	-	-	295	295
Total	35,899	2,068	5,282	43,249

- (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: In 2023, and as of the printing date of the 2024 annual report, a total of NT\$128,500 in fines were incurred (explanation below), none as of the date of publication of the 2024 Annual Report.

Zhongli plant:

2023: Violation of Article 14, paragraph 1 of the EN Water Pollution Control Act. Four catch basins were operating without registration under the water pollution permit. The permit has since been amended to include all registered catch basins. A new water pollution permit is expected by February 28, 2024.

2024: Antifreeze waste from a faulty brine water chiller was stored in a low concentration liquid waste

storage tank (T01-23), causing odor issues. The tank has since been emptied and cleaned, resolving the problem on February 06, 2024.

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
Overseas employee insurance	Employee Gym	Model employee selection	Meal subsidies
New staff health check	Birthday cash gift	Dragon Boat Festival Cash gift	Mid-Autumn Festival Cash gift
Regular staff health check	Year-end activity or cash gift	Mental health counseling services	On-site massage service

(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:

Item \ Year	2022	2023	2024 as of the date of publication of the Annual Report (April 1, 2024)
Average no. of external training hours per month	185.1	200.3	221.8
Average no. of internal training hours per month	423.8	585.6	253.2
Average no. of employees receiving external training per month	22.3	22.3	32.7
Average no. of employees receiving internal training per month	176.8	305.9	115.3
Total annual training hours	8,215	9,431	1,425
Total no. of employees receiving training during the year	2,749	3,938	444
Annual training penetration rate (%)	92%	100%	50%

(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 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) Set up ISO45001, Taiwan Occupational Safety and Health Management System (TOSHMS). 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: To ensure safety, the Company maintains a comprehensive program that includes regular reporting on hazardous materials, fire equipment repairs, and annual public building safety inspections. It also has an emergency control facility and conducts fire drills and emergency evacuation training to promote employee preparedness.
- (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) Evaluation of machinery purchases, acceptance of checks focusing on essential safety features, regular safety project implementation, joint inspections and irregular audits, emphasis on operator behavior, and safe working environment.
- (iv) 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 2021 and 2023, 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
2021	416
2022	445
2023	550

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.

- (v) Occupational hazards: The Company did not have any major occupational hazards from 2021 to 2023. Pingzhen Plant recorded 380,000 accident-free working hours in 2023.

iv. Relevant Certification :

- (i) Received the "iSports Enterprise Certificate" from the Health Promotion Administration, Ministry of Health and Welfare.
- (ii) Received the "Accredited Healthy Workplace" from the Health Promotion Administration, Ministry of Health and Welfare.
- (iii) Received the "Influenza Prevention Alliance Gold Award" from the Centers for Disease Control.
- (iv) Received the SGS 2023 ISO PLUS Awards "Occupational Safety and Health Award".
- (v) Received the Excellent & Healthy Workplace, and Health Caring Award from the Health Promotion Administration, Ministry of Health and Welfare.

- (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 2023 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
2023/10/02	No. 1120268007 of Labor Inspection in 2023	Article 24-1 of Labor Standards Act	Extended working hours beyond the legal limit	Fine NT\$100,000
2023/10/02	No. 11202680071 of Labor Inspection in 2023	Article 24-2 of Labor Standards Act	Failure to pay salary for work rendered during day-off	Fine NT\$150,000
2023/05/18	No. 1120126137 of Labor Inspection in 2023	Article 24-1 of Labor Standards Act	Extended working hours beyond the legal limit	Fine NT\$50,000
2023/05/18	No. 11201261371 of Labor Inspection in 2023	Article 24-1 of Labor Standards Act	Failure to pay salary for work rendered during day-off	Fine NT\$100,000

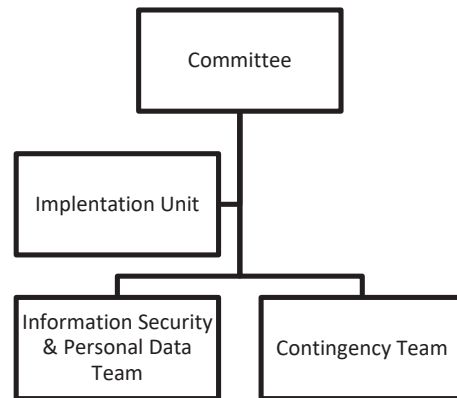
6. Cyber security management:

(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 successfully revalidated its ISO27001 certification on May 27, 2023. The validity period of the new certificate is from May 27, 2023 to October 31, 2025 and 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. In addition to its incident response and intelligence-driven incident response, the company has strategically joined relevant organizations to obtain information security information in advance, including information security threats and vulnerability assessments.

- Science Park Information Sharing and Analysis Center (SP-ISAC)
- International Collaborative Cyber Defense · Cross-National Cyber Intelligence Exchange · Entrepreneurial Cybersecurity Incident (TWCERT/CC)

(iv) 2023 initiatives:

- a. Assign information security personnel: 4
- b. The total amount invested in certification, authorization, and equipment were 6.97 million dollars.
- c. Conduct cyber security audit regularly.
- d. Propaganda on Information security and emails social engineering drill regularly executed every 2 weeks to reinforce the employees' resilience and awareness on information security risk.
- e. In response to changes in the ERP network architecture, a business continuity planning drill is implemented.
- f. Perform two offsite backup and restore tests.
- g. Hold one meeting of the Personal Data Committee.
- h. The Sustainable Development and ESG Committee convened four status meetings on the progress of the Company's sustainability goals.
- i. The information security implementation status was reported at the 15th meeting of the 20th session of the Board of Directors on January 19, 2024.
- j. Given the import plan of the ISMS system, we have Re-verify and obtained ISO27001 certification on May 27, 2023, which is valid from 2023/5/27 to 2025/10/31.

- (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 2023 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	Contracting Agreements	Chroma ATE Inc.	October 30, 2023~ last term after evaluation by both parties	Manufacturing execution system construction services
2	Equipment purchase contract	Alfa Laval Taiwan Ltd.	October 16, 2023 – November 1, 2024	Equipment purchase for Longtan phase two
3	Engineering contract	ACTER GROUP CORPORATION LIMITED	November 10, 2023 – August 31, 2024	Improve project contracting related to energy saving
4	Appointment contract	Shin Nippon Biomedical Laboratories, Ltd.	November 1, 2023 – February 28, 2025	Commission on experiment



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
5. Latest Individual Financial Statements Audited and Certified by CPAs
6. If the Company and Its Affiliates Encounter Any Financial Difficulties in the Past Year and as of the Date of Publication of the Annual Report, the Impact on the Company's Financial Status Shall Be Listed

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				
		2019	2020	2021	2022	2023
Current assets		3,066,333	3,971,424	4,985,297	5,801,262	6,038,777
Property, plant and equipment		6,453,533	7,307,695	7,207,655	7,360,082	7,538,682
Intangible assets		34,786	38,341	33,340	43,757	125,087
Other assets		1,804,419	1,786,661	1,834,587	1,847,937	1,809,295
Total assets		11,359,071	13,104,121	14,060,879	15,053,038	15,511,841
Current liabilities	Before distribution	2,810,317	3,500,574	3,294,298	3,712,411	3,647,384
	After distribution	4,260,989	5,009,042	4,780,713	5,376,225	Not yet distributed
Non-current liabilities		1,077,902	1,625,093	337,166	199,554	234,522
Total liabilities	Before distribution	3,888,219	5,125,667	3,631,464	3,911,965	3,881,906
	After distribution	5,338,891	6,634,135	5,117,879	5,575,779	Not yet distributed
Interests attributable to parent company owner		6,173,421	6,624,474	8,988,294	9,569,772	9,978,299
Capital stock		1,362,864	1,362,864	1,481,374	1,481,374	1,481,374
Capital reserve		968,724	971,717	2,869,691	2,874,232	2,876,346
Retained earnings	Before distribution	3,988,115	4,376,358	4,729,434	5,284,994	5,700,136
	After distribution	3,103,905	3,428,279	3,825,796	4,262,846	Not yet distributed
Other interests		(100,752)	(86,465)	(92,205)	(70,828)	(79,557)
Treasury stock		(45,530)	-	-	-	-
Non-controlling interests	Before distribution	1,297,431	1,353,980	1,441,121	1,571,301	1,651,636
	After distribution	730,969	793,591	858,344	929,635	Not yet distributed
Total equity	Before distribution	7,470,852	7,978,454	10,429,415	11,141,073	11,629,935
	After distribution	6,020,180	6,469,986	8,943,000	9,477,259	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				
		2019	2020	2021	2022	2023
Current assets		1,129,566	1,305,798	1,782,914	1,992,147	2,050,538
Property, plant and equipment		3,622,360	4,481,146	4,461,666	4,659,885	4,937,837
Intangible assets		10,902	19,019	17,627	31,701	64,529
Other assets		3,292,978	3,441,022	3,705,660	3,992,947	4,078,707
Total assets		8,055,806	9,246,985	9,967,867	10,676,680	11,131,611
Current liabilities	Before distribution	1,019,453	1,222,269	766,826	979,921	967,218
	After distribution	1,903,663	2,170,348	1,670,464	2,002,069	Not yet distributed
Non-current liabilities		862,932	1,400,242	212,747	126,987	186,094
Total liabilities	Before distribution	1,882,385	2,622,511	979,573	1,106,908	1,153,312
	After distribution	2,766,595	3,570,590	1,883,211	2,129,056	Not yet distributed
Interests attributable to parent company owner		6,173,421	6,624,474	8,988,294	9,569,772	9,978,299
Capital stock		1,362,864	1,362,864	1,481,374	1,481,374	1,481,374
Capital reserve		968,724	971,717	2,869,691	2,874,232	2,876,346
Retained earnings	Before distribution	3,988,115	4,376,358	4,729,434	5,284,994	5,700,136
	After distribution	3,103,905	3,428,279	3,825,796	4,262,846	Not yet distributed
Other interests		(100,752)	(86,465)	(92,205)	(70,828)	(79,557)
Treasury stock		(45,530)	-	-	-	-
Non-controlling interests	Before distribution	-	-	-	-	-
	After distribution	-	-	-	-	-
Total equity	Before distribution	6,173,421	6,624,474	8,988,294	9,569,772	9,978,299
	After distribution	5,289,211	5,676,395	8,084,656	8,547,624	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				
	2019	2020	2021	2022	2023
Operating revenue	9,239,070	9,168,195	9,798,246	10,391,231	10,635,464
Gross profit	7,565,888	7,536,791	7,855,357	8,480,949	8,533,538
Operating income	2,335,001	2,304,782	2,311,584	2,551,737	2,496,665
Non-operating income and expenses	105,105	73,408	103,322	136,141	163,955
Income from continuing operations before income tax	2,440,106	2,378,190	2,414,906	2,687,878	2,660,620
Net income of continuing business units	1,938,566	1,895,095	1,947,989	2,169,687	2,141,511
Loss of suspended business unit	-	-	-	-	-
Net income	1,938,566	1,895,095	1,947,989	2,169,687	2,141,511
Other comprehensive income, net of tax	(32,265)	14,656	(5,044)	23,845	(24,500)
Total comprehensive income	1,906,301	1,909,751	1,942,945	2,193,532	2,117,011
Net income attributable to stockholders of the parent	1,309,020	1,272,025	1,300,423	1,457,112	1,452,728
Net income attributable to non-controlling interests	629,546	623,070	647,566	712,575	688,783
Total comprehensive income attributable to stockholders of the parent	1,276,673	1,286,740	1,295,415	1,480,575	1,428,561
Total comprehensive income attributable to non-controlling interests	629,628	623,011	647,530	712,957	688,450
Earnings per share	9.63	9.34	8.81	9.84	9.81

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				
	2019	2020	2021	2022	2023
Operating revenue	2,015,823	2,175,969	2,451,872	2,807,503	2,854,451
Gross profit	1,043,901	1,116,988	1,168,243	1,315,483	1,431,874
Operating income	248,406	234,316	171,079	307,006	331,583
Non-operating income and expenses	1,134,944	1,099,173	1,171,008	1,224,450	1,199,871
Income from continuing operations before income tax	1,383,350	1,333,489	1,342,087	1,531,456	1,531,454
Net income of continuing business units	1,309,020	1,272,025	1,300,423	1,457,112	1,452,728
Loss of suspended business unit	-	-	-	-	-
Net income	1,309,020	1,272,025	1,300,423	1,457,112	1,452,728
Other comprehensive income, net of tax	(32,347)	14,715	(5,008)	23,463	(24,167)
Total comprehensive income	1,276,673	1,286,740	1,295,415	1,480,575	1,428,561
Net income attributable to stockholders of the parent	1,309,020	1,272,025	1,300,423	1,457,112	1,452,728
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to stockholders of the parent	1,276,673	1,286,740	1,295,415	1,480,575	1,428,561
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	9.63	9.34	8.81	9.84	9.81

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
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
2023	Deloitte & Touche Certified Public Accountants	Ming Yuan Chung, Yu Feng Huang	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 2022 to 2023
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to asset ratio	34.23	39.11	25.83	25.99	25.03	-4%
	Long term capital to property, plant and equipment ratio	132.47	131.42	149.38	154.08	157.38	2%
Solvency (%)	Current ratio	109.11	113.45	151.33	156.27	165.56	6%
	Quick ratio	86.89	91.87	127.90	136.77	144.94	6%
	Interest coverage ratio	138.94	166.83	603.07	1,136.56	1,049.31	-8%
Operating capacity	Receivable turnover rate (times)	48.63	44.69	38.52	36.04	37.68	5%
	Average cash recovery day	7.50	8.16	9.47	10.12	9.68	-4%
	Inventory turnover rate (times)	2.91	2.57	2.70	2.61	2.93	12%
	Payable turnover rate (times)	6.90	6.83	7.41	6.79	7.20	6%
	Days sales outstanding	125.42	142.02	135.18	139.84	124.57	-11%
	Property, plant and equipment turnover rate (times)	1.49	1.33	1.35	1.43	1.43	0%
	Total asset turnover rate (times)	0.84	0.75	0.72	0.71	0.70	-1%
Profitability	Return on assets (%)	17.75	15.59	14.37	14.92	14.03	-6%
	Return on equity (%)	26.92	24.53	21.16	20.12	18.81	-7%
	Pre-tax net profit to paid-in capital ratio (%)	179.04	174.50	169.81	181.44	179.60	-1%
	Net profit rate (%)	20.98	20.67	19.88	20.88	20.14	-4%
	Earnings per share (NT\$)	9.63	9.34	8.81	9.84	9.81	0%
Cash flow	Cash flow ratio (%)	77.27	77.68	77.17	80.55	69.07	-14%
	Cash flow adequacy ratio (%)	89.90	110.15	108.29	114.07	118.81	4%
	Cash reinvestment ratio (%)	7.10	10.59	7.67	10.46	5.65	-46%
Leverage	Operating leverage	1.89	1.89	2.02	1.99	2.12	6%
	Financial leverage	1.01	1.01	1.00	1.00	1.00	0%
<p>Reasons for changes of over 20% in financial ratios over the past two years:</p> <p>1. Cash reinvestment ratio: Attributed mainly to decrease in operating activity cash inflow.</p>							

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 2022 to 2023
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to asset ratio	23.37	28.36	9.83	10.37	10.36	0%
	Long term capital to property, plant and equipment ratio	194.25	179.08	206.22	208.09	205.85	-1%
Solvency (%)	Current ratio	110.80	106.83	232.51	203.30	212.00	4%
	Quick ratio	65.66	58.42	154.06	147.73	150.49	2%
	Interest coverage ratio	119.88	122.99	1,011.61	2,051.14	1,091.78	-47%
Operating capacity	Receivable turnover rate (times)	7.04	7.29	7.54	6.95	6.51	-6%
	Average cash recovery day	51.85	50.07	48.41	52.52	56.07	7%
	Inventory turnover rate (times)	2.62	2.19	2.29	2.63	2.48	-6%
	Payable turnover rate (times)	6.76	6.28	7.01	6.93	5.97	-14%
	Days sales outstanding	139.31	166.67	159.39	138.78	147.18	6%
	Property, plant and equipment turnover rate (times)	0.60	0.54	0.55	0.62	0.59	-5%
	Total asset turnover rate (times)	0.26	0.25	0.26	0.27	0.26	-4%
Profitability	Return on assets (%)	17.31	14.80	13.55	14.12	13.33	-6%
	Return on equity (%)	21.99	19.88	16.66	15.70	14.86	-5%
	Pre-tax net profit to paid-in capital ratio (%)	101.50	97.84	94.37	103.38	103.38	0%
	Net profit rate (%)	64.94	58.46	53.04	51.90	50.89	-2%
	Earnings per share (NT\$)	9.63	9.34	8.81	9.84	9.81	0%
Cash flow	Cash flow ratio (%)	35.60	36.14	58.34	76.76	68.75	-10%
	Cash flow adequacy ratio (%)	31.44	33.82	28.55	29.63	33.99	15%
	Cash reinvestment ratio (%)	(6.07)	(4.53)	(4.47)	(1.27)	(2.82)	122%
Leverage	Operating leverage	4.67	5.39	8.45	5.58	5.13	-8%
	Financial leverage	1.05	1.05	1.01	1.01	1.00	0%
<p>Reasons for changes of over 20% in financial ratios over the past two years:</p> <p>1. Interest coverage ratio: Attributed mainly to increase in rental liability interest this year.</p> <p>2. Cash Flow Ratio: Mainly due to increase in real estate, plant, equipment, and long-term investments.</p>							

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 2023 Business Report, Parent Company Only and Consolidated Financial Statements and Profit Distribution Table, the CPA Ming Yuan Chung and Yu Feng Huang 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

2024 Annual Shareholders' Meetings

Chairman of the Audit Committee: Feng-I Lin

February 26, 2024

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, 2023	December 31, 2022	Difference	% of change
Current assets	6,038,777	5,801,262	237,515	4.09%
Property, plant and equipment	7,538,682	7,360,082	178,600	2.43%
Intangible assets	125,087	43,757	81,330	185.87%
Other assets	1,809,295	1,847,937	(38,642)	(2.09%)
Total assets	15,511,841	15,053,038	458,803	3.05%
Current liabilities	3,647,384	3,712,411	(65,027)	(1.75%)
Other liabilities	234,522	199,554	34,968	17.52%
Total liabilities	3,881,906	3,911,965	(30,059)	(0.77%)
Common stock	1,481,374	1,481,374	-	0.00%
Additional paid-in capital	2,876,346	2,874,232	2,114	0.07%
Retained earnings	5,700,136	5,284,994	415,142	7.86%
Other components of equity	(79,557)	(70,828)	(8,729)	12.32%
Non-controlling interests	1,651,636	1,571,301	80,335	5.11%
Total equity	11,629,935	11,141,073	488,862	4.39%

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: Attributed mainly to obtain customer relations through business merger.

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:

Unit: NT\$ thousand; %

Item Year	2023	2022	Difference	% of change
Operating revenues	10,635,464	10,391,231	244,233	2.35%
Operating costs	(2,101,926)	(1,910,282)	(191,644)	10.03%
Gross profit	8,533,538	8,480,949	52,589	0.62%
Operating expenses	(6,036,873)	(5,929,212)	(107,661)	1.82%
Operating income	2,496,665	2,551,737	(55,072)	(2.16%)
Non-operating income and expenses	163,955	136,141	27,814	20.43%
Income from continuing operations before income tax	2,660,620	2,687,878	(27,258)	(1.01%)
Income tax expense	(519,109)	(518,191)	(918)	0.18%
Net income	2,141,511	2,169,687	(28,176)	(1.30%)
Other comprehensive income	(24,500)	23,845	(48,345)	(202.75%)
Total comprehensive income	2,117,011	2,193,532	(76,521)	(3.49%)
Net profit attributable to the Stockholders of the parent	1,452,728	1,457,112	(4,384)	(0.30%)
Net profit attributable to non-controlling interests	688,783	712,575	(23,792)	(3.34%)
Total comprehensive income (loss) attributable to the Stockholders of the parent	1,428,561	1,480,575	(52,014)	(3.51%)
Total comprehensive income (loss) attributable to non-controlling interests	688,450	712,957	(24,507)	(3.44%)

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

i. Operating income and expense: Mainly due to increase in interest income.

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
4,672,852	2,519,402	(2,373,551)	4,818,703	-	-

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.

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
4,818,703	1,932,143	(3,127,833)	3,623,008	-	-

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 built the first phase of the Health Bio 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\$351 million in 2023. 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\$1,721,269 thousand in 2023, and the Company holds 60% of its shares. The profit recognized was NT\$1,031,404 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\$25,723 thousand in 2023.
- (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\$14,431 thousand in 2023.
 - (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 loss was NT\$21 thousand in 2023.
 - (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\$55,645 thousand in 2023, and the Company holds 35% of its shares. The profit recognized was NT\$20,070 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 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. 2023 Liquidation process has yet to be completed yet.
- vii. Shanghai Xinquan Biotechnology Co., Ltd.
 - (i) The net loss was NT\$446 thousand in 2023, and the Company holds 45% of its shares. The loss recognized was NT\$200 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\$298 thousand in 2023.
 - (ii) It is a subsidiary of Pro-Partner Co., Ltd. with 100% shareholding to expand the market in Malaysia
- ix. UVACO MY SDN. BHD.
 - (i) A subsidiary of Pro-partner Inc. with 100% shareholding for market expansion in Malaysia.
- x. Shanghai Pujun Trading Co., Ltd.
 - (i) The net income was NT\$6,018,000 in 2023, and the Company holds 51% of its shares. The profit recognized was NT\$2,821,000.
 - (ii) A subsidiary of Grape King Bio Shanghai with 51% shareholding, focused on selling other companies' products to establish a distribution channel for its private brand.
- (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 2023 was 0.0003% 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 2023, a new research topic has emerged as a key focus for five years: “the correlation between intestinal microbiota and disease”. The Company secured NT\$3.63 million funding from the Hsinchu Science Park Bureau, National Science and Technology Council for its health cross-disciplinary project - “Clinical research on the precise application of clostridium butyricum in osteoarthritis”. It also completed a “dominant high fiber and high protein fungi future meat research project” funded by the Industrial Development Bureau, Ministry of Economic Affairs. The presentation was held successfully at Hungkuang University with many attendees from the industry, government, and the university. Grape King Bio is actively advancing its probiotic research which includes: functional strain selection for stomach protection, reducing alcohol-induced gastric mucosa damage, and relieving leaky gut syndrome. In terms of safety research, the Company has conducted animal testing on mycoprotein and a 90-day safety test on antrodia cinnamomea dripping form. It has also secured new resources for research on morels. Additionally, there are ongoing clinical trials: hericium for Parkinsons disease improvement, mushrooms for Sarcopenia relief, probiotics for kidney protection, mushrooms for depression management. We continue to invest on the development of new botanical drugs: addressing data gaps on the safety of antrodia camphorate, including a six-month trial data on rats and a nine-month trial data on dogs. It is expected to invest NT\$39.661 million in 2024.

(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 2023 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. The first phase of the "Health Bio Park" was completed in Pingzhen Industrial Park in 2023. The steel structure second phase of the building is under construction and is expected to be fully operational in the second half of 2024. 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: Nil.
- (13) Other important risks and counter measures: Nil.

7. Other important matters: Nil



VIII

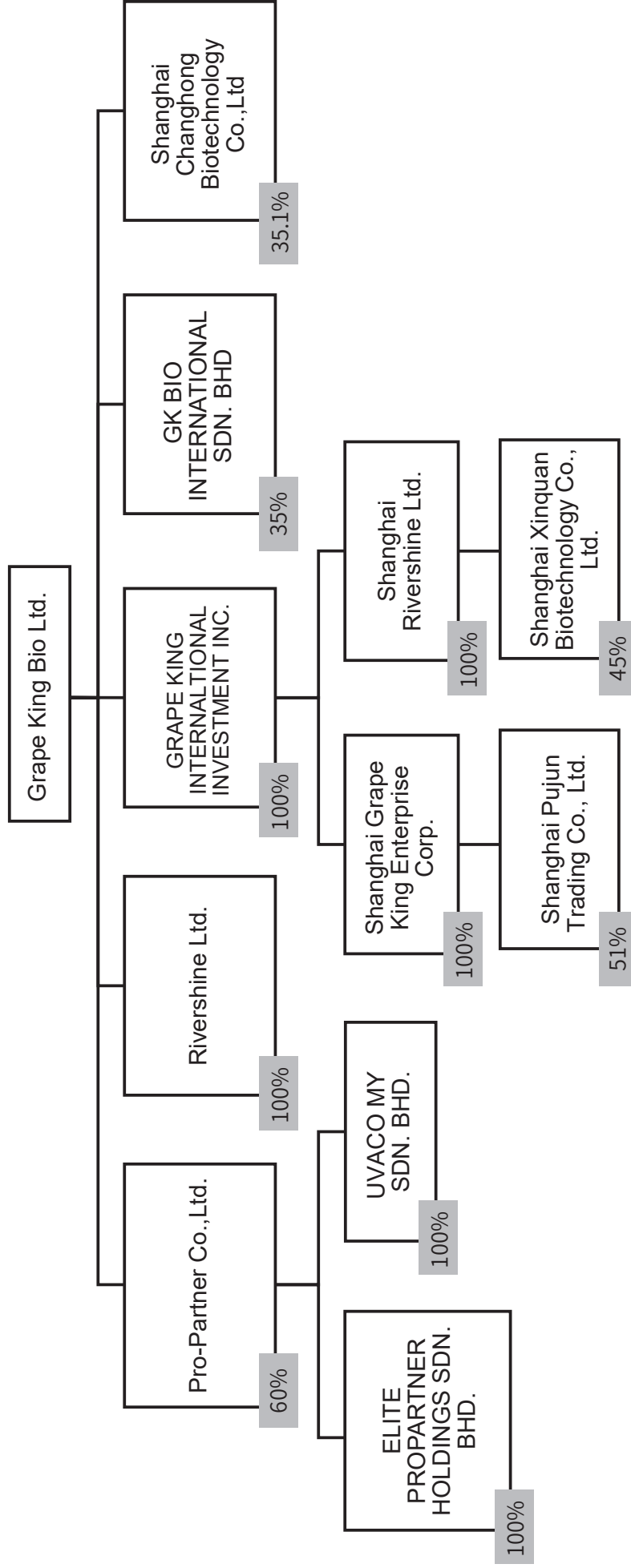
Special Notes



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 (2023.12.31)



(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.	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
Shanghai Pujun Trading Co., Ltd.	Jun. 30, 2023	1st Floor, No. 8269, Lane 8678, Zhufeng Road, Fengjing Town, Jinshan District, Shanghai	RMB 2,000 thousand	Food sales, agricultural products wholesale and retail
UVACO MY SDN. BHD.	Dec. 8, 2023	Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.	MYD 1	Other food sales

(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 2023 and as of December 31, 2023)

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	6,852,011	2,806,750	4,045,261	8,570,951	2,057,910	1,721,269	97.80
GRAPE KING INTERNATIONAL INVESTMENT INC.	791,983	1,139,164	-	1,139,164	-	(123)	26,650	-
Shanghai Grape	1,056,816	1,186,534	103,096	1,083,438	569,322	6,905	25,723	-

King Enterprise Co., Ltd.								
Rivershine Ltd.	30,000	264,894	215,513	49,381	378,196	16,910	14,431	4.81
Shanghai Rivershine Ltd.	18,790	18,180	2	18,178	2,251	(187)	(21)	-
GK BIO INTERNATIONAL SDN.BHD.	42,923	197,455	42,999	154,456	182,094	72,453	55,645	13.0
Shanghai Changhong Biotechnology Co., Ltd.(Note1)	19,915	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)	(Note1)
Shanghai Xinquan Biotechnology Co., Ltd.	21,545	20,229	272	19,957	-	(446)	(446)	-
ELITE PROPARTNER HOLDINGS SDN. BHD.	2,017	1,518	153	1,365	-	(298)	(298)	-
Shanghai Pujun Trading Co., Ltd.	8,730	47,224	32,636	14,588	252,648	6,326	6,018	-
UVACO MY SDN. BHD.	(Note2)	-	-	-	-	-	-	-

Note : The exchange rate on December 31, 2023: RMB/NTD=4.327 ; USD/NTD=30.705 ; MYD/NTD=6.411

The average exchange rate in 2023: RMB/NTD=4.373 ; USD/NTD=31.271 ; MYD/NTD=6.431

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. 2023 Liquidation process has yet to be completed.

Note 2: UVACO MY SDH. BHD. has completed registration in December 2023. Capital injection in phase one has been completed.

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

December 31, 2023 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: Mei-CHing Tseng	880	5
	Supervisor	PEI LIN CO., LTD. Representative: FANG,HAI-LONG	880	5
GRAPE KING INTERNATIONAL INVESTMENT INC.	Chairman	Grape King Bio Ltd. Representative: Shenglin Andrew Tseng	-	100
	Director	Representative: Mei-Ching Tseng		
	Director	Representative: Jue-Jia Chang		
Shanghai Grape King Enterprise Co., Ltd.	Chairman	GRAPE KING INTERNATIONAL INVESTMENT INC. Representative: Chang-Yeh Tseng	-	100
	Director	Representative: Shenglin Andrew Tseng		
	Director	Representative: Yuan-Tsung Lin		
Rivershine Ltd.	Supervisor	Representative: Yen-Sheng Huang	3,000	100
	Chairman	Grape King Bio Ltd. Representative: Shenglin Andrew Tseng		
	Director	Representative: Mei-Ching Tseng		
Shanghai Rivershine Ltd	Director	Representative: Jue-Jia Chang	-	100
	Supervisor	Grape King Bio Ltd. Representative: Chang-Yeh Tseng		
	Executive Director	GRAPE KING INTERNATIONAL INVESTMENT INC. Representative: Chang-Yeh Tseng		
GK BIO INTERNATIONAL SDN. BHD.	Supervisor	Representative: Mei-Ching Tseng	-	100
Shanghai Changhong Biotechnology Co., Ltd	Director	Grape King Bio Ltd. Representative: Nick Hung	2,100	35
	Supervisor	Representative: Sheng-Chieh Hsu	-	35.1
Shanghai Xinquan Biotechnology Co., Ltd.	Director	Representative: Yuan-Tsung Lin	-	45
	Supervisor	Representative: Tien-Yueh Lin	-	45
ELITE PROPARTNER HOLDINGS SDN. BHD.	Chairman	Shanghai Rivershine Ltd Representative: Yuan-Tsung Lin	-	45
Shanghai Pujun Trading Co., Ltd.	Director	Pro-Partner Ltd. Representative: Chang-Yeh Tseng	300	100
	Supervisor	Shanghai Grape King Enterprise Co., Ltd. Representative: Yuan-Tsung Lin	-	51
UVACO MY SDN. BHD.	Director	Representative: Jhen-Wei Li	-	51
UVACO MY SDN. BHD.	Director	Pro-Partner Ltd. Representative: Chang-Yeh Tseng	1	100
	Supervisor	Representative: Jhen-Wei Li	-	51

(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, 2023 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 26, 2024

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 points to a specific cell in a large spreadsheet. The spreadsheet is filled with numbers, and the background is a blurred image of a hand holding a pen over a document.

Appendix I

Consolidated Financial Statements
with Report of Independent
Accountants for the Year
Ended Dec 31, 2023 and 2022



Grape King Bio Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Grape King Bio Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Grape King Bio Ltd. and subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

GRAPE KING BIO LTD.

By

Sheng-Lin Tseng
Chairman

February 26, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Grape King Bio Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Grape King Bio Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Valuation of Inventory

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

consolidated financial statements for details on the valuation of inventory. The net carrying amount of inventory as of December 31, 2023 for the Group amounted to NT\$688,191 thousand, which was significant to the consolidated financial statements, and the criteria to determine loss on inventory vary according to different categories of inventories, which require material accounting estimates. Consequently, the valuation of inventory was identified as a key audit matter.

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

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

Other Matter

We have also audited the parent company only financial statements of Grape King Bio Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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



Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024

Notice to Readers

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

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

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

ASSETS	2023		2022		LIABILITIES AND EQUITY	2023		2022	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 6)	\$ 4,818,703	31	\$ 4,672,852	31	Contract liabilities (Note 23)	\$ 149,684	1	\$ 173,389	1
Financial assets at fair value through profit or loss (Note 7)	80,062	1	-	-	Notes and accounts payable	-	2	293,843	2
Financial assets at amortized cost (Note 9)	71,146	1	1,177,049	1	Accounts payable to related parties (Note 32)	284,099	-	-	-
Notes and accounts receivable, net (Notes 10 and 23)	197,231	1	196,680	1	Other payables (Note 19)	6,002	-	-	-
Accounts receivable from related parties (Notes 23 and 32)	93,580	1	72,967	1	Other payables to related parties (Note 32)	1,969,862	13	2,051,370	14
Other receivables (Note 10)	24,583	-	14,359	-	Current tax liabilities (Note 25)	83,647	1	92,071	1
Inventories (Note 11)	688,191	4	688,391	5	Lease liabilities (Notes 15 and 32)	1,068,680	7	1,026,091	7
Other current assets (Notes 18 and 32)	65,281	-	38,964	-	Lease liabilities (Notes 15 and 32)	56,560	-	46,943	-
Total current assets	6,038,777	39	5,801,262	39	Other current liabilities (Notes 19 and 32)	28,704	-	28,704	-
NON-CURRENT ASSETS					Total current liabilities	3,647,384	24	3,712,411	25
Financial assets at fair value through other comprehensive income (Note 8)	128	-	14,344	-	NON-CURRENT LIABILITIES				
Financial assets at amortized cost (Notes 9 and 33)	28,520	-	24,520	-	Provisions (Note 20)	9,739	-	9,652	-
Investments accounted for using the equity method (Note 13)	59,932	-	44,651	-	Deferred tax liabilities (Note 25)	77,647	-	69,702	-
Property, plant and equipment (Notes 14, 33 and 34)	7,538,682	49	7,360,082	49	Lease liabilities (Notes 15 and 32)	136,360	1	110,809	1
Right-of-use assets (Note 15)	217,740	1	186,268	1	Other non-current liabilities (Notes 19 and 32)	10,726	-	9,391	-
Investment properties (Note 16)	1,408,374	9	1,416,269	10	Total non-current liabilities	234,522	1	199,554	1
Intangible assets (Note 17)	125,087	1	43,757	-	Total liabilities	3,881,906	25	3,911,965	26
Deferred tax assets (Note 25)	11,630	-	14,662	-	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Other non-current assets (Notes 18, 21 and 32)	82,971	-	147,223	-	Share capital	1,481,374	10	1,481,374	10
Total non-current assets	9,473,064	61	9,251,776	61	Capital surplus	2,874,232	18	2,874,232	19
					Retained earnings	1,474,160	10	1,328,240	9
					Legal reserve	70,828	-	92,205	-
					Special reserve	4,155,148	27	3,864,549	26
					Unappropriated earnings	5,700,136	37	5,284,994	35
					Total retained earnings	(79,557)	(1)	(70,828)	-
					Other equity	9,978,299	64	9,569,772	64
					Total equity attributable to owners of the Company	1,651,636	11	1,571,301	10
					NON-CONTROLLING INTERESTS (Notes 12 and 22)				
					Total equity	11,629,935	75	11,141,073	74
TOTAL	\$ 15,511,841	100	\$ 15,053,038	100	TOTAL	\$ 15,511,841	100	\$ 15,053,038	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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

(Continued)

GRAPE KING BIO LTD. AND SUBSIDIARIES

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

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

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

(Concluded)

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
	Share Capital - Ordinary Shares			Retained Earnings			Others			
	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	Statements of Total	Total Equity
BALANCE AT JANUARY 1, 2022	148,137	\$ 1,481,374	\$ 2,869,691	\$ 1,198,125	\$ 86,465	\$ 3,444,844	\$ (75,567)	\$ (16,638)	\$ 8,988,294	\$ 10,429,415
Appropriation of 2021 earnings	-	-	-	130,115	-	(130,115)	-	-	-	-
Legal reserve	-	-	-	-	5,740	(5,740)	-	-	-	-
Special reserve	-	-	-	-	-	(903,638)	-	-	(903,638)	(903,638)
Cash dividends	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(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	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	23,066
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	1,459,198	17,644	2,954	1,479,796	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	11,141,073
Appropriation of 2022 earnings	-	-	-	145,920	-	(145,920)	-	-	-	-
Legal reserve	-	-	-	-	(21,377)	21,377	-	-	-	-
Special reserve	-	-	-	-	-	(1,022,148)	-	-	(1,022,148)	(1,022,148)
Cash dividends	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(641,666)
Change in other capital surplus	-	-	2,114	-	-	-	-	-	2,114	2,114
Net profit for the year ended December 31, 2023	-	-	-	-	-	1,452,728	-	-	1,452,728	2,141,511
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	202	(22,521)	(1,848)	(24,167)	(24,500)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	1,452,930	(22,521)	(1,848)	1,428,561	2,117,011
Non-controlling interests increased	-	-	-	-	-	-	-	-	-	33,551
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(15,640)	-	15,640	-	-
BALANCE AT DECEMBER 31, 2023	148,137	\$ 1,481,374	\$ 2,876,346	\$ 1,474,160	\$ 70,828	\$ 4,155,148	\$ (79,665)	\$ 108	\$ 9,978,299	\$ 11,629,935

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

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

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

(Continued)

GRAPE KING BIO LTD. AND SUBSIDIARIES

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

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

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

(Concluded)

GRAPE KING BIO LTD. AND SUBSIDIARIES

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

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

1. GENERAL INFORMATION

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

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

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

- 1) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- 2) The Group chose the accounting policy from options permitted by the standards;
- 3) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- 4) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
- 5) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

e. Business combinations

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

f. Foreign currencies

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

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

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

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

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

g. Inventories

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

h. Investments in associates

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

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

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

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

n. Provisions

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

o. Revenue recognition

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

1) Revenue from the sale of goods

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

2) Revenue from the rendering of services

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

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

p. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

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

q. Borrowing costs

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Material Accounting Judgements

a. Lease terms

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

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

b. Write-down of inventories

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

c. Recognition and measurement of defined benefit plans

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

d. Lessee's incremental borrowing rates

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

6. CASH AND CASH EQUIVALENTS

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

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

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

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

10. NOTES AND ACCOUNTS RECEIVABLE, NET AND OTHER RECEIVABLES

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

a. Notes and accounts receivable

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

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

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

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

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

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

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

Notes and accounts receivable were not pledged.

b. Other receivables

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

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

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

11. INVENTORIES

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

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

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

Inventories were not pledged.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership	
			December 31	
			2023	2022
The Company	Pro-partner Inc. (Pro-partner)	Sales	60%	60%
The Company	GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI) (GKBVI)	Investment	100%	100%
The Company	Rivershine Ltd. (Rivershine)	Sales	100%	100%
GKBVI	Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Manufacturing and Sales	100%	100%
GKBVI	Shanghai Rivershine Ltd. (Shanghai Rivershine)	Sales	100%	100%
Pro-partner	ELITE PROPARTNER HOLDINGS SDN. BHD.	Investment	100%	100%
Pro-partner	UVACO MY SDN. BHD.	Sales	100%	-
Shanghai Grape King	Shanghai Pujun Trading Co., Ltd. (Shanghai Pujun)	Sales	51%	-

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

			Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
			December 31	
Name of Subsidiary	Principal Place of Business		2023	2022
Pro-partner	Taiwan		40%	40%
			Accumulated Non-controlling	
			Interests	
			December 31	
Name of Subsidiary	2023	2022	2023	2022
Pro-partner	\$ 688,507	\$ 712,575	\$ 1,618,104	\$ 1,571,301

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

Pro-partner

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

Aggregate information of associates that are not individually material.

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

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

Investments in associates were not pledged.

14. PROPERTY, PLANT AND EQUIPMENT

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

a. Assets used by the Group

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

(Continued)

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

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

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

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

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

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

b. Lease liabilities

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

Range of discount rate for lease liabilities was as follows:

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

c. Material lease-in activities and terms

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

d. Subleases

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

Sublease of right-of-use assets

Shanghai Grape King entered into an operating lease agreement for a term from June 2014 to May 2034 with a non-related party and the lease agreement between two parties was terminated in August 2022. The movement schedule of prepaid rents is as follows:

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

e. Other lease information

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

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

16. INVESTMENT PROPERTIES

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

(Continued)

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

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

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2023 and 2022 was as follows:

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

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of investment properties during the years ended December 31, 2023 and 2022. Investment properties are depreciated using the straight-line method over their estimated useful lives of 5 to 50 years.

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

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

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

Investment properties were not pledged.

17. INTANGIBLE ASSETS

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

Except for the aforementioned addition and recognized amortization, the Group did not have disposal or impairment of other intangible assets during the year ended December 31, 2023 and 2022. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

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

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

18. OTHER ASSETS

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

19. OTHER LIABILITIES

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

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

20. PROVISIONS

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

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

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

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT\$ 35,128 thousand and NT\$32,950 thousand, respectively.

b. Defined benefit plans

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

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

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

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

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

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

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

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

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	
	2023	2022
Expected contributions to the plans for the next year	\$ 2,448	\$ 2,539
Average duration of the defined benefit obligation	11.5 years- 12 years	12.3 years- 13 years

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate; expenses under the defined benefit plan for the years ended December 31, 2023 and 2022 were NT\$348 thousand and NT\$250 thousand, respectively.

22. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2023	2022
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 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

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

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

2) Other is unclaimed dividend.

c. Retained earnings and dividends policy

According to the Company's Articles of Incorporation, both the Company and Pro-partner Inc. shall distribute their annual earnings, if any, in the sequence listed below.

- 1) Paying taxes;
- 2) Offsetting losses of previous years;
- 3) Setting aside as legal reserve 10% of the remaining profit;
- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations; and

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

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 24-h.

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

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

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

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

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

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

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

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

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

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

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

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

d. Other equity items

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

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

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

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

e. Non-controlling interests

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

23. REVENUE

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

a. Disaggregation of revenue

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

For the year ended December 31, 2023

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

Timing of revenue recognition

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

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

Timing of revenue recognition

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

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

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

Note 2: Others include general food and pet food.

b. Contract balances

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

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

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

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

24 NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

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

b. Other income

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

c. Other gains and losses

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

d. Finance costs

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

Information about capitalized interest is as follows:

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

e. Depreciation and amortization

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

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

f. Operating expenses directly related to investment properties

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

g. Employee benefits expense

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

h. Compensation of employees and remuneration of directors

According to the resolution of the Board of Directors, 6%-8% of profit of the current year is distributable as compensation of employees and no higher than 2% of profit of the current year is distributable as remuneration of directors. However, the Company has to first offset accumulated losses, if any. For the years ended December 31, 2023 and 2022, the compensation of employees and the remuneration of directors are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	8%	8%
Remuneration of directors	2%	2%

Amount

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

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

The appropriations of earnings for the compensation of employees and remuneration of directors for 2023 and 2022 that were resolved by the Company's Board of Directors on February 26, 2024 and February 22, 2023, respectively, are as shown below:

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

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

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

25. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

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

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

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

b. Income tax recognized in other comprehensive income

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

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

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

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

For the year ended December 31, 2022

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

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

d. Income tax assessments

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

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

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

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

Net profit for the year

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

Weighted average number of ordinary shares outstanding

Unit: In Thousands of Shares

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

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

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

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

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

b. Consideration transferred

Shanghai Pujun

Cash	<u>\$ 34,920</u>
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c. Assets acquired and liabilities assumed at the date of acquisition

Shanghai Pujun

Current assets and non-current assets

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

d. Non-controlling interests

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

e. Net cash outflow on the acquisition of subsidiaries

Shanghai Pujun

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

f. Impact of acquisitions on the results of the Group

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

Shanghai Pujun

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

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

28. DISPOSAL OF SUBSIDIARIES

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

a. Consideration received from disposals

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

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

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

c. Loss on disposal of subsidiaries

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

d. Net cash inflow on disposals of subsidiaries

	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, 2023 and 2022:

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

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2023

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

December 31, 2022

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

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

Financial Assets	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

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	
	2023	2022
Discount for lack of marketability	30%	30%

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

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

c. Categories of financial instruments

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

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

a) Foreign currency risk

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

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 35.

Sensitivity analysis

The Group is mainly exposed to the USD.

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

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

b) Interest rate risk

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

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

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

Sensitivity analysis

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

If interest rates had been changed by 10 basis points and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would change by NT\$4,313 thousand and NT\$4,677 thousand, respectively, which was mainly due to fluctuations in net asset's variable interest rate.

2) Credit risk

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

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Credit risk of certain customers is also managed by carrying out credit enhancement procedures such as requesting for prepayment.

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

December 31, 2023

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

Additional information about the maturity analysis for financial liabilities:

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

December 31, 2022

	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
Lease liabilities	<u>\$ 45,779</u>	<u>\$ 75,582</u>	<u>\$ 9,861</u>	<u>\$ 9,860</u>	<u>\$ 9,860</u>	<u>\$ 16,434</u>

b) Financing facilities

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

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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 Foundation)	Other related party	Pro-partner is its sole founder
Laser Solution Technology Co., Ltd. (Laser Solution)	Other related party	Supervisor of Pro-partner (from June 3, 2021 to June 2, 2024)
Pu-Lin Ltd. (Pu-Lin)	Other Related Party	Related party in substance of Pro-partner
Xinlin Enterprise Co., Ltd. (Xinlin)	Other Related Party	Related party in substance of Pro-partner
Xinlin Investment Co., Ltd. (Xinlin Investment)	Other Related Party	Related party in substance of Pro-partner
Uni-President Enterprises Corp. (Uni-President)	Other related party	Director of the Company
Tung-Ju Enterprise Corp. (Tung-Ju)	Other related party	Subsidiary of a director of the Company
Tung Hsyng Co., Ltd. (Tung Hsyng)	Other related party	Subsidiary of a director of the Company
Uni-President Vender Corp. (Uni-President Vender)	Other related party	Subsidiary of a director of the Company
Tong-Yo Co., Ltd. (Tong-Yo)	Other related party	Subsidiary of a director of the Company
RSI, Retail Support International Corp. (Retail Support)	Other related party	Subsidiary of a director of the Company
Sheng-Miao Industrial Corp. (Sheng-Miao)	Other related party	Subsidiary of a director of the Company
Tung-Bo Enterprise Corp. (Tung-Bo)	Other related party	Subsidiary of a director of the Company
Xin-Tung Enterprise Corp. (Xin-Tung)	Other related party	Subsidiary of a director of the Company
Tong-Yeen Enterprise Corp. (Tong-Yeen)	Other related party	Subsidiary of a director of the Company
Wei-Tong Enterprise Corp. (Wei-Tong)	Other related party	Subsidiary of a director of the Company
President Pharmaceutical Corp. (President Pharmaceutical)	Other related party	Subsidiary of a director of the Company
President Chain Store Corp. (President Chain Store)	Other related party	Subsidiary of a director of the Company

(Continued)

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

b. Sales of goods

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

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

c. Purchases of goods

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

Purchases for the related parties were determined based on mutual consent. There is no significant difference regarding the terms and conditions for the related parties and for the third parties.

d. Contract liabilities

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

e. Receivables from related parties

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

f. Payables to related parties

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

(Continued)

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

g. Prepayments

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

h. Lease arrangements

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

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

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

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

i. Other transactions with related parties

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

(Continued)

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

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

j. Compensation of key management personnel

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

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

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

	December 31	
	2023	2022
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, 2023.
- Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2023 were as follows:

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

- For operational needs, Pro-partner established operational bases in Taoyuan, Hsinchu, Taichung, Hualien, Tainan and Kaohsiung. The information concerning the operating leases as of December 31, 2023 is listed below:

Operating Location	Lessor	Lease Periods	Monthly Rental
Taoyuan City	Taoyuan Irrigation Association	2020.02.01-2025.01.31	\$ 360
Taoyuan City	Passion Technology Co., Ltd.	2020.05.01-2025.04.30	280-300
Hsinchu City	Lin, Zhuang-Long, Wu, Yi-Wan	2021.11.01-2026.10.31	350-368
Taichung City	Pu-Lin Ltd.	2007.11.01-2027.11.01 (Note)	220
Taichung City	Pu-Lin Ltd.	2010.04.01-2030.03.31 (Note)	129
Taichung City	Nan Shan Life Insurance Co., Ltd.	2022.05.01-2027.04.30	555-572
Hualien City	Liou, Chuen-Hou, Liou, Chuen-Lung	2023.09.01-2024.08.31	130
Tainan City	Cathay Life Insurance Co., Ltd.	2021.08.01-2026.07.31	418-444
Kaohsiung City	Kazu Kuwae Trading Co., Ltd.	2021.12.01-2025.03.31	71

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

35. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

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

December 31, 2022

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

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were NT\$665 thousand and NT\$11,629 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: None;
- 2) Endorsements/guarantees provided: None;

- 3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): Table 1;
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties of at least to NT\$100 million or 20% of the paid-in capital: Table 2;
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3;
- 9) Trading in derivative instruments: None;
- 10) Others: intercompany relationships and significant intercompany transactions: Table 4;
- b. Information on investees: Table 5;
- c. Information on investments in mainland China
 - 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, net income (losses) of the investee, investment income (losses), ending balance, amount received as dividends from the investee, and the limitation on investee: Table 6.
 - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment and unrealized gain or loss: None;
- d. Information on major shareholders:

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

37. SEGMENTS INFORMATION

The Group determined its operating segments based on business activities, with discrete financial information regularly reported through the Group's internal reporting protocols to the Group's chief operating decision-maker. The Group is organized into several business units based on its marketing channels and services. As of September 30, 2023 and 2022, the Group had the following segments: MLM (Multi-level marketing), Distributors, ODM/OEM (Original Design Manufacturer/Original Equipment Manufacturer) and Sales channel.

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

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

Segment's description: MLM is a direct seller of Pro-partner Inc., including the Company's development and manufacturing products for Pro-partner Inc., Distributors includes GRAPE KING BIO's self-owned brand products, ODM/OEM includes ODM/OEM in Taiwan and Shanghai, and Sales channel is the Group's business of selling products from other companies for the purpose of building its own brand channels.

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

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

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

a. Segment revenue and results

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

For the year ended December 31, 2023

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

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

For the year ended December 31, 2022

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

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

b. Total segment assets and liabilities

December 31, 2023

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

December 31, 2022

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

c. Other segment information

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

d. Revenue from major products and services

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

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

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

Note 2: Others include general food and pet food.

e. Geographical information

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

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

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

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

f. Information about major customers

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

TABLE 1

GRAPE KING BIO LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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

TABLE 2

GRAPE KING BIO LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details		Payment Terms	Abnormal Transaction (Note 1)		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Unit Price	Payment Terms	Ending Balance	% to Total	
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Sales	\$ 1,674,644	58.67	By contract	-	\$ 199,438	46.43	Note 2
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	286,629	10.04	By contract	-	144,574	33.65	Note 2
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,674,644	97.47	By contract	-	(199,438)	99.71	Note 2
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	286,629	100.00	By contract	-	(144,574)	100.00	Note 2

Note 1: If the terms of transactions with the related parties are different from normal terms, the difference and the reason for the difference should be declared in the column of unit price or credit period.

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

TABLE 3

GRAPE KING BIO LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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

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

TABLE 4

GRAPE KING BIO LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions		
				Financial Statement Account	Amount	Terms
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Net revenue from sale of goods	\$ 1,674,644	By contract
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts receivable	199,438	By contract
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Net revenue from sale of goods	286,629	By contract
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Accounts receivable	144,574	By contract

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

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

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

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

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

TABLE 5

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATIONS ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023		Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership (%)			
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	\$ 26,650	\$ 26,978	Notes 1, 2 and 3
		Taoyuan, Taiwan	Importing and selling of health food, drink, cosmetics, sports apparatus, cleaning products, etc.	15,000	15,000	10,560,000	60	1,721,269	1,031,404	Notes 1 and 2
	Rivershine Ltd.	Taoyuan, Taiwan	Importing and selling of health food, drinks, daily cosmetics, appliances, etc.	30,000	30,000	3,000,000	100	14,431	14,431	Note 2
		Malaysia	Importing and selling of health products	14,899	14,899	2,100,000	35	55,645	20,070	Note 1
	Pro-partner Inc.	Malaysia	Investment activities	2,017	2,017	300,000	100	(298)	Note 4	Note 2
	UVACO MY SDN. BHD.	Malaysia	Selling of health products	Note 5	-	Note 5	100	-	Note 4	Notes 2 and 5

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

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

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

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

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

TABLE 6

GRAPE KING BIO LTD. AND SUBSIDIARIES

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

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsule, tablet, related products and services.(Warehousing services)	USD 28,900	Note 1(2) Note 3	\$ 847,672 (USD 27,350)	\$ -	\$ -	\$ 847,672 (USD 27,350)	\$ 25,723 Note 2(2)B	100%	\$ 26,051 Note 2(2)B	\$ 1,083,438	\$ -
Shanghai Yusong Co., Ltd.	Stock management and related services of the thermostatic fresh freezing warehouse.	USD 4,890	Note 1(2) Note 4	26,794 (USD 878)	-	(26,794) (USD 878) Note 4	-	-	-	-	Note 2(3)	-
Shanghai Rivershine Ltd.	Food distribution (except grain), food packaging materials, cosmetics wholesale, import and export, commission agents (except auction), related products and services.	USD 650	Note 1(2) Note 5	18,290 (USD 650)	-	-	18,290 (USD 650)	(21) Note 2(2)B	100%	(21) Note 2(2)B	18,178	-
Shanghai Pujun Trading Co., Ltd.	Sale of food; transporting road cargo (excluding dangerous goods); wholesale of edible agricultural products; retail of edible agricultural products, sale of agricultural products, sale of sideline products; marketing planning; brand management; project planning and public relations services; information consulting services (excluding licensing information consulting services), etc	RMB 2,000	Note 1(2) Note 8	-	-	-	-	6,018 Note 2(2)B	51%	2,821 Note 2(2)B	34,901	-

(Continued)

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

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

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

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

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

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

(Continued)

2. The investment income (loss) was determined based on the following basis:
 - (A) The financial report was reviewed and certified by an international accounting firm in cooperation with an accounting firm in the ROC.
 - (B) The financial statements were reviewed by the parent company's auditors.
 3. Recorded as financial assets at fair value through other comprehensive income.
- Note 3: The Company invested in Shanghai Grape King Enterprise Co., Ltd. through subsidiary GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI), and Shanghai Grape King Enterprise Co., Ltd. transferred its surplus to capital by US\$1,000 thousand in July 2022.
- Note 4: The Company invested in Shanghai Yusong Co., Ltd. through Fu-Sheng International Inc. (SAMOA). Shanghai Yusong Co., Ltd. had been liquidated in December 2022, and the proceeds were remitted into Taiwan in March 2023.
- Note 5: The Company indirectly invested in Shanghai Rivershine Ltd. through its subsidiary, GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI).
- Note 6: The Company directly invested in Shanghai Changhong Biotechnology Co., Ltd. Shanghai Changhong Biotechnology Co., Ltd. is currently undergoing its liquidation procedures in November 2022, resulting in a recoverable amount less than the amount of the Company's investment, the Company recognized investment losses of \$2,538 thousand for the year ended December 31, 2022.
- Note 7: The Company invested in Shanghai Xinquan Biotechnology Co., Ltd. through subsidiary Shanghai Rivershine Ltd.
- Note 8: The Company invested in Shanghai Pujun Trading Co., Ltd. through subsidiary Shanghai Grape King Enterprise Co., Ltd.

(Concluded)

TABLE 7**GRAPE KING BIO LTD.****INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

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

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

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

A hand holding a silver pen is pointing at a spreadsheet. The spreadsheet has a grid of numbers, with some numbers circled. The background is a blurred image of a hand holding a pen over a spreadsheet.

Appendix II

Parent Company Only
Financial Statements
with Report of Independent
Accountants for the Year
Ended Dec 31, 2023 and 2022



Grape King Bio Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

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, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2023. 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, 2023 is described as follows:

Valuation of Inventory

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

inventory. Refer to Notes 4, 5, and 10 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, 2023 for the Company amounted to NT\$577,560 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 material accounting estimates. Consequently, the valuation of inventory was identified as a key audit matter.

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

1. We understood and tested the design and tested the operating effectiveness of the key controls over the valuation of inventory;
2. We understood and assessed the reasonableness of the inventory valuation policy and estimates used by the management;
3. We performed an observation on the 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 the net realizable value of inventory as well as performed calculations of the validity period from the year-end subsidiary ledgers and aging report of inventories, to verify that the allowance for inventory loss was appropriately recognized based on the 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 committee, 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:

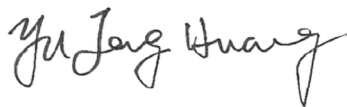
1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024

Notice to Readers

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

ASSETS	2023		2022		LIABILITIES AND EQUITY	2023		2022	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 6)	\$ 945,045	8	\$ 900,612	8	Contract liabilities (Note 20)	\$ 23,924	-	\$ 24,470	-
Financial assets at amortized cost (Note 8)	-	-	15,973	-	Notes and accounts payable	238,495	2	238,291	2
Notes and accounts receivable, net (Notes 9 and 20)	61,161	1	64,123	1	Other payables (Note 17)	483,070	5	521,953	5
Accounts receivable from related parties (Notes 20 and 28)	368,421	3	380,036	4	Other payables to related parties (Note 28)	600	-	939	-
Other receivables (Note 9)	437	-	2,364	-	Current tax liabilities (Note 22)	194,241	2	176,400	2
Other receivables from related parties (Note 28)	79,394	1	81,586	1	Lease liabilities (Notes 13 and 28)	20,522	-	10,959	-
Inventories (Note 10)	577,560	5	529,877	5	Other current liabilities (Note 17)	6,366	-	6,909	-
Other current assets (Note 16 and 28)	18,520	-	17,576	-	Total current liabilities	967,218	9	979,921	9
Total current assets	2,050,538	18	1,992,147	19	NON-CURRENT LIABILITIES				
NON-CURRENT ASSETS					Deferred tax liabilities (Note 22)	77,323	-	69,378	1
Financial assets at fair value through other comprehensive income (Note 7)	128	-	14,344	-	Lease liabilities (Notes 13 and 28)	105,054	1	54,055	-
Financial assets at amortized cost (Notes 8 and 29)	24,800	-	20,800	-	Other non-current liabilities (Notes 17 and 28)	3,717	-	3,554	-
Investments accounted for using the equity method (Note 11)	3,634,427	33	3,531,227	33	Total non-current liabilities	186,094	1	126,987	1
Property, plant and equipment (Note 13)	4,937,837	44	4,659,885	44	Total liabilities	1,153,312	10	1,106,908	10
Right-of-use assets (Note 13)	123,933	1	63,800	1	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Investment properties (Note 14)	233,636	2	233,902	2	Share capital	1,481,374	14	1,481,374	14
Intangible assets (Note 15)	64,529	1	31,701	-	Capital surplus	2,874,236	26	2,874,236	27
Deferred tax assets (Note 22)	1,177	-	3,466	-	Retained earnings	1,474,160	13	1,328,240	13
Other non-current assets (Notes 16 and 18)	60,606	1	125,408	1	Legal reserve	70,828	1	92,205	1
Total non-current assets	9,081,073	82	8,684,533	81	Special reserve	4,155,148	37	3,864,549	36
					Unappropriated earnings	5,700,136	51	5,284,994	50
					Total retained earnings	(79,557)	(1)	(70,828)	(1)
					Other equity	9,978,299	90	9,569,772	90
					Total equity	1,113,161	100	1,067,680	100
TOTAL	\$ 11,131,611	100	\$ 10,676,680	100	TOTAL	\$ 11,131,611	100	\$ 10,676,680	100

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

GRAPE KING BIO LTD.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 20 and 28)	\$ 2,854,451	100	\$ 2,807,503	100
COST OF GOODS SOLD (Notes 10 and 21)	<u>(1,425,577)</u>	<u>(50)</u>	<u>(1,477,591)</u>	<u>(53)</u>
GROSS PROFIT	1,428,874	50	1,329,912	47
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>3,000</u>	<u>-</u>	<u>(14,429)</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>1,431,874</u>	<u>50</u>	<u>1,315,483</u>	<u>47</u>
OPERATING EXPENSES (Notes 18, 21 and 28)				
Selling and marketing	(447,129)	(16)	(406,236)	(14)
General and administrative	(406,069)	(14)	(350,972)	(13)
Research and development	<u>(247,093)</u>	<u>(8)</u>	<u>(251,269)</u>	<u>(9)</u>
Total operating expenses	<u>(1,100,291)</u>	<u>(38)</u>	<u>(1,008,477)</u>	<u>(36)</u>
INCOME FROM OPERATIONS	<u>331,583</u>	<u>12</u>	<u>307,006</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 11, 21 and 28)				
Interest income	9,554	-	1,591	-
Other income	98,260	4	99,028	4
Other gains and losses	577	-	432	-
Finance costs	(1,404)	-	(747)	-
Share of profit of subsidiaries and associates	<u>1,092,884</u>	<u>38</u>	<u>1,124,146</u>	<u>40</u>
Total non-operating income	<u>1,199,871</u>	<u>42</u>	<u>1,224,450</u>	<u>44</u>
PROFIT BEFORE INCOME TAX	1,531,454	54	1,531,456	55
INCOME TAX EXPENSE (Note 22)	<u>(78,726)</u>	<u>(3)</u>	<u>(74,344)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>1,452,728</u>	<u>51</u>	<u>1,457,112</u>	<u>52</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 19)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	270	-	1,883	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(1,848)	-	2,954	-
Remeasurement of defined benefit plans for subsidiaries recognized using the equity method	(18)	-	725	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(50)	-	(522)	-

(Continued)

GRAPE KING BIO LTD.

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

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (20,576)	(1)	\$ 17,352	1
Exchange differences on translating the financial statements of foreign operations of associate	<u>(1,945)</u>	<u>-</u>	<u>1,071</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(24,167)</u>	<u>(1)</u>	<u>23,463</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,428,561</u>	<u>50</u>	<u>\$ 1,480,575</u>	<u>53</u>
EARNINGS PER SHARE (Note 23)				
Basic earnings per share	<u>\$ 9.81</u>		<u>\$ 9.84</u>	
Diluted earnings per share	<u>\$ 9.74</u>		<u>\$ 9.78</u>	

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

(Concluded)

GRAPE KING BIO LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Share Capital - Ordinary Shares				Retained Earnings				Others		
	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	Total Equity		
BALANCE AT JANUARY 1, 2022	148,137	\$ 1,481,374	\$ 2,869,691	\$ 1,198,125	\$ 86,465	\$ 3,444,844	\$ (75,567)	\$ (16,638)	\$ 8,988,294		
Appropriation of 2021 earnings											
Legal reserve	-	-	-	130,115	-	(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		
Appropriation of 2022 earnings											
Legal reserve	-	-	-	145,920	-	(145,920)	-	-	-	-	
Special reserve	-	-	-	-	(21,377)	21,377	-	-	-	-	
Cash dividends	-	-	-	-	-	(1,022,148)	-	-	-	(1,022,148)	
Change in other capital surplus	-	-	2,114	-	-	-	-	-	-	2,114	
Net profit for the year ended December 31, 2023	-	-	-	-	-	1,452,728	-	-	-	1,452,728	
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	202	(22,521)	(1,848)	(24,167)		
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	1,452,930	(22,521)	(1,848)	1,428,561		
Disposal of investments in equity instruments designated as at fair value through other comprehensive income						(15,640)	-	15,640	-	-	
BALANCE AT DECEMBER 31, 2023	148,137	\$ 1,481,374	\$ 2,876,346	\$ 1,474,160	\$ 70,828	\$ 4,155,148	\$ (79,665)	\$ 108	\$ 9,978,299		

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,531,454	\$ 1,531,456
Adjustments for:		
Depreciation expenses	292,377	292,159
Amortization expenses	15,500	8,490
Expected credit loss recognized (reversed)	(3,179)	-
Net gain on financial assets at fair value through profit or loss	(358)	(631)
Finance costs	1,404	747
Interest income	(9,554)	(1,591)
Share of profit of subsidiaries and associates	(1,092,884)	(1,124,146)
Gain on disposal of property, plant and equipment, net	(3)	(15)
Loss on disposal of subsidiary	-	779
Loss (gain) on inventories on retirement and write-down (reversals)	(16,805)	21,273
Impairment loss on investments accounted for using the equity method	-	2,538
(Realized) unrealized gain on transactions with subsidiaries and associates	(3,000)	14,429
Unrealized gain on foreign currency exchange	(1,559)	-
Gain on modification of lease agreements	(14)	-
Changes in operating assets and liabilities		
Notes and accounts receivable, net	5,966	(10,301)
Accounts receivable from related parties	10,797	(76,183)
Other receivables	1,927	(603)
Other receivables from related parties	2,192	(7,435)
Inventories	(30,878)	17,027
Other current assets	(944)	17,988
Contract liabilities	(546)	6,186
Notes and accounts payable	204	46,231
Other payables	7,343	41,000
Other payables to related parties	(339)	(163)
Other current liabilities	(543)	4,053
Net defined benefit liabilities	(2,430)	(2,386)
Cash generated from operations	706,128	780,902
Interest received	9,554	1,591
Interest paid	(15)	(141)
Income tax paid	(50,705)	(30,140)
Net cash generated from operating activities	664,962	752,212

(Continued)

GRAPE KING BIO LTD.

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive (loss) income	\$ 12,368	\$ -
Acquisition of financial assets at amortized cost	(13,107)	(27,173)
Proceeds from sale of financial assets at amortized cost	-	8,940
Proceeds from redemption of financial assets at amortized cost	25,399	5,000
Acquisition of financial assets at fair value through profit or loss	(300,000)	(800,000)
Proceeds from sale of financial assets at fair value through profit or loss	300,358	1,001,010
Acquisition of investments accounted for using the equity method	-	(8,089)
Disposal of subsidiary (net cash of disposal)	-	27,586
Acquisition of property, plant and equipment	(563,959)	(442,272)
Proceeds from disposal of property, plant and equipment	3	15
Increase in refundable deposits	(991)	(1,886)
Decrease in refundable deposits	2,240	4,536
Acquisition of intangible assets	(13,878)	(13,698)
Dividends received	<u>970,149</u>	<u>879,408</u>
Net cash generated from investing activities	<u>418,582</u>	<u>633,377</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	100	100
Repayments of long-term borrowings	(100)	(94,465)
Proceeds from guarantee deposits received	163	1,554
Refund of guarantee deposits received	-	(3,488)
Repayment of the principal portion of lease liabilities	(21,375)	(18,485)
Dividends paid to owners of the Company	(1,022,148)	(903,638)
Other financing activities	<u>2,114</u>	<u>1,732</u>
Net cash used in financing activities	<u>(1,041,246)</u>	<u>(1,016,690)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>2,135</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>44,433</u>	<u>368,899</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>900,612</u>	<u>531,713</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 945,045</u>	<u>\$ 900,612</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, 2023 AND 2022 (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 February 26, 2024.

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

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

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

Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Company refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The 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 accounting policy information is likely to be considered material to the financial statements if that information relates to material transactions, other events or conditions and:

- 1) The 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.

Refer to Note 4 for related accounting policy information.

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

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

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

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

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

As of the date the 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 IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

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

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

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

As of the date the 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 MATERIAL ACCOUNTING POLICY INFORMATION

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 IFRS Accounting Standards 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 27.

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 rereasurement) 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. MATERIAL 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.

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

Material Accounting Judgements

a. Lease terms

In determining a lease term, the 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 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

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

c. Recognition and measurement of defined benefit plans

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

d. Lessee's incremental borrowing rates

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 275	\$ 306
Deposits in banks		
Demand deposits	480,945	550,298
Checking accounts	8	8
Cash equivalents (investments with original maturities of less than 3 months)		
Repurchase agreements collateralized by bonds	450,000	350,000
Time deposits	<u>13,817</u>	<u>-</u>
	<u>\$ 945,045</u>	<u>\$ 900,612</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

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

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

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ -</u>	<u>\$ 15,973</u>
<u>Non-current</u>		
Pledged time deposits	<u>\$ 24,800</u>	<u>\$ 20,800</u>

Refer to Note 27 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES AND ACCOUNTS RECEIVABLE, NET AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	\$ 589	\$ 544
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	60,572	66,758
Less: Loss allowance	-	(3,179)
	<u>60,572</u>	<u>63,579</u>
	<u>\$ 61,161</u>	<u>\$ 64,123</u>
<u>Other receivables</u>		
Other receivables	\$ 437	\$ 2,364
Less: Loss allowance	-	-
	<u>\$ 437</u>	<u>\$ 2,364</u>

a. Notes and accounts receivable

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 default.

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	
	2023	2022
Balance at January 1	\$ 3,179	\$ 3,179
Less: Reversal of impairment loss	<u>(3,179)</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 3,179</u>

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

	Neither Past Due nor Impaired	Past Due but not Impaired			
		Within 90 Days	91 to 180 Days	Over 180 Days	Total
December 31, 2023	\$ 57,413	\$ 3,748	\$ -	\$ -	\$ 61,161
December 31, 2022	59,354	4,769	-	-	64,123

Notes and accounts receivable were not pledged.

b. Other receivables

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

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 213,431	\$ 148,218
Semi-finished goods and work in progress	203,373	213,199
Raw materials	112,348	120,444
Supplies	48,312	47,670
Merchandise	<u>96</u>	<u>346</u>
	<u>\$ 577,560</u>	<u>\$ 529,877</u>

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	<u>\$ 1,425,577</u>	<u>\$ 1,477,591</u>
Loss on retirement	<u>\$ 8,797</u>	<u>\$ 9,696</u>
Inventory write-downs(reversals)	<u>\$ (16,805)</u>	<u>\$ 21,273</u>
Gain from physical counts	<u>\$ (2,708)</u>	<u>\$ (2,493)</u>

Inventories were not pledged.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 3,583,475	\$ 3,495,924
Investments in associates	<u>50,952</u>	<u>35,303</u>
	<u>\$ 3,634,427</u>	<u>\$ 3,531,227</u>

a. Investments in subsidiaries

	December 31	
	2023	2022
Pro-partner Inc. (Pro-partner)	\$ 2,405,596	\$ 2,329,961
GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI) (GKBVI)	1,128,498	1,123,364
Rivershine Ltd. (Rivershine)	<u>49,381</u>	<u>42,599</u>
	<u>\$ 3,583,475</u>	<u>\$ 3,495,924</u>

	Proportion of Ownership and Voting Rights	
	December 31	
Name of subsidiaries	2023	2022
Pro-partner	60%	60%
GKBVI	100%	100%
Rivershine	100%	100%

Investments accounted for using the equity method were not pledged.

b. Investments in associates

	December 31	
	2023	2022
<u>Associate that are not individually material</u>		
GK BIO INTERNATIONAL SDN. BHD.	\$ 50,952	\$ 35,303
Shanghai Changhong Biotechnology Co., Ltd.	<u>-</u>	<u>-</u>
	<u>\$ 50,952</u>	<u>\$ 35,303</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.

Aggregate information of associates that are not individually material.

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Net income	\$ 19,476	\$ 10,824
Other comprehensive income (loss)	<u>(1,945)</u>	<u>1,071</u>
Total comprehensive income	<u>\$ 17,531</u>	<u>\$ 11,895</u>

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

Investments in associates were not pledged.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Assets used by the Company	<u>\$ 4,937,837</u>	<u>\$ 4,659,885</u>

a. Assets used by the Company

	For the Year Ended December 31, 2023				
	Balance at Beginning of Year	Additions	Disposals	Reclassification	Balance at End of Year
<u>Cost</u>					
Land	\$ 1,522,723	\$ -	\$ -	\$ -	\$ 1,522,723
Land improvements	3,264	-	-	-	3,264
Buildings	2,954,216	2,097	-	487,213	3,443,526
Machinery and equipment	1,614,892	21,320	(40,353)	89,239	1,685,098
Transportation equipment	15,522	1,268	-	-	16,790
Leasehold improvements	17,998	-	-	-	17,998
Other equipment	352,769	12,294	(16,418)	896	349,541
Construction in progress	<u>445,321</u>	<u>399,883</u>	<u>-</u>	<u>(464,576)</u>	<u>380,628</u>
	<u>6,926,705</u>	<u>\$ 436,862</u>	<u>\$ (56,771)</u>	<u>\$ 112,772</u>	<u>7,419,568</u>
<u>Accumulated depreciation</u>					
Land	-	\$ -	\$ -	\$ -	-
Land improvements	2,238	272	-	-	2,510
Buildings	864,620	119,288	-	-	983,908
Machinery and equipment	1,115,875	111,562	(40,353)	-	1,187,084
Transportation equipment	12,750	900	-	-	13,650
Leasehold improvements	15,459	2,539	-	-	17,998
Other equipment	<u>255,878</u>	<u>37,121</u>	<u>(16,418)</u>	<u>-</u>	<u>276,581</u>
	<u>2,266,820</u>	<u>\$ 271,682</u>	<u>\$ (56,771)</u>	<u>\$ -</u>	<u>2,481,731</u>
Carrying amount at December 31, 2023	<u>\$ 4,659,885</u>				<u>\$ 4,937,837</u>

For the Year Ended December 31, 2022					
	Balance at Beginning of Year	Additions	Disposals	Reclassification	Balance at End of Year
<u>Cost</u>					
Land	\$ 1,522,590	\$ 13	\$ -	\$ 120	\$ 1,522,723
Land improvements	3,264	-	-	-	3,264
Buildings	2,937,836	6,514	-	9,866	2,954,216
Machinery and equipment	1,520,359	26,473	-	68,060	1,614,892
Transportation equipment	16,057	-	(535)	-	15,522
Leasehold improvements	17,998	-	-	-	17,998
Other equipment	334,392	18,062	(585)	900	352,769
Construction in progress	<u>102,741</u>	<u>335,447</u>	<u>-</u>	<u>7,133</u>	<u>445,321</u>
	<u>6,455,237</u>	<u>\$ 386,509</u>	<u>\$ (1,120)</u>	<u>\$ 86,079</u>	<u>6,926,705</u>
<u>Accumulated depreciation</u>					
Land	-	\$ -	\$ -	\$ -	-
Land improvements	1,967	271	-	-	2,238
Buildings	747,034	117,586	-	-	864,620
Machinery and equipment	1,000,903	114,972	-	-	1,115,875
Transportation equipment	12,224	1,061	(535)	-	12,750
Leasehold improvements	12,032	3,427	-	-	15,459
Other equipment	<u>219,411</u>	<u>37,052</u>	<u>(585)</u>	<u>-</u>	<u>255,878</u>
	<u>1,993,571</u>	<u>\$ 274,369</u>	<u>\$ (1,120)</u>	<u>\$ -</u>	<u>2,266,820</u>
Carrying amount at December 31, 2022	<u>\$ 4,461,666</u>				<u>\$ 4,659,885</u>

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

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

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

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 29.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 46,580	\$ 48,755
Buildings	70,118	10,827
Transportation equipment	6,280	2,887
Other equipment	<u>955</u>	<u>1,331</u>
	<u>\$ 123,933</u>	<u>\$ 63,800</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 80,589</u>	<u>\$ 12,489</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,175	\$ 2,094
Buildings	15,009	12,345
Transportation equipment	2,525	2,406
Other equipment	<u>720</u>	<u>678</u>
	<u>\$ 20,429</u>	<u>\$ 17,523</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 20,522</u>	<u>\$ 10,959</u>
Non-current	<u>\$ 105,054</u>	<u>\$ 54,055</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.02%	1.02%
Buildings	1.00%-1.80%	1.00%-1.02%
Transportation equipment	1.00%-1.80%	1.00%-1.02%
Other equipment	1.00%-1.84%	1.00%-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	
	2023	2022
Expenses relating to short-term and low-value asset leases	\$ 3,448	\$ 1,743
Total cash outflow for leases	\$ (24,823)	\$ (20,228)

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.

14. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and December 31, 2023	\$ 224,988	\$ 12,250	\$ 237,238
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 3,336	\$ 3,336
Depreciation expenses	-	266	266
Balance at December 31, 2023	\$ -	\$ 3,602	\$ 3,602
Carrying amount at December 31, 2023	\$ 224,988	\$ 8,648	\$ 233,636
<u>Cost</u>			
Balance at January 1 and December 31, 2022	\$ 224,988	\$ 12,250	\$ 237,238
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 3,069	\$ 3,069
Depreciation expenses	-	267	267
Balance at December 31, 2022	\$ -	\$ 3,336	\$ 3,336
Carrying amount at December 31, 2022	\$ 224,988	\$ 8,914	\$ 233,902

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, 2023 and 2022 is as follows:

	December 31	
	2023	2022
Year 1	\$ 2,832	\$ 2,832
Year 2	2,832	2,832
Year 3	<u>-</u>	<u>2,832</u>
	<u>\$ 5,664</u>	<u>\$ 8,496</u>

Except for depreciation recognized, the Company did not have significant addition, disposal, or impairment of investment properties during the years ended December 31, 2023 and 2022. Investment properties are depreciated using the straight-line method over their estimated useful lives of 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	
	2023	2022
Fair value	<u>\$ 335,990</u>	<u>\$ 305,095</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.

15. INTANGIBLE ASSETS

	Computer Software	Trademarks	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 59,732	\$ 16,070	\$ 75,802
Additions	13,878	-	13,878
Reclassifications	<u>34,450</u>	<u>-</u>	<u>34,450</u>
Balance at December 31, 2023	<u>\$ 108,060</u>	<u>\$ 16,070</u>	<u>\$ 124,130</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2023	\$ 28,439	\$ 15,662	\$ 44,101
Amortization expenses	<u>15,278</u>	<u>222</u>	<u>15,500</u>
Balance at December 31, 2023	<u>\$ 43,717</u>	<u>\$ 15,884</u>	<u>\$ 59,601</u>
Carrying amount at December 31, 2023	<u>\$ 64,343</u>	<u>\$ 186</u>	<u>\$ 64,529</u>

(Continued)

	Computer Software	Trademarks	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 37,168	\$ 16,070	\$ 53,238
Additions	13,698	-	13,698
Reclassifications	<u>8,866</u>	<u>-</u>	<u>8,866</u>
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	<u>8,267</u>	<u>223</u>	<u>8,490</u>
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> (Concluded)

Except for the aforementioned addition and recognized amortization, the Company did not have disposal or impairment of other intangible assets during the years ended December 31, 2023 and 2022. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-10 years
Trademarks	3-4 years

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
An analysis of depreciation by function		
Operating costs	\$ 410	\$ 410
Selling and marketing expenses	1,529	1,722
General and administrative expenses	13,150	6,328
Research and development expenses	<u>411</u>	<u>30</u>
	<u>\$ 15,500</u>	<u>\$ 8,490</u>

16. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current assets</u>		
Prepayments for purchases	\$ 9,417	\$ 6,839
Other prepaid expense	7,953	7,798
Other current assets	<u>1,150</u>	<u>2,939</u>
	<u>\$ 18,520</u>	<u>\$ 17,576</u> (Continued)

	December 31	
	2023	2022
<u>Non-current assets</u>		
Prepayments for equipment	\$ 32,573	\$ 98,826
Net defined benefit assets	22,600	19,900
Refundable deposits	5,283	6,532
Other	<u>150</u>	<u>150</u>
	<u>\$ 60,606</u>	<u>\$ 125,408</u>
		(Concluded)

17. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Bonus to employees	\$ 139,417	\$ 136,129
Salaries and incentive bonus	100,312	99,187
Payables for purchases of equipment	79,319	125,447
Bonus to directors	34,032	34,032
Accrued VAT payable	11,226	6,763
Other accrued expenses	116,837	118,779
Others	<u>1,927</u>	<u>1,616</u>
	<u>\$ 483,070</u>	<u>\$ 521,953</u>
Other liabilities		
Other current liabilities	<u>\$ 6,366</u>	<u>\$ 6,909</u>
<u>Non-current</u>		
Guarantee deposits received	<u>\$ 3,717</u>	<u>\$ 3,554</u>

18. 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, 2023 and 2022 were NT\$14,848 thousand and NT\$13,621 thousand, respectively.

b. Defined benefit plans

The defined benefit plans adopted by the Company 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 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	
	2023	2022
Present value of defined benefit obligation	\$ 11,344	\$ 12,513
Fair value of plan assets	<u>(33,944)</u>	<u>(32,413)</u>
Net defined benefit liabilities (assets)	<u>\$ (22,600)</u>	<u>\$ (19,900)</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, 2023	<u>\$ 12,513</u>	<u>\$ (32,413)</u>	<u>\$ (19,900)</u>
Service cost			
Past service cost	514	-	514
Net interest expense (income)	<u>174</u>	<u>(469)</u>	<u>(295)</u>
Recognized in profit or loss	<u>688</u>	<u>(469)</u>	<u>219</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(211)	(211)
Actuarial (gain) loss			
Changes in financial assumptions	210	-	210
Experience adjustments	<u>(269)</u>	<u>-</u>	<u>(269)</u>
Recognized in other comprehensive income	<u>(59)</u>	<u>(211)</u>	<u>(270)</u>
Contributions from the employer	<u>-</u>	<u>(2,135)</u>	<u>(2,135)</u>
Benefit payments	<u>(1,284)</u>	<u>1,284</u>	<u>-</u>
Curtailment	<u>(514)</u>	<u>-</u>	<u>(514)</u>
Balance at December 31, 2023	<u>\$ 11,344</u>	<u>\$ (33,944)</u>	<u>\$ (22,600)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 13,038</u>	<u>\$ (28,669)</u>	<u>\$ (15,631)</u>
Service cost			
Past service cost	227	-	227
Net interest expense (income)	<u>88</u>	<u>(206)</u>	<u>(118)</u>
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)
Actuarial (gain) loss			
Changes in financial assumptions	460	-	460
Experience adjustments	<u>(208)</u>	<u>-</u>	<u>(208)</u>
Recognized in other comprehensive income	<u>205</u>	<u>(2,135)</u>	<u>(1,883)</u>
Contributions from the employer	<u>-</u>	<u>(2,171)</u>	<u>(2,171)</u>
Benefit payments	<u>(768)</u>	<u>768</u>	<u>-</u>
Curtailment	<u>(324)</u>	<u>-</u>	<u>(324)</u>
Balance at December 31, 2022	<u>\$ 12,513</u>	<u>\$ (32,413)</u>	<u>\$ (19,900)</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.

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	
	2023	2022
Discount rate	1.25%	1.40%
Expected rate of salary increase	3.00%	3.00%

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	\$ (348)	\$ (400)
0.25% decrease	\$ 363	\$ 417
Expected rate of salary increase/decrease		
0.25% increase	\$ 355	\$ 409
0.25% decrease	\$ (343)	\$ (394)

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	
	2023	2022
Expected contributions to the plans for the next year	\$ 2,214	\$ 2,309
Average duration of the defined benefit obligation	12 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, 2023 and 2022 were NT\$219 thousand and NT\$109 thousand, respectively.

19. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2023	2022
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 strengthen the capital structure. On January 14, 2021, the Company's s resolved to offer for subscription and issued 11,851 thousand ordinary shares of the Company. The subscription price

was \$170 per share, and a total of \$2,014,670 thousand in cash was received. The record date of cash capital increase was January 19, 2021. The rights and obligations of the shareholders of the ordinary shares issued through this private placement are the same as those of the shareholders of the Company's issued ordinary shares. However, in accordance with Article 43-8 of the Securities and Exchange Act, the ordinary shares of this private placement shall not be freely transferred within three years from the date of subscription.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Additional paid-in capital	\$ 2,850,440	\$ 2,850,440
Treasury share transactions	2,672	2,672
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	2,809
Others (2)	<u>13,526</u>	<u>11,412</u>
	<u>\$ 2,876,346</u>	<u>\$ 2,874,232</u>

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

2) 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 21-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 2022 and 2021 that were approved in the shareholders' meetings on May 31, 2023 and May 27, 2022 were as follows:

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

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

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

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

d. Other equity items

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

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

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

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

20. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 2,423,304	\$ 2,411,809
Revenue from the rendering of services	431,147	395,694
	<u>\$ 2,854,451</u>	<u>\$ 2,807,503</u>

a. Disaggregation of revenue

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

For the year ended December 31, 2023

	Reportable Segments			
	MLM	Distribution	ODM/OEM	Total
<u>Type of goods or services</u>				
Sale of goods	\$ 1,674,644	\$ 748,660	\$ -	\$ 2,423,304
Rendering of services	-	-	431,147	431,147
	<u>\$ 1,674,644</u>	<u>\$ 748,660</u>	<u>\$ 431,147</u>	<u>\$ 2,854,451</u>

Timing of revenue recognition

Satisfied at a point in time	<u>\$ 1,674,644</u>	<u>\$ 748,660</u>	<u>\$ 431,147</u>	<u>\$ 2,854,451</u>
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For the year ended December 31, 2022

	Reportable Segments			
	MLM	Distribution	ODM/OEM	Total
<u>Type of goods or services</u>				
Sale of goods	\$ 1,756,949	\$ 654,860	\$ -	\$ 2,411,809
Rendering of services	-	-	395,694	395,694
	<u>\$ 1,756,949</u>	<u>\$ 654,860</u>	<u>\$ 395,694</u>	<u>\$ 2,807,503</u>

Timing of revenue recognition

Satisfied at a point in time	<u>\$ 1,756,949</u>	<u>\$ 654,860</u>	<u>\$ 395,694</u>	<u>\$ 2,807,503</u>
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2) Type of goods

	For the Year Ended December 31	
	2023	2022
<u>Type of goods</u>		
Health food	\$ 2,079,111	\$ 2,047,560
ODM/OEM	431,147	395,694
Beverage	315,660	335,682
Cosmetics	23,177	22,252
Others (Note)	<u>5,356</u>	<u>6,315</u>
	<u>\$ 2,854,451</u>	<u>\$ 2,807,503</u>

Note: Others include general food and pet food.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable, net	<u>\$ 61,161</u>	<u>\$ 64,123</u>	<u>\$ 53,822</u>
Accounts receivable from related parties	<u>\$ 368,421</u>	<u>\$ 380,036</u>	<u>\$ 303,853</u>
Contract liabilities - current			
Rendering of services	<u>\$ 23,924</u>	<u>\$ 24,470</u>	<u>\$ 18,284</u>

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:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the start of the year		
Revenue from the rendering of services	<u>\$ 21,587</u>	<u>\$ 18,230</u>

21. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Financial assets at amortized cost	<u>\$ 9,554</u>	<u>\$ 1,591</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Board compensation income	\$ 78,813	\$ 81,553
Rental income	3,265	3,262
Others	<u>16,182</u>	<u>14,213</u>
	<u>\$ 98,260</u>	<u>\$ 99,028</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 358	\$ 631
Net foreign exchange gain	469	3,375
Gain on modification of lease agreements	14	-
Gain on disposal of property, plant and equipment	3	15
Loss on disposal of subsidiary	-	(779)
Impairment loss on investment accounted for using the equity method	-	(2,538)
Others	<u>(267)</u>	<u>(272)</u>
	<u>\$ 577</u>	<u>\$ 432</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ -	\$ 219
Interest on lease liabilities	1,389	667
Imputed interest on deposit	15	12
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>(151)</u>
	<u>\$ 1,404</u>	<u>\$ 747</u>

Information about capitalized interest is as follows:

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

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 203,369	\$ 202,784
Operating expenses (Note 1)	<u>89,008</u>	<u>89,375</u>
	<u>\$ 292,377</u>	<u>\$ 292,159</u>
An analysis of amortization by function		
Operating costs	\$ 410	\$ 410
Operating expenses	<u>15,090</u>	<u>8,080</u>
	<u>\$ 15,500</u>	<u>\$ 8,490</u>

Note 1: The aforementioned depreciation included the depreciation of investment properties, which separately amounted to NT\$266 thousand and NT\$267 thousand for the years ended December 31, 2023 and 2022, respectively and was recognized by the Company in other gains and losses.

Note 2: Refer to Note 15 for information relating to the line item in which any amortization of intangible assets is included.

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	<u>\$ 585,265</u>	<u>\$ 565,468</u>
Post-employment benefits (Note 18)		
Defined contribution plan	14,848	13,621
Defined benefit plans	<u>219</u>	<u>109</u>
	<u>15,067</u>	<u>13,730</u>
Other employee benefits	<u>19,030</u>	<u>9,678</u>
Total employee benefits expense	<u>\$ 619,362</u>	<u>\$ 588,876</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 196,863	\$ 201,189
Operating expenses	<u>422,499</u>	<u>387,687</u>
	<u>\$ 619,362</u>	<u>\$ 588,876</u>

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, 2023 and 2022, the compensation of employees and the remuneration of directors are as follows:

Accrual rate

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

Amount

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

If there is a change in the amounts after the annual 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 2023 and 2022 that were resolved by the Company's Board of Directors on February 26, 2024 and February 22, 2023, respectively, are as shown below:

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

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

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

22. 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>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 77,734	\$ 87,914
Income tax on unappropriated earnings	15,625	13,083
Adjustments for prior years	<u>(24,813)</u>	<u>(23,592)</u>
	68,546	77,405
Deferred tax		
In respect of the current year	<u>10,180</u>	<u>(3,061)</u>
Income tax expense recognized in profit or loss	<u>\$ 78,726</u>	<u>\$ 74,344</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	\$ 1,531,454	\$ 1,531,456
Income tax expense calculated at the statutory rate	\$ 306,291	\$ 306,291
Income tax on unappropriated earnings	15,625	13,083
Others	(218,377)	(221,438)
Adjustments for prior years' tax	<u>(24,813)</u>	<u>(23,592)</u>
Income tax expense recognized in profit or loss	\$ 78,726	\$ 74,344

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans for subsidiaries recognized using the equity method	\$ (4)	\$ 145
Remeasurement of defined benefit plans	<u>54</u>	<u>377</u>
Total income tax recognized in other comprehensive income	\$ 50	\$ 522

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Employee benefits payable	\$ 284	\$ -	\$ -	\$ 284
Allowance for uncollectible accounts	(52)	52	-	-
Allowance for inventory loss	<u>3,234</u>	<u>(2,341)</u>	<u>-</u>	<u>893</u>
	<u>\$ 3,466</u>	<u>\$ (2,289)</u>	<u>\$ -</u>	<u>\$ 1,177</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized revaluation	\$ (68,463)	\$ -	\$ -	\$ (68,463)
Defined benefit liabilities (assets) - non-current	(915)	-	(54)	(969)
Investment gain under equity method	<u>-</u>	<u>(7,891)</u>	<u>-</u>	<u>(7,891)</u>
	<u>\$ (69,378)</u>	<u>\$ (7,891)</u>	<u>\$ (54)</u>	<u>\$ (77,323)</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Employee benefits payable	\$ 284	\$ -	\$ -	\$ 284
Allowance for uncollectible accounts	-	(52)	-	(52)
Allowance for inventory loss	-	3,234	-	3,234
Employee benefits	<u>121</u>	<u>(121)</u>	<u>-</u>	<u>-</u>
	<u>\$ 405</u>	<u>\$ (3,061)</u>	<u>\$ -</u>	<u>\$ 3,466</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized revaluation	\$ (68,463)	\$ -	\$ -	\$ (68,463)
Defined benefit liabilities (assets) - non-current	<u>(538)</u>	<u>-</u>	<u>(377)</u>	<u>(915)</u>
	<u>\$ (69,001)</u>	<u>\$ -</u>	<u>\$ (377)</u>	<u>\$ (69,378)</u>

d. Income tax assessments

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

23. EARNINGS PER SHARE

Unit: NT\$ Per Share

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

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

Net profit for the year

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

Weighted average number of ordinary shares outstanding

Unit: In Thousands of Shares

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

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

24. 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, 2023.

25. 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, 2023 and 2022:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Additions of property, plant and equipment	\$ (436,862)	\$ (386,509)
Changes in prepayments for purchases	(80,969)	(134,456)
Changes in payables for purchases of equipment	<u>(46,128)</u>	<u>78,693</u>
Payments for acquisition of property, plant and equipment	<u>\$ (563,959)</u>	<u>\$ (442,272)</u>

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	<u>January 1, 2023</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>		<u>December 31, 2023</u>
			<u>Lease Change</u>	<u>Finance Costs</u>	
Guarantee deposits received	\$ 3,554	\$ 163	\$ -	\$ -	\$ 3,717
Lease liabilities	<u>65,014</u>	<u>(21,375)</u>	<u>80,548</u>	<u>1,389</u>	<u>125,576</u>
	<u>\$ 68,568</u>	<u>\$ (21,212)</u>	<u>\$ 80,548</u>	<u>\$ 1,389</u>	<u>\$ 129,293</u>

For the year ended December 31, 2022

	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	667	65,014
	<u>\$ 164,814</u>	<u>\$ (114,784)</u>	<u>\$ 17,871</u>	<u>\$ 667</u>	<u>\$ 68,568</u>

26. 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.

27. 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, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
- unlisted shares	\$ -	\$ -	\$ 128	\$ 128

December 31, 2022

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

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

Financial Assets	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)	<u>2,954</u>
Balance at end of year	<u>\$ 14,344</u>

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

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

	December 31	
	2023	2022
Discount for lack of marketability	30%	30%

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

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

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 945,045	\$ 900,612
Financial assets at amortized cost	24,800	36,773
Notes and accounts receivable, net	61,161	64,123
Accounts receivable from related parties	368,421	380,036
Other receivables	437	2,364
Other receivables from related parties	79,394	81,586
Financial assets at FVTOCI		
Equity instruments	128	14,344
	<u>\$ 1,479,386</u>	<u>\$ 1,479,838</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Accounts payable	\$ 238,495	\$ 238,291
Other payables	483,070	521,953
Other payables to related parties	600	939
	<u>\$ 722,165</u>	<u>\$ 761,183</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 31.

Sensitivity analysis

The Company is mainly exposed to the USD.

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

	Currency USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 6,120	\$ 5,488

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	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 23,417	\$ 25,573
Financial liabilities	125,576	65,014
Cash flow interest rate risk		
Financial assets	946,145	911,498

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, 2023 and 2022 would have changed by NT\$946 thousand and NT\$911 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, 2023 and 2022, 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, 2023

	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)	\$ 238,495	\$ -	\$ -	\$ -	\$ -	\$ 238,495
Other payables (related parties included)	313,509	170,161	-	-	-	483,670
Lease liabilities	<u>11,237</u>	<u>10,965</u>	<u>20,400</u>	<u>48,850</u>	<u>44,043</u>	<u>135,495</u>
	<u>\$ 563,241</u>	<u>\$ 181,126</u>	<u>\$ 20,400</u>	<u>\$ 48,850</u>	<u>\$ 44,043</u>	<u>\$ 857,660</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
Lease liabilities	<u>\$ 22,202</u>	<u>\$ 69,250</u>	<u>\$ 9,860</u>	<u>\$ 9,860</u>	<u>\$ 9,860</u>	<u>\$ 14,463</u>

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	<u>8,682</u>	<u>2,864</u>	<u>5,326</u>	<u>9,694</u>	<u>46,015</u>	<u>72,581</u>
	<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
Lease liabilities	<u>\$ 11,546</u>	<u>\$ 15,020</u>	<u>\$ 9,861</u>	<u>\$ 9,860</u>	<u>\$ 9,860</u>	<u>\$ 16,434</u>

b) Financing facilities

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

28. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>	<u>Relationship with the Company</u>
Sheng-Lin Tseng Pro-partner Inc. (Pro-partner)	Substantive related party Subsidiary	Chairman of the Company The Company's subsidiary (Continued)

Related Party Name	Related Party Category	Relationship with the Company
GRAPE KING INTERNATIONAL INVESTMENT INC (BVI)	Subsidiary	The Company's subsidiary
Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Subsidiary	The Company's subsidiary
Shanghai Rivershine Ltd. (Shanghai Rivershine)	Subsidiary	The Company's subsidiary
Rivershine Ltd. (Rivershine)	Subsidiary	The Company's subsidiary
Shanghai Pujun Trading Co., Ltd.	Subsidiary	The Company's subsidiary
ELITE PROPARTNER HOLDINGS SDN. BHD.	Subsidiary	The Company's subsidiary
UVACO MY SDN. BHD.	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
Presco Netmarketing, Inc. (Presco Netmarketing)	Other related party	Subsidiary of a director of the Company
Tong-Yo Co., Ltd. (Tong-Yo)	Other related party	Subsidiary of a director of the Company
RSI, Retail Support International Corp. (Retail Support)	Other related party	Subsidiary of a director of the Company
Tung-Bo Enterprise Corp. (Tung-Bo)	Other related party	Subsidiary of a director of the Company
Xin-Tung Enterprise Corp. (Xin-Tung)	Other related party	Subsidiary of a director of the Company
Tong-Yeen Enterprise Corp. (Tong-Yeen)	Other related party	Subsidiary of a director of the Company
Wei-Tong Enterprise Corp. (Wei-Tong)	Other related party	Subsidiary of a director of the Company
Presicarre Corp. (Presicarre)	Other related party	Subsidiary of a director of the Company
GK BIO INTERNATIONAL SDN. BHD.	Associate	Investee of the Company accounted for using the equity method (Concluded)

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales	Pro-partner	\$ 1,674,644	\$ 1,756,949
	Other subsidiaries	311,252	280,979
	Associate	36,516	28,163
	Other related party	<u>19,570</u>	<u>7,688</u>
		<u>\$ 2,041,982</u>	<u>\$ 2,073,779</u>

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

c. Contract liabilities

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

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable from related parties	Pro-partner	\$ 199,438	\$ 235,179
	Rivershine	144,574	119,390
	Other subsidiaries	-	15,203
	Associate	22,259	7,785
	Other related party	<u>2,150</u>	<u>2,479</u>
		<u>\$ 368,421</u>	<u>\$ 380,036</u>
Other receivables from related parties (including bonus to directors)	Pro-partner	\$ 79,394	\$ 81,553
	Other subsidiaries	<u>-</u>	<u>33</u>
		<u>\$ 79,394</u>	<u>\$ 81,586</u>

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other payables to related parties	President Transnet	\$ <u>600</u>	\$ <u>939</u>

f. Prepayments

Line Item	Related Party Category/Name	December 31	
		2023	2022
Prepayments	Associate	\$ 450	\$ -
	Other related party	<u>66</u>	<u>145</u>
		<u>\$ 516</u>	<u>\$ 145</u>

g. Lease arrangements

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

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities	Substantive related party	\$ 4,513	\$ 5,662
Related Party Category		For the Year Ended December 31	
		2023	2022

Interest expense

Substantial related party	\$ 51	\$ 10
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The rental paid to the above related party is similar to general market rental prices, and the rental is paid via remittance once a month.

h. Other transactions with related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Guarantee deposits received	Pro-partner	\$ 472	\$ 472
Line Item		For the Year Ended December 31	
		2023	2022
Operating cost - inspection expense	Other related party	\$ 169	\$ 250
Operating cost - freight expense	Other related party	\$ 35	\$ 14
Selling and marketing expenses - freight expense	Other related party	\$ 5,721	\$ 5,050
Selling and marketing expenses - advertisement expense	Other related party	\$ 613	\$ 241
Selling and marketing expenses - inspection expense	Other related party	\$ 142	\$ 137
Selling and marketing expenses -other expense	Other related party	\$ 38	\$ -
General and administrative expenses - freight expense	Other related party	\$ 10	\$ 7
Research and development expenses - inspection expense	Other related party	\$ 273	\$ 24
Research and development expenses - freight expense	Other related party	\$ 84	\$ 84

(Continued)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Rental income	Pro-partner	\$ 2,853	\$ 2,850
	Rivershine	400	400
	Other related party	<u>12</u>	<u>12</u>
		<u>\$ 3,265</u>	<u>\$ 3,262</u>
Other income	Pro-partner	<u>\$ 80,373</u>	<u>\$ 83,113</u>
			(Concluded)

The terms and conditions of the above-mentioned related party transactions are similar to those of general non-related parties, and rental prices are 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	
	2023	2022
Short-term employee benefits	\$ 65,553	\$ 61,814
Post-employment benefits	<u>158</u>	<u>156</u>
	<u>\$ 65,711</u>	<u>\$ 61,970</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Property, plant and equipment - land	\$ 1,249,843	\$ 1,249,843
Property, plant and equipment - building	215,930	251,601
Pledged time deposits (classified as financial assets at amortized cost - non-current)	<u>24,800</u>	<u>20,800</u>
	<u>\$ 1,490,573</u>	<u>\$ 1,522,244</u>

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

	December 31	
	2023	2022
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>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- The Company's guarantee notes issued to banks for credit lines amounted to NT\$400,000 thousand as of December 31, 2023.
- Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2023 were as follows:

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

31. 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, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 2,181	30.705 (USD:NTD)	\$ 66,970
<u>Financial liabilities</u>			
Monetary items USD	188	30.705 (USD:NTD)	\$ 5,772

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 1,816	30.71 (USD:NTD)	\$ 55,769
<u>Financial liabilities</u>			
Monetary items USD	29	30.71 (USD:NTD)	\$ 891

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were NT\$469 thousand and NT\$3,375 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.

32. 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

33. SEGMENTS INFORMATION

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

TABLE 1

GRAPE KING BIO LTD.

MARKETABLE SECURITIES HELD
 DECEMBER 31, 2023
 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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

TABLE 2

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, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details		Payment Terms	Abnormal Transaction Unit Price	Notes/Accounts Payable or Receivable Ending Balance	% to Total	Note
			Purchases/Sales	Amount					
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Sales	\$ 1,674,644	30 days after monthly closing	By contract	\$ 199,438	46.43	Note
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	286,629	120 days after monthly closing	By contract	144,574	33.65	Note
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,674,644	30 days after monthly closing	By contract	(199,438)	99.71	Note
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	286,629	120 days after monthly closing	By contract	(144,574)	100.00	Note

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

TABLE 3

GRAPE KING BIO LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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

TABLE 4

GRAPE KING BIO LTD.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023		Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership (%)			
Grape King Bio Ltd.	GRAPE KING INTERNATIONAL INVESTMENT INC. Pro-partner Inc.	BVI	Investment activities	\$ 1,198,018	\$ 1,198,018	24,890,000	100	\$ 1,128,498	\$ 26,978	Notes 1 and 2
		Tdaoyuan, Taiwan	Importing and selling of health food, drink, cosmetics, sports apparatus, cleaning products, etc.	15,000	15,000	10,560,000	60	2,405,596	1,031,404	Note 1
	Rivershine Ltd.	Taoyuan, Taiwan	Importing and selling of health food, drinks, daily cosmetics, appliances, etc.	30,000	30,000	3,000,000	100	49,381	14,431	-
		Malaysia	Importing and selling of health products	14,899	14,899	2,100,000	35	50,952	20,070	Note 1
Pro-partner Inc.	GK BIO INTERNATIONAL SDN. BHD. ELITE PROPARTNER HOLDING SDN. BHD. UVACO MY SDN. BHD.	Malaysia	Investment activities	2,017	2,017	300,000	100	1,365	Note 3	-
		Malaysia	Selling of health products	Note 5	-	Note 4	100	-	Note 3	Note 4

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

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

Note 3: The share of profits/losses of the investee company is not reflected herein, as such amounts are already included in the share of profits/losses of the investor company.

Note 4: The subsidiary Pro-partner Inc. invested in MY one dollar of UVACO MY SDN. BHD. in Malaysia in December 2023. The shareholding ratio was 100%.

TABLE 5

GRAPE KING BIO LTD.

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

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsule, tablet, related products and services.(Warehousing services)	USD 28,900	Note 1(2) Note 3	\$ 847,672 (USD 27,350)	\$ -	\$ -	\$ 847,672 (USD 27,350)	\$ 25,723 Note 2(2)B	100%	\$ 26,051 Note 2(2)B	\$ 1,083,438	\$ -
Shanghai Yusong Co., Ltd.	Stock management and related services of the thermostatic fresh freezing warehouse.	USD 4,890	Note 1(2) Note 4	26,794 (USD 878)	-	(26,794) (USD 878) Note 4	-	-	-	Note 2(3)	Note 2(3)	-
Shanghai Rivershine Ltd.	Food distribution (except grain), food packaging materials, cosmetics wholesale, import and export, commission agents (except auction), related products and services.	USD 650	Note 1(2) Note 5	18,290 (USD 650)	-	-	18,290 (USD 650)	(21) Note 2(2)B	100%	(21) Note 2(2)B	18,178	-
Shanghai Pujun Trading Co., Ltd.	Sale of food; transporting road cargo (excluding dangerous goods); wholesale of edible agricultural products; retail of edible agricultural products, sale of agricultural and sideline products; marketing planning; brand management; project planning and public relations services; information consulting services (excluding licensing information consulting services), etc	RMB 2,000	Note 1(2) Note 8	-	-	-	-	6,018 Note 2(2)B	51%	2,821 Note 2(2)B	34,901	-

(Continued)

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

Note 6: The Company directly invested in Shanghai Changhong Biotechnology Co., Ltd.. Shanghai Changhong Biotechnology Co., Ltd. is currently undergoing its liquidation procedures in November, 2022, resulting in a recoverable amount less than the amount of the Company's investment, the Company was recognized investment losses of \$2,538 thousand for the year ended December 31, 2022.

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

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

(Concluded)

TABLE 6**GRAPE KING BIO LTD.****INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

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

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

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

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STATEMENT 1**GRAPE KING BIO LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Amount
Cash on hand		\$ 275
Deposits in banks		
Demand deposits		445,996
Foreign currency deposits	Including USD\$879 thousand @30.705, RMB\$1,836 thousand @4.327 and JPY\$80 thousand @0.2172	34,949
Checking deposits		8
Cash equivalents		
Repurchase agreements collateralized by bonds	Expiring the end of by January 2024, interest rates 1.38%	450,000
Time deposits	Expiring the end of by March 2024, interest rates 5.35%	<u>13,817</u>
Total		<u>\$ 945,045</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, 2023****(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Client Name	Amount
Related Parties	
Pro-partner Inc.	\$ 199,438
Rivershine Ltd.	144,574
GK BIO INTERNATIONAL SDN. BHD.	22,259
RSI, Retail Support International Corp.	1,837
President Pharmaceutical Corp.	313
Total	<u>368,421</u>
Non-related parties	
T23224657	11,497
T42648698	10,639
EC0000000	6,589
T54990227	5,890
A00000100	4,534
T54048121	4,098
Others (Note 1)	<u>17,914</u>
	61,161
Less: Loss allowance	-
Net	<u>61,161</u>
Total	<u>\$ 429,582</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.

STATEMENT 3**GRAPE KING BIO LTD.****STATEMENT OF INVENTORIES, NET****DECEMBER 31, 2023****(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 113,071	\$ 112,348
Supplies	51,414	48,312
Semi-finished goods and work in progress	207,842	203,373
Finished goods	216,232	501,133
Merchandises	<u>96</u>	<u>96</u>
Total	588,655	<u>\$ 865,262</u>
Less: Allowance for inventory valuation losses	<u>(11,095)</u>	
Net	<u>\$ 577,560</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\$737,312 thousand as of December 31, 2023.

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, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Companies	Balance, January 1, 2023		Additions in Investment		Decrease in Investment		Increase (Decrease) Investments Accounted for Using the Equity Method	Balance, December 31, 2023		Net Assets Value	Collateral
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount		
GRAPE KING INTERNATIONAL INVESTMENT INC.	24,890,000	\$ 1,123,364	-	\$ -	-	\$ -	\$ 5,134	24,890,000	\$ 1,128,498	\$ 1,139,164	None
Pro-partner Inc.	10,560,000	2,329,961	-	-	-	-	75,635	10,560,000	2,405,596	2,427,175	None
Rivershine Ltd.	3,000,000	42,599	-	-	-	-	6,782	3,000,000	49,381	49,381	None
GK BIO INTERNATIONAL SDN. BHD.	2,100,000	35,303	-	-	-	-	15,649	2,100,000	50,952	54,060	None
Shanghai Changhong Biotechnology Co., Ltd.	-	-	-	-	-	-	-	-	-	2,492	None
Total		<u>\$ 3,531,227</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 103,200</u>		<u>\$ 3,634,427</u>	<u>\$ 3,672,272</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, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

	Land	Buildings	Transport- ation Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2023	\$ 55,671	\$ 50,898	\$ 7,595	\$ 3,385	\$ 117,549
Additions	-	74,300	5,945	344	80,589
Disposals	-	(45,045)	(2,360)	-	(47,405)
Balance at December 31, 2023	<u>55,671</u>	<u>80,153</u>	<u>11,180</u>	<u>3,729</u>	<u>150,733</u>
Accumulated depreciation					
Balance at January 1, 2023	6,916	40,071	4,708	2,054	53,749
Depreciation Expenses	2,175	15,009	2,525	720	20,429
Disposals	-	(45,045)	(2,333)	-	(47,378)
Balance at December 31, 2023	<u>9,091</u>	<u>10,035</u>	<u>4,900</u>	<u>2,774</u>	<u>26,800</u>
Carrying amount at December 31, 2023	<u>\$ 46,580</u>	<u>\$ 70,118</u>	<u>\$ 6,280</u>	<u>\$ 955</u>	<u>\$ 123,933</u>

STATEMENT 6

GRAPE KING BIO LTD.

STATEMENT OF NOTES AND ACCOUNTS PAYABLE

DECEMBER 31, 2023

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

Name	Amount
24829752	\$ 13,270
Others (Note)	<u>225,225</u>
	<u>\$ 238,495</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, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Description	Lease Period	Discount Rate	December 31, 2023
Land	2016.04.15-2051.04.14	1.02%	\$ 47,733
Buildings	2022.11.16-2028.05.31	1.00%-1.80%	70,557
Transportation equipment	2021.10.05-2028.05.31	1.00%-1.80%	6,318
Other equipment	2019.03.01-2028.10.31	1.00%-1.84%	<u>968</u>
Total			125,576
Less: Current portion			<u>(20,522)</u>
Noncurrent portion			<u>\$ 105,054</u>

STATEMENT 8**GRAPE KING BIO LTD.****STATEMENT OF NET REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2023****(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Quantity (In Thousands)	Amount
Sales revenue		
Health food	Note	\$ 2,079,111
ODM/OEM	Note	431,147
Beverage	Note	315,660
Cosmetics	Note	23,177
Others		<u>5,356</u>
Total net revenue		<u>\$ 2,854,451</u>

Note: Due to the wide variety and complexity of the products sold by the Company, it is difficult to count and classify.

GRAPE KING BIO LTD.

STATEMENT OF COST OF GOODS SOLD

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Item	Amount
Raw materials used	
Beginning balance	\$ 120,697
Add: Raw materials purchased	531,094
Gain from raw material physical counts	604
Less: Ending balance	(113,071)
Raw materials scrapped	(2,197)
Raw materials sold directly	(29,190)
Transferred to other accounts	(9,619)
Other operating costs	(6)
Direct materials used	<u>498,312</u>
Supplies used	
Beginning balance	48,465
Add: Supplies purchased	288,989
Gain from supplies physical counts	931
Less: Ending balance	(51,414)
Supplies sold directly	(1,567)
Supplies scrapped	(587)
Transferred to other accounts	(34,571)
Other operating costs	(7)
Supplies used	<u>250,239</u>
Direct labor	105,338
Manufacturing overhead	<u>392,679</u>
Manufacturing cost	<u>1,246,568</u>
Semi-finished goods and work in process	
Beginning balance	234,471
Add: Gain from semi-finished goods physical counts	1,196
Other operating costs	17,331
Less: Ending balance	(207,842)
Semi-finished goods and work in process scrapped	(2,897)
Transferred to other accounts	(3,328)
Semi-finished goods sold directly	<u>(66,844)</u>
Cost of finished goods	1,218,655
Add: Beginning balance	153,976
Finished goods purchased	172,945
Transferred from other accounts	22,465
Less: Ending balance	(216,232)
Loss from finished goods physical counts	(22)
Finished goods scrapped	(3,116)
Other operating costs	<u>(109,742)</u>
Cost of goods sold at normal production level	<u>1,238,929</u>
Merchandise cost	
Beginning balance	346
Add: Merchandise purchased	7
Less: Ending balance	(96)
Loss from merchandise physical counts	(1)
Transferred to other accounts	<u>(208)</u>
Cost of merchandise sold	<u>48</u>
Cost of raw materials sold directly	16,972
Cost of supplies sold directly	1,567
Cost of semi-finished goods sold directly	56,331
Transferred to other accounts	(2,776)
Gain (loss) from physical counts	(2,708)
Scrapped	8,797
Other operating costs	<u>108,417</u>
Total	<u>\$ 1,425,577</u>

GRAPE KING BIO LTD.**STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Amount
Advertising	\$ 239,543
Salaries and wages	83,214
Tax	34,560
Depreciation	31,019
Others (Note)	<u>58,793</u>
Total	<u>\$ 447,129</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, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Amount
Salaries and wages	\$ 223,814
Depreciation	33,267
Labor costs	21,208
Others (Note)	<u>127,780</u>
Total	<u>\$ 406,069</u>

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

GRAPE KING BIO LTD.**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Amount
Salaries and wages	\$ 82,360
Research experiment fee	51,211
Commissioned research fee	26,549
Depreciation	24,456
Others (Note)	<u>62,517</u>
Total	<u>\$ 247,093</u>

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

GRAPE KING BIO LTD.

**STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023**
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	For the Year Ended December 31					
	2023			2022		
	Cost of Goods Sold	Operating Expenses	Total	Cost of Goods Sold	Operating Expenses	Total
Employee benefits expense						
Salaries and wages	\$ 162,816	\$ 343,966	\$ 506,782	\$ 176,945	\$ 313,883	\$ 490,828
Labor and health insurance	17,828	22,963	40,791	14,432	22,831	37,263
Pension	7,337	7,730	15,067	6,574	7,156	13,730
Other employee benefits	8,882	10,148	19,030	3,238	6,440	9,678
Board compensation	-	37,692	37,692	-	37,377	37,377
	<u>\$ 196,863</u>	<u>\$ 422,499</u>	<u>\$ 619,362</u>	<u>\$ 201,189</u>	<u>\$ 387,687</u>	<u>\$ 588,876</u>
Depreciation (Note 2)	<u>\$ 203,369</u>	<u>\$ 89,008</u>	<u>\$ 292,377</u>	<u>\$ 202,784</u>	<u>\$ 89,375</u>	<u>\$ 292,159</u>
Amortization	<u>\$ 410</u>	<u>\$ 15,090</u>	<u>\$ 15,500</u>	<u>\$ 410</u>	<u>\$ 8,080</u>	<u>\$ 8,490</u>

Note 1: For the years of 2023 and 2022, the Company had an average of 568 and 509 employees, respectively, which included 11 non-employee directors for both of the years ended December 31, 2023 and 2022

- 1) Average labor costs for the years ended December 31, 2023 and 2022 were NT\$ 1,044 thousand and NT\$1,107 thousand, respectively.
- 2) Average salaries and bonuses for the years ended December 31, 2023 and 2022 were NT\$ 910 thousand and NT\$986 thousand, respectively.
- 3) The average salary and bonus decreased by (7.71)% year over year.
- 4) 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.

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.

(Continued)

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 are 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\$266 thousand and NT\$267 thousand, for the years ended December 31, 2023 and 2022, respectively.

(Concluded)



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