



GRAPE KING BIO



2021 Annual Report

TSE 1707



Annual Report URL:
<https://mops.twse.com.tw/>

Published on March 29, 2022

Company Annual Report Website:
<https://www.grapeking.com.tw>

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



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Letter to Shareholders



Dear Shareholders,

On behalf of Grape King Bio Ltd. (“the Company”), I would like to express my deepest gratitude to all Shareholders for your support in 2021.

Despite the challenges Taiwan faced in 2021, COVID-19 epidemic level-3 Alert restrictions, rising prices of raw materials, a shortage of labor and materials, Grape King Bio still managed to generate an earnings of NT\$8.81 per share by capitalizing on its quality products and expanding its original design manufacturing (ODM) business. The Company formed a strategic partnership with Uni-President Enterprises Corporation (“UPEC”) to improve sales channel visibility and developing its domestic and overseas markets. As a brand leader in the Taiwan Biotechnology industry, Grape King Bio is committed to innovation, research and product development in order to provide consumers with a more comprehensive experience. To meet the demands of future operational growth, we started the construction of our new factory in Pingzhen Industrial Park to increase production capacity in order to expand local and global market share.

Along with continuous growth, Grape King Bio values operational performance and responds to stakeholders’ expectations by communicating our corporate philosophy. We continue to incorporate ESG into our overall operations, and are committed to comprehensive cultivation of a green environment, innovations and R&D, ethical governance, product liability, happy work place and social prosperity. In addition, we strive to keep information and communication channels open to safeguard the rights and interests of the public and shareholders. For the first time Grape King Bio was recognized as one of the Top 5% listed companies in Taiwan from the TWSE corporate governance assessment in 2021. We were the only Biotech Company on the list, which shows our commitment to reaching the expectations of the public and shareholders.

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 2021:

1. Business Results for 2021

(1) Financial Revenue and Expenditure for 2021

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

Item	2021	2020
Operating Revenue	9,798,246	9,168,195
Operating costs	1,942,889	1,631,404
Operating margin	7,855,357	7,536,791
Operating expenses	5,543,773	5,232,009
Operating net profit	2,311,584	2,304,782
Non-operating income and expenses	103,322	73,408
Net profit after tax	1,947,989	1,895,095
Outstanding shares(in thousands of shares)	148,137	136,286
Earnings per share	8.81	9.34

In 2021, the Grape King Bio achieved a growth of 6.8% in operating revenue and 2.8% growth in profit. In 2021, we carried out private placement with Uni-President Enterprises Corporation (“UPEC”) and released an equity offering, which led to an increase of 11,851,000 in the number of shares. As a result, the surplus of each share slightly decreased however the overall business gained profits.

(2) Analysis of Profitability in 2021

Item	2021	2020
Return on assets	14.37%	15.59%
Return on equity	21.16%	24.53%
Ratio of Pre-tax net profit to paid-up capital	163.06%	174.50%
Net profit ratio	19.88%	20.67%
Earnings per share (NT\$)	8.81	9.34

(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 2021 Grape King Brand successfully launched various new products which included Essential QQ Collagen Drink, Kombucha, Probiotics Drink, Slim Turmeric Complex Essence Drink and Deer Placenta Beauty Capsule. Pro-Partner introduced Qing Cai Xian Slimming Capsule, Meal Supplement for the elderly, Children Lutein Drink which were all well received by members and 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 2021 Business Plan

(1) Operating principle and important production and marketing policies

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

For many years Grape King Bio has been one of the leading Brands in the Taiwan health

food market. We have taken the initiative to upgrade our biotechnology equipment and R&D facilities to manufacture to ensure internationally standards of production quality. One of our production lines is PIC/S GMP certified for pharmaceutical quality control and is used for in-house production from raw materials to finished products. Our QA and QC teams monitor the entire production process, including raw material examinations, production line spot checks, and the finished product inspection before entering the warehouse. By strictly managing every step of the production process, we are able to guarantee the delivery of exceptionally safe products for our consumers and their families.

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

In August 2020, the National Development Council released an up-to-date demographic forecast, which showed a negative growth forecast for the population of Taiwan. By 2025, we are expected to enter into a super-aged society, which indicates that 1 in 5 citizens are aged above 65 years old. By 2034, half of the total population will be over 50 years old. It is also expected that development of the economy and urbanization, prolonged sitting, change in diet and other factors will accelerate the formation of chronic diseases. Furthermore, "population aging" and "lifestyle disease" such as cancer, cardiovascular disease, obesity and diabetes are likely to account for the majority of medical expenses. Due to the prevailing health promotion and disease prevention among nationals, we believe that the products we are able to develop will help consumers deal with these ailments thus motivating to purchase Grape King Bio health food supplements.

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

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

Due to another wave of Covid-19 last May 2021, the country was placed under Alert Level 3. Although the pandemic has been under control for half a year by the national crisis prevention, themes related to pandemic awareness brought up new needs as a result of the lifestyle transformation in the post-pandemic era.

(3) Honors and Awards

Grape King Bio has displayed outstanding performance in terms of corporation, commodities and core technology. We were voted as one of the "Top 100 Taiwan Best Companies to Work for in the Health Food Industry" by Cheers Magazine, placed in the Top 5% of companies for excellent corporate governance by the TWSE, "Strategic Distinction Awards in

Pharmaceutical and Biotechnology Industry” at the 4th Most Reviewed Online Rewards, and Agency & Advertiser of the Year Awards. As part of our ESG values Grape King Bio places pride as being a friendly workplace. We received the “Influenza Prevention Alliance Gold Award” from the Taiwan Immunization Vision and Strategy, “2021 Happy Enterprises Gold Award” and “Special Award” from 1111 job portal voting, “2021 Alliance for Protection of Maternal Health” from Taoyuan City Council, “2021 Excellent Enterprise of Taoyuan City” for the 2nd consecutive year, and “Gold Award” from the TCSA Corporate Sustainability Report Awards for the 4th consecutive years. In 2021 Chairman Andrew Tseng received the “Ding-Ge Digital Transforming Award” which was co-sponsored by Harvard Business Review and SAP, for delivering outstanding enterprise digital transformation.

As for technology R&D, in 2021 Grape King Bio was awarded 33 gold medals, 2 silver medals, 1 copper medal and 7 special prizes in recognition for the outstanding research done on Probiotics, Cicada, Antrodia, Phellinus linteus, Morchella esculenta, Lignosus Rhinocerus Mycelia, and other patents in 13 countries. A breakdown of the awards are as follows; 2 gold medals from the Russian Archimedes International Invention Exhibition, 2 gold medals and 1 special prize from the MTE, 2 gold medals and 1 special prize from the European Exhibition of Creativity and Innovation, 2 gold medals from the Shanghai International Invention & Innovation Exhibition, 3 gold medals from IPITEX, 2 gold medals from the World Genius Convention & Education Expo, 2 gold medals from Innovation Week in South Africa, 2 gold medals and 2 special prizes from ICAN, 2 gold medals and 2 special prizes from ITE, 2 gold medals from the Ukraine Innovation Awards, 2 gold medals and 2 special prizes from Inova International Invention, 2 gold medals from the All American Davinci International Innovation and Invention Expo, 2 gold medals from the XV International Warsaw Invention, 3 gold medals by IIIC International Invention Exhibition, 1 silver medal and 1 copper medal from the Taiwan Innotech Expo Invention Award, 1 gold medal and 1 silver medal from the ITEX, 2 gold medals by Hong Kong International Invention and Design Competition.

The products rolled out by the highly-skilled research and development team at Grape King Bio have also earned excellent recognition. Sliim Turmeric Complex Essence Drink received the “Innovative Dietary Supplement Award” from the Health Food Society of Taiwan, Probiotics-related products received the “Health Brand Distinction Award” for 6th consecutive year and newly launched Kombucha received the “Innovation Award” from the Lactobacillus Association of Taiwan.

Under the excellent leadership of Chairman Chang-Yeh Tseng and General Manager Mei-Ching Tseng, our subsidiary Pro-Partner Co., Ltd., as well as the six head sales consultants, has once again been ranked as the No.1 domestic MLM Company and 3rd overall in the Taiwan multi-level marketing rankings. In 2021 Pro-Partner was ranked 41st on the DSN Global 100 list of MLM companies.

(4) Sustainable Development

Taiwan was placed under Alert Level 3, which led to a transformation in our everyday life. Working remotely, mask-wearing and vaccination became normal as well as many new consumers shifting their focus personal health. Under Grape King Bio’s corporate mission “Live Healthy, Think Grape King”, we continue to share our expert health knowledge and provide relevant health food products. The Company donated 300 thousand Probiotics

beverage to the Taoyuan City Council, fire department, police stations, social welfare organizations, rural schools, food banks and many community care centers, with the aim of boosting protection. Seeing a change in teaching methods to adapt pandemic measures, we also provided rural schools with remote teaching equipment so that students can take classes safely.

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

i. Ethical Governance

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

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 2021, we were invited to attend 7 virtual conferences with local and foreign stakeholders.

ii. Product Liability

The Company continues to obtain food safety certificates to ensure product responsibility is upheld. Grape King Bio has PIC/S GMP, ISO22000, HACCP, NSF GMP, TQF, HALAL and ISO/IEC 17025 TAF accreditation laboratory, FSSC22000 and many other international accreditations. Audits and evaluations of raw material suppliers are carried out on a regular basis, with 217 suppliers inspected in 2021. The strictest monitoring and the highest standards set by our Company ensure consumers can consume our products with confidence.

In 2021, Grape King Bio executed a full-scale communication plan this year aiming at reinforcing food safety awareness for all employees. Updated food safety slogans were placed around the factory and office space as well as quarterly news and information on food safety were distributed. Furthermore, 11 groups of employees from six departments were encouraged to submit proposals related to how they thought systems could be

improved, pointed out problems and put plans into action.

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. Our R&D's Antrodia Cinnamomea raw material has been submitted for the new botanical drug *GKAC*. It has been proven to have key elements in our preliminary clinical trial, which can greatly improve the liver function for patients with nonalcoholic fatty liver disease. We have submitted our application to USFDA to carry out phase 2 clinical trials.

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 and special prize award from 1111 Job Portal voting last year, in recognition for being a friendly enterprise.

v. Social Prosperity

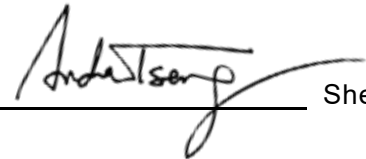
We linked our employees to external organizations by initiating various charity events and donations, raising public awareness to social welfare causes. Moreover, the Company maximizes every resource that can benefit charity and those in need, from the Elderly, disadvantaged communities to animal welfare. In 2021 our expenditure on social participation reached NT\$13,817,000 and volunteering 899 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. In 2021 our energy efficient ratio reached 3.3%, and we also signed a two-year purchase agreement with a renewable energy supplier. In December 2021, Grape King Bio officially became a member of TCFD Supporter, the first Taiwanese health food company in the industry to do so.

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 2022, and beyond.

Chairman and GM  Shenglin Andrew Tseng



Company Profile



葡萄王生技
GRAPE KING BIO

1. Establishment Date
2. Company History
3. 2021 Awards

1. Establishment date: July 26, 1969

2. Company history:

1969	<ul style="list-style-type: none"> ● [Grape King Bio] Set up "China Fusang Shenghuang Pharmaceutical Industry Co., Ltd." as the predecessor of the Company. The address was No. 60, Section 3 Longgang Road, Zhongli City, Taoyuan County, and the capital was NT\$5 million.
1971	<ul style="list-style-type: none"> ● [Grape King Bio] China Fusang Shenghuang Pharmaceutical Industry Co., Ltd. increased its capital by NT\$13 million to NT\$18 million to expand its production facilities and purchase equipment. "Grape King Food Co., Ltd." was established as one of the predecessors of the Company. The Company address was No. 60-9, Section 3 Longgang Road, Zhongli City, Taoyuan County, for the production of health foods such as Combest P and Lewei.
1973	<ul style="list-style-type: none"> ● [Grape King Bio] "Grape King Food Co., Ltd." increased its capital by NT\$24.5 million to NT\$25 million to meet the needs of business expansion. A new four-story and a new five-story building were built, covering a total area of about 3,100 pings. "Kangbeishiang Cosmetics Co., Ltd." was set up, which changed its name to "Head & Shoulders Cosmetics Co., Ltd." in 1976.
1977	<ul style="list-style-type: none"> ● [Grape King Bio] "China Fusang Shenghuang Pharmaceutical Industry Co., Ltd." and the world famous factory "US Schering Pharmaceutical" started their technical cooperation.
1979	<ul style="list-style-type: none"> ● [Grape King Bio] "China Fusang Shenghuang Pharmaceutical Industry Co., Ltd." and "Grape King Food Co., Ltd." merged into "Grape King Enterprise Co., Ltd." with a capital increase of NT\$53.5 million. The paid-up capital became NT\$150 million.
1981	<ul style="list-style-type: none"> ● [Grape King Bio] Merged "Head & Shoulders Cosmetics Co., Ltd." into a single company now for the purpose of centralized marketing and management operations.
1982	<ul style="list-style-type: none"> ● [Grape King Bio] In December the Securities Exchange Commission of the Ministry of Finance approved the Company's public listing.
1984	<ul style="list-style-type: none"> ● [Grape King Bio] 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, the Company arranged a cash injection of NT\$36.2 million to improve the factory environment and expand the production equipment. The paid-up capital became NT\$230 million.
1987	<ul style="list-style-type: none"> ● [Grape King Bio] The implementation of the GMP system to improve the factory environment and the expansion of production equipment were completed, and in November of the same year the Company was certified by the Department of Health, the Executive Yuan as a "G.M.P. Implemented Pharmaceutical Factory".
1990	<ul style="list-style-type: none"> ● [Grape King Bio] For the development of new products, the improvement of the working environment of the food factory and the expansion of automated production equipment, the Company used the 1988 surplus of NT\$46.92 million to increase its capital, and the paid-up capital became NT\$276.92 million. In the same year the Company used the 1989 surplus of NT\$56,737 thousand to increase its capital to add the automated production equipment for easy-to-open canned drinks, Combest and the Head & Shoulders Shampoo series in order to expand production capacity. In addition, to improve the timeliness of product supply for sales and reduce the cost of transportation, the Company planned to set up a delivery center and arranged a cash injection of NT\$200 million.
1991	<ul style="list-style-type: none"> ● [Grape King Bio] Completed the cash injection and the capital injection from the 1989 surplus in February, and the paid-up capital became NT\$533,657 thousand. In view of the convenience and environmental friendliness of aluminum foil boxes, the Company purchased a set of aseptic production equipment for aluminum foil packaging and its peripheral facilities for the launch of its Kimoji Easy-to-Open Drink this year and the future development of new products. ● [Grape King Bio] Set up a bio-engineering center (It is now known as the Grape King Biotech Research Institute) for the research and manufacturing of biotechnology products. ● [Grape King Bio] Moved the Zhongli warehouse to the Pingzhen factory which covers an area of about 3,000 pings. A dedicated logistics center was also set up.
1992	<ul style="list-style-type: none"> ● [Grape King Bio] Was approved in March to use the 1990 surplus of NT\$54,918,500 to increase its capital. The Company also expanded its production equipment, recruited well-known domestic microbiology and biochemical engineering experts for its development of bio-engineered nutrition food, introduced Japan's latest equipment for computer-controlled production, and researched and developed biotechnology products. It officially transitioned from pharmaceutical manufacturing to functional nutrition food research and development.

	<ul style="list-style-type: none"> ● [Grape King Bio] The paid-up capital was NT\$588,575,500. It used the 1991 surplus of NT\$60,515,350 to increase its capital by issuing new shares, and the paid-up capital became NT\$649,090,850.
1993	<ul style="list-style-type: none"> ● [Grape King Bio] Was approved in March to use the 1992 surplus of NT\$66,341,910 to increase its capital by issuing new shares in order to add automated pull-cap production equipment. The paid-up capital became NT\$715,432,760.
1994	<ul style="list-style-type: none"> ● [Grape King Bio] Used the 1993 undistributed surplus of NT\$73,770,340 to increase its capital by issuing new shares in order to expand its production equipment as well as equipment for pure water, electricity and other items for the development of new products and production capacity improvement. ● [Shanghai Grape King] Was approved by the Ministry of Economic Affairs to set up the Shanghai Grape King Enterprise Co., Ltd. in the mainland through a third-country investment for the manufacturing and sale of all kinds of health food, bio-engineering technology and related glass containers as its major business.
1996	<ul style="list-style-type: none"> ● [Grape King Bio] Used NT\$88,230,430 from the 1995 surplus and capital reserve to increase its capital in order to improve the capital structure. The paid-up capital became NT\$957,684,910.
1997	<ul style="list-style-type: none"> ● [Grape King Bio] Used NT\$ 96,726,750 from undistributed earnings to increase its capital, and the paid-up capital became NT\$1,054,411,660. ● [Grape King Bio] This year the biotechnology center developed a variety of successful products such as Ganoderma King, Biolacto Powder and 995 Nutrient Drink. The Company created a high visibility for the products in a short period and led to a competition in the Ganoderma market. ● [Shanghai Grape King] The first product - Combest drink was launched.
1998	<ul style="list-style-type: none"> ● [Grape King Bio] Appropriated NT\$63,774,210 from its 1997 surplus to increase capital, and the paid-up capital became NT\$1,118,185,870. In November, a cash injection of NT\$190 million as approved by the competent authority was arranged and the paid-up capital became NT\$1,308,185,870. ● [Pro-Partner] Made a filing to the Fair Trade Commission of the Executive Yuan to legally promote its business via multi-level marketing; the Taipei Head Office was set up.
1999	<ul style="list-style-type: none"> ● [Grape King Bio] Completed the cash injection in February, and moved towards the goal of expanding biotechnology research and development.
2000	<ul style="list-style-type: none"> ● [Grape King Bio] The Bio engineering center (It is now known as the Grape King Biotech Research Institute) developed a variety of biotechnology products in this year, such as Agaricus Blazei King, Antrodia King, Hericium mycelium and Coriolus versicolor mycelium. It also developed the 200p (Pro) Drink which gradually became a rising star; the sales revenue has been growing year after year and it has become one of the Company's main product. ● [Pro-Partner] Set up its Taichung Operations Center.
2001	<ul style="list-style-type: none"> ● [Grape King Bio] The biological engineering center (It is now known as the Grape King Biotech Research Institute) developed Grifola frondosa, Coriolus versicolor, Cordyceps militaris and other raw materials, and introduced a variety of new tastes for aluminum foil boxes to meet market demand.
2002	<ul style="list-style-type: none"> ● [Grape King Bio] The Company changed its name to Grape King Bio Ltd. ● [Grape King Bio] Started its diversification, and biotechnology products greatly improved the Company's operations. Besides, OEM also became an important new business.
2003	<ul style="list-style-type: none"> ● [Grape King Bio] Made up for the losses in 1998, 1999 and 2000 and showed a profit.
2004	<ul style="list-style-type: none"> ● [Grape King Bio] Antrodia camphorate OEM entered the Singapore market, and the biological center purchased a 40T fermentation tank to double the production capacity. ● [Pro-Partner] Set up the Taoyuan Operation Center and the Pingzhen Delivery Center.
2005	<ul style="list-style-type: none"> ● [Grape King Bio] Passed cGMP pharmaceutical certification of the Department of Health, Executive Yuan, and the biological center added a mobile layer dryer, expanded its capacity and developed new formulations. ● [Grape King Bio] Subsidized by the Two-year Traditional Industry Upgrade Project of the Ministry of Economic Affairs.
2006	<ul style="list-style-type: none"> ● [Grape King Bio] Signed a contract with the Food Industry Research and Development Institute for the transfer of two membrane concentration technologies; would be able to recycle high-priced protein drugs, and step into the field of biotechnology pharmacy.
2007	<ul style="list-style-type: none"> ● [Grape King Bio] Subsidized by two projects of the Ministry of Economic Affairs for the

	<p>development of anti-helicobacter pylori lactic acid bacteria products and plant endophytic biological fertilizer formulations.</p> <ul style="list-style-type: none"> ● [Pro-Partner] Set up the Fengyuan Operations Center.
2008	<ul style="list-style-type: none"> ● [Grape King Bio] "Antrodia Cinnamomea" was granted the Republic of China Patent No. I296929. "Antrodia" was granted the People's Republic of China Patent No. ZL200510095801.1. ● [Grape King Bio] Constructed an automated production and packaging plant for biotechnology products and the second fermentation plant. ● [Pro-Partner] The revenue reached NT\$1.62 billion for the first time and surpassed that of Grape King, and the Company became number eight among the nation's direct sales merchants.
2009	<ul style="list-style-type: none"> ● [Grape King Bio] Was subsidized by the Agricultural Biotechnology Research and Development Result Industrialization Project and started the fermentation production and product development of Ganoderma lucidum immunoregulatory protein. ● [Pro-Partner] Set up the Hsinchu Operations Center; the total revenue was NT\$2.2 billion, ranking the sixth in Taiwan's direct sales industry and the first among local direct sales merchants.
2010	<ul style="list-style-type: none"> ● [Grape King Bio] Began to expand the biological center's 3rd fermentation plant, which contains two 40T fermentation tanks and six 500L's. Test production is expected in June 2011. ● [Pro-Partner] The Taipei Operations Center's new building was completed; the operations on the 6th floor of the Taichung operations center were expanded; the Kaohsiung Operations Center's new building was completed.
2011	<ul style="list-style-type: none"> ● [Grape King Bio] Was subsidized by the Biotechnology Research and Development Result Industrialization Project, developed the liquid cultivation of Hericium erinaceus essence, and developed age-delaying health food; completed the construction of the biological center's 3rd fermentation plant, which contains two 40T fermentation tanks and six 500L's, and the total capacity expanded to 275 metric tons.
2012	<ul style="list-style-type: none"> ● [Grape King Bio] The combined revenue was NT\$4.62 billion, and the five-year average growth rate was more than 20%. ● [Pro-Partner] The revenue reached NT\$4.2 billion, becoming the fourth in Taiwan, the first among local direct sales merchants, and no. 83 among the world's top 100 direct sales merchants.
2013	<ul style="list-style-type: none"> ● [Grape King Bio] Replaced the Company's logo. Added six one-metric ton fermentation tanks and freeze-drying equipment. ● [Grape King Bio] Was granted a promotion subsidy of the Biotechnology Research and Development Result Industrialization Project of the Industrial Development Bureau, Ministry of Economic Affairs. ● [Pro-Partner] Increased the number of service offices in Taipei, and established a new Taipei Operations Center which is the seventh operations center of Pro-Partner. ● [Pro-Partner] Spent NT\$3 billion to purchase the new building in Neihu to create a new operating headquarters. ● [Pro-Partner] The annual revenue was NT\$5 billion with a record 28% annual growth rate. The Company ranked the third in Taiwan's direct sales industry and the first among local direct sales merchants.
2014	<ul style="list-style-type: none"> ● [Grape King Bio] The consolidated revenue was NT\$6.282 billion. ● [Pro-Partner] The revenue reached NT\$5.827 billion, and the Company became the second in Taiwan's direct sales industry and the first among local direct sales merchants for four consecutive years. ● [Grape King Bio] Obtained PIC/S GMP (Good Manufacturing Practices for Western Medicine) certification. ● [Grape King Bio] Obtained ISO 22000 certification (food safety and health management system certification). ● [Grape King Bio] The construction ceremony of the new plant in Pingzhen was held in May. ● [Grape King Bio] Signed a letter of intent with the Chinese mainland pharmaceutical manufacturer Yunnan Baiyao Group in July. ● [Grape King Bio] The Science Industrial Park's Review Committee decided in August that the Company falls into the "science industry" category in the "Regulations for Science Industrial Park's Establishment and Management", and was allowed to set up "Grape King Bio Ltd. Longtan Science Park Branch" in the Park.

2015	<ul style="list-style-type: none"> ● [Grape King Bio] The consolidated revenue was NT\$7.247 billion. ● [Pro-Partner] The revenue was NT\$6.708 billion, and the Company was still the second in Taiwan's direct sales industry and the first among local direct sales merchants for five consecutive years. ● [Grape King Bio] Introduced a number of new products such as Tian Qi Ling Zhi Essential Drink, PowerBOMB Energy Drinks and Ganoderma for Kids, Marigold Lutein Complex and so on. ● [Grape King Bio] Was awarded ISO17025 certification by TAF.
2016	<ul style="list-style-type: none"> ● [Grape King Bio] The consolidated revenue was NT\$9.185 billion. ● [Pro-Partner] The revenue reached NT\$8.17 billion, ranking number two in Taiwan's direct sale business and was number one among the local direct sale merchants for many years. ● [Grape King Bio] The Pingzhen plan was opened in September. ● [Grape King Bio] Launched new products Snow Brightening Essential Drink, Tian Qi Maca Essential Drink, Ling Zhi Anti-allergy and Pueraria Mirifica Queen.
2017	<ul style="list-style-type: none"> ● [Grape King Bio] The consolidated revenue was NT\$9.388 billion. ● [Pro-Partner] The revenue reached NT\$8.05 billion, ranking number two in Taiwan's direct sale business and was number one among the local direct sale merchants for many years. ● [Grape King Bio] Opened its "Grape King Health and Vitality Power Center" in July. ● [Grape King Bio] Launched a new product "Gold Combest Energy Drink", the country's first health-marked energy drink. ● [Grape King Bio] Launched a new product "Sliim Turmeric Complex". ● [Grape King Bio] Obtained TOSHMS (Taiwan Occupational Safety and Health Management System) certification, ISO14001 (Environmental Management System) certification and OHSAS 18001 (Occupational Safety and Health Management System) certification.
2018	<ul style="list-style-type: none"> ● [Grape King Bio] The consolidated revenue was NT\$9.183 billion. (note: IFRS 15 is applied from this year) ● [Pro-Partner] The revenue reached NT\$7.389 billion, ranking number two in Taiwan's direct sale business and has been ranked as the top local direct sale merchants for consecutive years. (note: IFRS 15 is applied from this year) ● [Grape King Bio] Top 20% of the 2018 (4th Round) Corporate Governance Evaluation Award by Taiwan Stock Exchange Corporate Governance Center (all 864 listed companies). ● [Grape King Bio] Launched new products "Probiotic King Powder" and "Sliim Probiotics King". ● [Grape King Bio] Obtained TQF certification.
2019	<ul style="list-style-type: none"> ● [Grape King Bio] The consolidated revenue was NT\$9.239 billion. ● [Pro-Partner] The revenue reached NT\$7.791 billion, ranking number two in Taiwan's direct sale business and has been ranked as the top local direct sale merchants for consecutive years. ● [Grape King Bio] Top 20% of the 2019 (5th Round) Corporate Governance Evaluation Award by Taiwan Stock Exchange Corporate Governance Center (all 868 listed companies). ● [Grape King Bio] Obtained FSSC 22000 certification. ● [Grape King Bio] The Biotech Research Institute was set up in Q2. ● [Grape King Bio] Launched a new product "MOVE EEZi".
2020	<ul style="list-style-type: none"> ● [Grape King Bio] The consolidated revenue was NT\$9.168 billion. ● [Pro-Partner] The revenue reached NT\$7.719 billion, maintaining the ranking of 2nd in Taiwan's direct sale business and has been ranked as the top local direct sale merchants for consecutive years. ● [Grape King Bio] Top 20% of the 2020 (6th Round) Corporate Governance Evaluation Award by Taiwan Stock Exchange Corporate Governance Center (all 901 listed companies). ● [Grape King Bio] Obtained ISO 45001 certification. ● [Grape King Bio] Launched a new product "Night Sliim Turmeric Complex" and "Ling Zhi Essence Drink".
2021	<ul style="list-style-type: none"> ● [Grape King Bio] The consolidated revenue was NT\$9.798 billion. ● [Pro-Partner] The revenue reached NT\$8 billion, the 3rd largest MLM Company in Taiwan based on revenue, ranked number 1 Taiwanese owned MLM for several years in a row.



- [Grape King Bio] Listed in the Top 5% of the 2021 (7th Round) Corporate Governance Evaluation Award by Taiwan Stock Exchange Corporate Governance Center (Total of 905 listed companies).
- [Grape King Bio] Started collaboration with Uni-President, who became the top shareholder of ours with its shares of 8% via private placement.
- [Grape King Bio] Rolled out new products: Deer Placenta Beauty Capsule, Probiotics Drink, Kombucha, Sliim Turmeric Complex Essence Drink, and Probiotics King for Kids and Good Night Probiotics.

3. 2021 Awards:

Enterprise

- (1) [Grape King Bio] Recognized as among the "Taiwan's Top 100 Companies to Work For in the Health Food Industry" by Cheers Magazine.
- (2) [Grape King Bio] A huge advancement! TWSE Companies we were evaluated being in the top 5%!
- (3) [Grape King Bio] Received 2021 Alliance for Protection of Maternal Health from Taoyuan City.
- (4) [Grape King Bio] Good brand reputation! Received Award for Excellent Strategy in the 4th session of the online public praise star for the Health Industry: Biotech Food Supplements, aka the indicator of online response rate!
- (5) [Grape King Bio] Received a gold award and special prize for being a friendly enterprise from 1111 job portal voting.
- (6) [Grape King Bio] Received a gold award from TCSA corporate sustainability report for 4 years in a row! As well as an innovative leader award!
- (7) [Grape King Bio] Received a gold award from pandemic prevention envoy from TIVS!
- (8) [Grape King Bio] Congratulations! Grape King Bio has been awarded by the Taoyuan City Government the 2021 Excellent Enterprise 2 years in a row!
- (9) [Grape King Bio] Received the Gold Award of Dedication to Marketing and Media as an outstanding Taiwanese brand of the year.

Product

- (1) [Slim Turmeric Complex] Received Dietary Supplement Innovation Award from the Health Food Society of Taiwan.
- (2) [Probiotic Series] Received an excellence award for Probiotics in the health brand recommendation event hosted by Yahoo! and Everyday Health.
- (3) [Kombucha] Received Innovation Product Award from TALAB.

Technique & Patent

[Probiotic proprietary technology]

- (1) Lactobacillus fermentum GKF3, its formulation and application to ameliorate mental disorders received a gold medal in the Russian Archimedes International Invention Exhibition of 2021.
- (2) Lactobacillus brevis GKJOY, its formulation and application to ameliorate depression and improve neuronal function received a gold medal in MTE of 2021.
- (3) B. lactis GKK2 formulation and application to ameliorate allergic asthma received a gold medal in IPITEX of 2021.
- (4) The active substance of lactobacillus paracasei GKS, its formulation and application to improve longevity received a gold medal in IPITEX of 2021.
- (5) The active substance of lactobacillus paracasei GKS, its formulation and application to improve longevity received a gold medal in the Shanghai International Invention & Innovation Exhibition of 2021.
- (6) A type of Lactobacillus plantarum, composition, cultivation techniques and the application to lower liver function index, lower uric acid and/or prevent inflammation received a gold medal

- in the Shanghai International Invention & Innovation Exhibition of 2021.
- (7) Lactobacillus rhamnosus GKLC1, its formulation and application to improve alcoholic liver disease, stomach injury and/or intestine injury received a gold medal and special prize in the 13th European Exhibition of Creativity and Innovation in 2021.
 - (8) Lactobacillus, the application of its medical compounds and edible compounds to cure, prevent or ameliorate bone disease (Japan) received a gold medal in the World Genius Convention & Education Expo.
 - (9) The active substance of B. lactis GKK2, its formulation and application to improve longevity received a gold medal in the Innovation Africa Week in of 2021.
 - (10) The use of the active substance of Morchella to improve reproductive capability, its application and formulation (U.S.) received a gold medal in the Innovation Week in AFRICA of 2021.
 - (11) The application of lactobacillus reuteri GKR which can reduce uric acid received a gold medal and a special prize in ICAN of 2021.
 - (12) The active substance of lactobacillus paracasei GKS, its formulation and the application to improve longevity received a gold medal and a special prize in ITE of 2021.
 - (13) Lactobacillus rhamnosus GKLC1, its formulation and application to ameliorate alcoholic liver disease, stomach injury and/or intestine injury received a gold medal in the 17th Ukraine Innovation Awards in 2021.
 - (14) The application of lactobacillus reuteri GKR which can reduce uric acid received a gold medal in the Inova International Invention Show and a special prize in Canada in 2021.
 - (15) Lactobacillus fermentum GKF3, its formulation and application to ameliorate mental disorders received a gold medal in the All American DAVINCI International Innovation and Invention Expo of 2021.
 - (16) B. lactis GKK2 formulation and application to ameliorate allergic asthma received a gold medal in the XV International Warsaw Invention Show of 2021.
 - (17) The active substance of B. lactis GKK2, its formulation and application to improve longevity received a gold medal in IIIC International Invention Exhibition of 2021.
 - (18) Lactobacillus fermentum GKF3, its formulation and application to ameliorate mental disorders received a silver medal in the Taiwan Innotech Expo Invention Competition of 2021.
 - (19) Lactobacillus, the application of its pharmaceutical composition and edible composition to cure, prevent or ameliorate bone disease received a silver medal in ITEX of 2021.
 - (20) Antioxidant Multi-layered Embedded Probiotics Granules received a gold medal in the Hong Kong International Invention and Design Competition of 2021.

[Cicada proprietary technology]

- (1) The active substance of Cicada and its application to prevent, suspend or treat cataract received a gold medal in MTE of 2021.
- (2) The active substance of Cicada mycelium used in the formulation that can prevent, suspend or treat the dilation of anterior and posterior chamber, the increase in vitreous humor and/or retinal detachment received a gold medal in the 13th European Exhibition of Creativity and Innovation in 2021.
- (3) The active substance of Cicada mycelium used in the formulation that can prevent, suspend or treat the dilation of anterior and posterior chamber, the increase in vitreous humor and/or retinal detachment (Japan) received a gold medal in the World Genius Convention & Education Expo.
- (4) The active substance of Cicada mycelium used in the formulation that can prevent, suspend or treat the dilation of anterior and posterior chamber, the increase in vitreous humor and/or retinal detachment (Canada) received a gold medal and a special prize in ITE.
- (5) The use of compound composition to prevent, suspend or treat a lesion on the eye and its application received a gold medal in the Inova International Invention Show and special prize in the XV International Warsaw Invention Show in 2021.

- (6) Grape King Cicada fermented mycelium protects eyes in many ways, receiving the outstanding biotech industrial award – innovation industrial award of 2021!
- (7) The use of compound composition to prevent, suspend or treat a lesion on the eye and its application received a gold medal in the IIIC International Invention Exhibition of 2021.
- (8) The active substance of Cicada and its application to reduce eye pressure received a gold medal in the Hong Kong International Invention and Design Competition of 2021.

[Hericium Erinaceus proprietary technology]

- (1) The active substance for the treatment of dementia, and its preparation method, including its pharmaceutical composition, and the preparation method of the pharmaceutical composition received a gold medal in the Russian Archimedes International Invention Exhibition of 2021.
- (2) The active substance to prevent presbycusis, its formulation and preparation method received a gold medal in the All American DAVINCI International Innovation and Invention Expo of 2021.

[Antrodia proprietary technology]

- (1) The application of the active substance of Antrodia Cinnamomea Mycelium to ameliorate chronic obstructive pulmonary disease received a gold medal in IPITEX of 2021.

[Lignosus Rhinocerus proprietary technology]

- (1) The application of the active substance of Lignosus Rhinocerus Mycelia to prepare an anti-virus formulation received a gold medal and special prize in ICAN of 2021.
- (2) The application of the active substance of Lignosus Rhinocerus Mycelia to ameliorate chronic obstructive pulmonary disease received a gold medal in the IIIC International Invention Exhibition of 2021.
- (3) The application of the active substance of Lignosus Rhinocerus Mycelia to ameliorate chronic obstructive pulmonary disease received a golden medal in MTE of 2021.

[Phellinus linteus proprietary technology]

- (1) The extract concentrates of Phellinus linteus, its production method as well as its formulation which improve sleep received a gold medal in the 17th Ukraine Innovation Awards in 2021.

[Paecilomyces Hepiali Mycelia proprietary technology]

- (1) The use of the active substance of Paecilomyces Hepiali Mycelia to prevent and/or ameliorate acute lung injury, its preparation method and application received a gold medal in the XV International Warsaw Invention Show in 2021.

[Morchella esculenta proprietary technology]

- (1) The use of the active substance of Morchella to improve reproductive capability, its application and its composition received a gold medal in the Taiwan Innotech Expo Invention Award of 2021.

Individual

[Shenglin Andrew Tseng, Chairman & General Manager] Received the honor of Leader of Digital Transformation in the first Ding-Ge Digital Transforming Award, which was co-sponsored by Harvard Business Review and SAP.



Corporate Governance

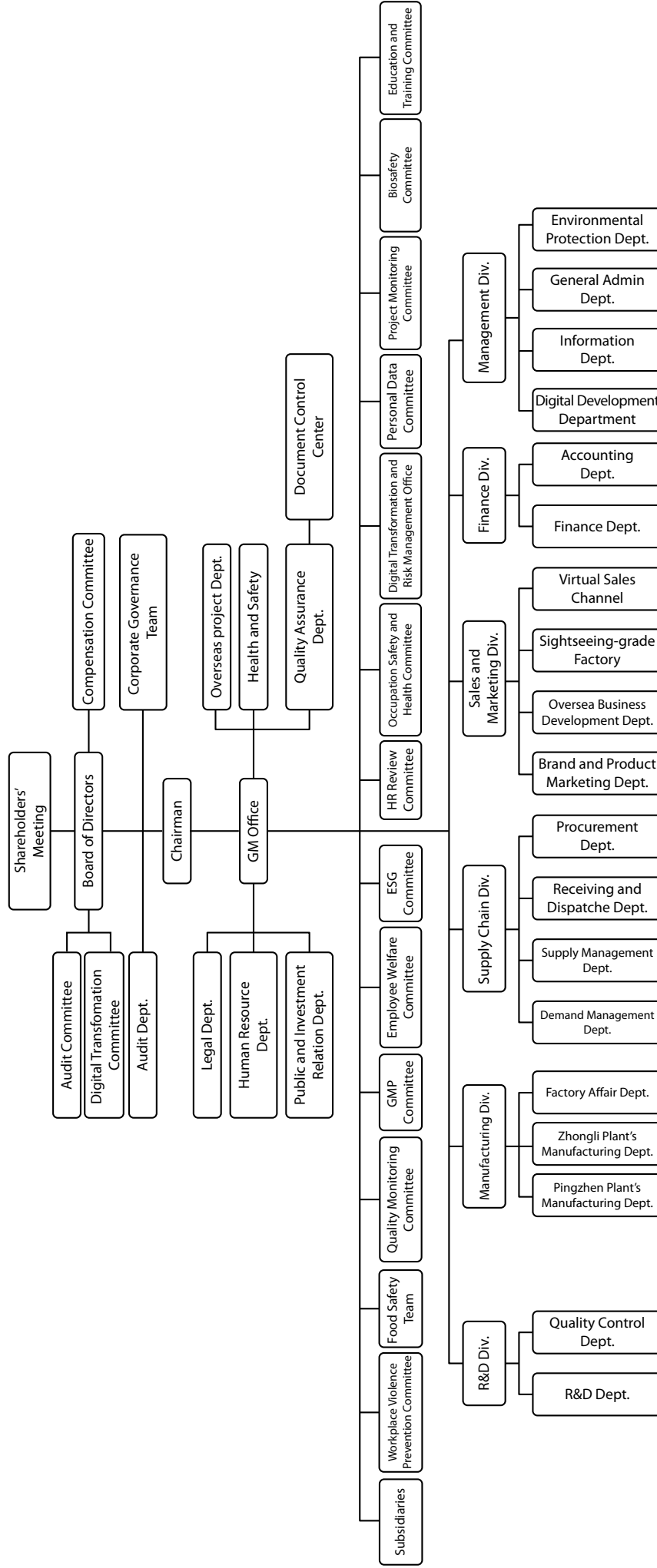


1. Organization Structure
2. Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information
3. Recent Remuneration to Directors, Supervisors, Presidents and Vice Presidents
4. Corporate Governance Status
5. Accountant Fees
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7. 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
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9. Information about the Top Ten Shareholders Who are related parties
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1. Organization Structure

(1) Chart of Organization Structure



(2) Responsibilities of Major Departments

Department	Responsibility
Compensation Committee	To help improve the Company's Directors, Supervisors and high-level manager evaluation and compensation management system.
Audit Committee	Assists the Board of Directors: establishes and/or modifies the internal control system and evaluates its effectiveness; handles issues related to the interests of Directors, major assets or financial derivative transactions, major capital loans, endorsements or guarantees, fundraising responsibilities, issuance of marketable securities related to equity through private placement, the appointment/dismissal or reimbursement of auditors, the recruitment of finance personnel/ accountants or internal audit managers, the annual financial report, and other major issues regulated by the company or competent authorities.
Digital Transformation Committee	Examines the strategies, planning and executive outcomes of the digital transformation executive team by giving advice to the Board of Directors or executive team; handles or deals with asset disposal procedures according to Company policies, verifies major expenses in connection with digital transformation.
Corporate Governance Team	To propose recommendations on corporate governance to the Board of Directors and/or the general manager and assist in matters related to the Board of Directors or shareholders' meetings in accordance with the law. Furthermore, serve as the specific unit for corporate governance and ethical corporate management.
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.
Staff Coaching 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 & 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.
Process Monitoring Committee	To carry out project contracting, construction quality supervision and acceptance.
Personal Data Committee	To carry out corporate data maintenance and control and personal data protection and management.
Sustainable Development and ESG Committee	To collect and integrate the expectations of internal and external stakeholders regularly, establish an ESG management mechanism, set ESG indicators and goals, and carry out relevant actions to



Department	Responsibility
	enhance the management connotation of the company's sustainable operation.
Occupation Safety and Health Committee	To study and set up labor safety and health related policies and regulations.
GMP 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.
Quality Monitoring Committee	To carry out health management procedures, product planning, management, supervision and audit matters.
Food Safety Team	To carry out food safety operations control and maintenance, and reduce the risks in the supply chain.
Workplace Welfare Prevention Committee	Implement measures to prevent and control workplace violence and plan proper safety and health measures.
Employee Welfare Committee	To act as a platform and bridge for labor and employer communication and promote the coordination between labor and employer.
HR Review Committee	To implement and improve the HR development policy and review all kinds of personnel related disputes.
Quality Assurance Dept.	To carry out quality system-related operations with control measures such as supervision, assessment, validation, verification and identification to continuously improve product quality.
Work Safety Department	Responsible for the development, implementation and supervision of labor safety, environmental health and other 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.
Legal Department	To manage, plan and establish the Company's legal affairs related business.
Public and Investment Relation Dept.	Responsible for corporate relationship management and public relations related matters.
Management Division	Planning, implementation, management and maintenance of various management systems such as general affairs, environmental protection, information software and hardware systems and information security.
Finance Division	To manage, plan and formulate the Company's financial and accounting related matters.
Sales and Marketing Division	To collect domestic and foreign marketing resources, contact and track domestic and foreign OEM businesses, carry out the Company's product sales development and lead and integrate marketing strategies to develop brand value and innovation.
Supply Chain	Responsible for the integration and implementation of demand planning, supply planning, procurement, raw material storage,

Department	Responsibility
	finished product logistics and other related operations.
Manufacturing and SCM Division	In charge of manufacturing, processing, packaging and other production-related tasks.
R&D 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.
Overseas project Dept.	Responsible for businesses related to operation planning and management of overseas sales and development.
Subsidiaries/Branches	<p>As for the businesses of the subsidiaries, please refer to page 154 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, Supervisors and Managers team

(1) Directors and Supervisors

March 29, 2022 Unit: Share:%

Title (Note 1)	Nationality	Name	Gender Age	Date Elected	Term (years)	Date First elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Shenglin Andrew Tseng	Male 40~49	July 15,2021	3	June 19, 2009	5,761,244	4.25	6,511,244	4.40	-	-	898,000	0.61	Note 9	Note 8	Director	Mei-Ching Tseng	Sister and brother	Note 5
Director	Republic of China	Mei-Ching Tseng	Female 50~59	July 15,2021	3	June 26, 2015	4,505,117	3.32	2,954,117	1.99	-	-	49,000	0.03	Note 9	Note 8	Chairman	Shenglin Andrew Tseng	Sister and brother	
Director	Republic of China	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shioh Ling	Female 60~69	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	Yan xiang Huang	Male 50~59	July 15,2021	3	May 29, 2018	13,000	0.01	203,000	0.14	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Director	Republic of China	Jue-jia Chang	Male 50~59	July 15,2021	3	June 19, 2009	1,538,386	1.13	1,538,386	1.04	1,635,116	1.10	-	-	Note 9	Note 8	Director	Chih-Sheng Chang	Brothers	
Director	Republic of China	Chih-Sheng Chang	Male 60~69	July (Note6)	3	June 16, 1997 (Note7)	2,093,957	1.54	2,093,957	1.41	992,530	0.67	-	-	Note 9	Note 8	Director	Jue-Jia Chang	Brothers	
Director	Republic of China	Hsing Chun Chen	Female 60~69	July 15,2021 (Note6)	3	May 29, 2018 (Note7)	1,038,596	0.77	1,541,596	1.04	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Director	Republic of China	Chih-Wei Lai	Male 40~49	July 15,2021	3	May 29, 2018	653,000	0.48	653,000	0.44	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Independent Director	Republic of China	Feng-I Lin	Male 60~69	July 15,2021	3	June 26, 2015	-	-	-	-	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Independent Director	Republic of China	Ching-Pu Chen	Male 60~69	July 15,2021	3	June 26, 2015	-	-	-	-	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Independent Director	Republic of China	I-Fan Miao	Female 50~59	July 15,2021	3	May 29, 2018	-	-	-	-	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	
Independent Director	Republic of China	Chen Jing Ning	Female 50~59	July 15,2021	3	July 15, 2021	-	-	-	-	-	-	-	-	Note 9	Note 8	Nil	Nil	Nil	

<p>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.</p> <p>Note 2: Please specify the age brackets, e.g. 41-50 or 51-60.</p> <p>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.</p> <p>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.</p> <p>Note 5: The Chairman and general manager of the Company is one and the same (person), who not only facilitates the internal communication and coordination within the Board of Directors so as to reduce conflicts, but also improves the company's decision-making efficiency. In addition, there are 4 Independent Directors in the company, which complies with the legal number of seats. More than half of the Directors are neither employees nor a manager which is a measure designed to strengthen corporate governance.</p> <p>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.</p> <p>Note 7: The date of the previous supervisors of the Company assigned as the supervisors of the Company for the first time.</p> <p>Note 8: List of Directors and Supervisors with positions at the Company and other companies.</p>	<table border="1"> <thead> <tr> <th data-bbox="451 105 496 2116">Name</th> <th data-bbox="451 105 496 2116">Positions at the Company and other companies</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 105 560 2116">Shenglin Andrew Tseng</td> <td data-bbox="496 105 560 2116">The Company's General Manager; Branch Manager of the Company in Zhongli; Pro-Partner Ltd. Director; BVI GRAPE KING INTERNATIONAL INVESTMENT INC. 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<p>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.</p>																											



Table 1: Major shareholders of the institutional shareholders

Name of Institutional Shareholder	Major shareholder	September 17 ,2021(Ex-dividend date)
UNI-PRESIDENT ENTERPRISES CORP.	Kao Chyuan Inv. Corp. (5.00%) Cathay Life Insurance Co., LTD. (3.41%) BNP Paribas Wealth Management HK Branch (3.02%) Bo Ming Hou (2.60%) Bo Yu Hou (2.27%) The Overlook Partners Fund L.P. (1.69%) Kao Shiow Ling (1.64%) J.P. Morgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency (1.47%) New Labor Retirement Fund (1.33%) Investment account of Norges Bank managed by Citibank Taiwan (1.27%)	

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

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

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

Name of Institutional Shareholder	Major shareholder	December 31 ,2021
Kao Chyuan Inv. Corp.	Infinity Holdings Ltd. (51.11%); Eternity Holdings LTD. (48.89%)	
Cathay Life Insurance Co., LTD.	Cathay Financial Holding Co., LTD. (100%)	

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, UK ● Proficiency A member of the Digital Transformation Committee. Operational decision-making, leadership decision-making, business management, crisis management, industry and international market knowledge, marketing experience. ● 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. 3. Is a second-degree relative with Director Mei-Ching Tseng. 	Nil





<p>Mei-Ching Tseng Director</p>	<ul style="list-style-type: none"> ● Education Master's Degree, Andrew Jackson University ● Work Experience 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. ● Not involved in any case related to Article 30 of the Company Act. 	<p>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.</p>	<p>Nil</p>
<p>Kao Shioh Ling Director</p>	<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. ● Not involved in any case related to Article 30 of the Company Act. 	<p>Adopt the components listed in the Dow Jones Sustainability Questionnaire. Directors' independence status.</p>	<p>Nil</p>

<p>Yen-Shiang Huang Director</p>	<ul style="list-style-type: none"> ● Education B.A., University of Wisconsin-Madison, U.S. ● Work Experience <ul 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. ● 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 supervisor of the affiliated company. 2. Adopt the components listed in the Dow Jones Sustainability Questionnaire. Directors' independence status. 	<p>Nil</p>
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<p>Jue-Jia Chang Director</p>	<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. ● 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 Director of the affiliated company. 2. Is a second-degree relative with Director Chih-Sheng Chang. 3. Adopt the components listed in the Dow Jones Sustainability Questionnaire. Directors' independence status. 	<p>Nil</p>
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<p>Chih-Sheng Chang Director</p>	<ul style="list-style-type: none"> ● Education Bachelor of Pharmacy, Chia Nan University of Pharmacy and Science ● Work Experience <ul 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. ● Not involved in any case related to Article 30 of the Company Act. 	<p>1. Is a second-degree relative with Director Jue-Jia Chang Adopt the components listed in the Dow Jones Sustainability Questionnaire. Directors' independence status.</p>	<p>Nil</p>
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<p>Hsing-Chun Chen Director</p>	<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 ● 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. ● Not involved in any case related to Article 30 of the Company Act. 	<p>Adopt the components listed in the Dow Jones Sustainability Questionnaire. Directors' independence status.</p>	<p>Nil</p>
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<p>Chih-Wei Lai Director</p>	<ul style="list-style-type: none"> ● Education Master of Innovation and Design, National Taipei University of Technology ● Work Experience <ul 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. ● Not involved in any case related to Article 30 of the Company Act. 	<p>Adopt the components listed in the Dow Jones Sustainability Questionnaire. Directors' independence status.</p>	<p>Nil</p>
<p>Feng-I Lin Independent Director</p>	<ul style="list-style-type: none"> ● Education <ul 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 A member of the Audit Committee, extensive experience in finance and accounting ● A member of the Remuneration Committee and Digital Transformation Committee ● Not involved any case related to Article 30 of the Company Act. 	<p>Independent Directors themselves, their spouses, and relatives within the second-degree of consanguinity do not serve as Directors, supervisors or employees of the Company or its affiliates; do not hold shares of the Company; do not serve as Directors, supervisors or employees of a company that has a specific relationship with the Company; do not provide the Company or its affiliates business, legal, financial and accounting services, among others.</p> <p>Adopt the components listed in the Dow Jones Sustainability Questionnaire.</p> <p>The above assessment meets the independence condition.</p>	<p>2</p>





<p>Ching-Pu Chen Independent Director</p>	<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"> A member of the Remuneration Committee and Audit Committee, extensive experience in business management. A member of the Digital Transformation Committee, 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 ● Not involved in every paragraph of circumstance related to Article 30 in the Company Act. 	<p>Independent Director him/herself, his/her spouse, relatives up to the second-degree of consanguinity do not hold a Director, supervisor or employee post in the Company or its affiliates; do not hold shares of the Company; do not hold a Director, supervisor or employee post in a company which has a specific relationship with the Company; do not provide the Company or its affiliates any service in connection with business, law, finance, accounting, etc.</p> <p>Adopt the components listed in the Dow Jones Sustainability Questionnaire.</p> <p>Based on the evaluation above, it complies with the independence condition.</p>	<p style="text-align: center;">2</p>
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<p>I-Fan Miao Independent Director</p>	<ul style="list-style-type: none"> ● Education Master, Pekin University Law School ● Work Experience <ul 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 A member of the Remuneration Committee and Audit Committee, extensive experience in law. ● Not involved in every paragraph of circumstance related to Article 30 in the Company Act 	<p>Independent Director him/herself, his/her spouse, relatives up to the second-degree of consanguinity do not hold a Director, supervisor or employee post in the Company or its affiliates; do not hold shares of the Company; do not hold a Director, supervisor or employee post in a company which has a specific relationship with the Company; do not provide the Company or its affiliates any service in connection with business, law, finance, accounting, etc. Adopt the components listed in the Dow Jones Sustainability Questionnaire. Based on the evaluation above, it complies with the independence condition.</p>	<p>0</p>
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<p>Chen Jing Ning Independent Director</p>	<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 A member of the Audit Committee, extensive experience in finance and accounting. ● Not involved in every paragraph of circumstance related to Article 30 in the Company Act. 	<p>Independent Director him/herself, his/her spouse, relatives up to the second-degree of consanguinity do not hold a Director, supervisor or employee post in the Company or its affiliates; do not hold shares of the Company; do not hold a Director, supervisor or employee post in a company which has a specific relationship with the Company; do not provide the Company or its affiliates any service in connection with business, law, finance, accounting, etc. Adopt the components listed in the Dow Jones Sustainability Questionnaire. Based on the evaluation above, it complies with the independence condition.</p>	<p>0</p>
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Directors in accordance with independence adopt the following standard. The Director has to meet at least 4 out of the following 9 criteria and at least 2 out of the first 3 criteria. (Please refer to 2020 annual report for more information on regulations and standards in Taiwan.)

- (1) The Director must not have been employed by the company in an executive capacity within the last year.
- (2) The Director must not accept or have a "Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current fiscal year", other than those permitted by SEC Rule 4200 Definitions.
- (3) The Director must not be a "Family Member of an individual who is employed by the company or by any parent or subsidiary of the company as an executive officer."
- (4) The Director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company's senior management.
- (5) The Director must not be affiliated with a significant customer or supplier of the company.
- (6) The Director must have no personal services contract(s) with the company or a member of the company's senior management.
- (7) The Director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
- (8) The Director must not have been a partner or employee of the company's outside auditor during the past year.

(9) The Director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.

The term "Family Member" means a Director's spouse, or a blood relative within the second degree of kinship.

The term "The current fiscal year" means from January 1, 2020 to December 31, 2020.

Dow Jones Sustainability Index was jointly launched in 1999 by S&P Dow Jones Indices and RobecoSAM a Swiss sustainability group. It is the first corporate investment rating indicators in the world.

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, ideally 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.

Please find below the current progress of the Diversification of Board of 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.

Directors who are employees of the Company account for 8%, five female Directors account for 42%, independent Director's account for 33%. As for the tenure of four independent Directors, one is under three years, one is between three and six years, and the other two are six years and up. Among all the Directors, five are aged between 60 and 69, five are between 50 and 59, and the other two are under 50. The age range of Directors is wide. For this reason, the composition of the Board of Directors of the Company is proved to have a complement of education and expertise diversity, gender diversity, age diversity.

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

The Company has 4 seats of independent Directors, which accounts for 33% of the number of seats and consequently meets the regulation of the Securities and Exchange Act, also with the re-election term of office being no more than nine years; no more than two board members are in a marital relationship or within a second-degree of consanguinity (Chairman Shenglin Andrew Tseng is the younger brother of Director Mei-Ching Tseng, Director Chih Sheng Chang is the older brother of Director Jue-Jia Chang); less than one-third of the Directors is included in the financial report of the Company; one third of the Directors do not belong to any government agency or any other company of single listing (along with its subsidiaries).

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

Note2: Independent Director should definitely meet the condition for independence, including but not limited to the Director himself/herself, his/her spouse, relatives up to the second-degree of consanguinity, not serving as a Director, supervisor or employee in the Company or its affiliates; the number of shares and ratio held by the Director himself/herself, his/her spouse, relatives up to the second-degree of consanguinity (or in the name of someone else); whether he or she serves as a Director, supervisor or employee in a company which has a special relationship with the Company (please refer to Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies, Article 3 Paragraph 1 Subparagraph 5 to 8); the amount of remuneration over the past 2 years for the service provided to the Company or its affiliates in terms of enterprise and business, law, finance, accounting, etc.

(2) Management Team

March 29, 2022 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	-	-	-	-	PhD, University of Strathclyde	Note 2	Nil	Nil	Note 1
Deputy GM, R&D Division	Republic of China	Jin-Chu Chen	Male	2014.01.01	36,388	0.02	-	-	-	-	PhD, Life Science School, Tsing Hua University	Note 2	Nil	Nil	
Deputy GM, Business Division	Republic of China	Yuan-Tsung Lin	Male	2017.07.01	-	-	-	-	-	-	EMBA, National Chung Hsing University	Note 2	Nil	Nil	
CFO and Corporate Governance Officer	Republic of China	Nick Hung	Male	2014.01.01	10,000	0.01	-	-	-	-	Bachelor, Chung Hsing University	Note 2	Nil	Nil	
CLO	Republic of China	Bing-Jyun Cui	Male	2021.07.01	-	-	-	-	-	-	College of Law, National Chengchi University	Nil	Nil	Nil	
Director of Management	Republic of China	Du-Sheng Wang	Male	2021.07.01	-	-	-	-	-	-	PhD, Department of Economics, National Taiwan University	Nil	Nil	Nil	

Note 1: The Chairman and General Manager of the Company are the same, which not only facilitates the internal communication and coordination of the Board of Directors so as to reduce conflicts, but also elevate the decision-making efficiency of the company. In addition, there are 4 independent Directors in the company, which complies with the legally allowed number of seats for independent Directors. More than half of the Directors are neither employees nor managers, which are a measure aimed to strengthen corporate governance.

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

Name	Positions at the Company and other companies
Shenglin Andrew Tseng	Chairman of the Company; General Manager of the Company in Zhongli; Director of Pro-Partner Co., Ltd; Chairman of BVI Grape King International Investment Inc.; Director of Shanghai Grape King Enterprise Corp; Chairman of Rivershine Ltd; Director of Yi-Hsin Investment Co Ltd.
Jin-Chu Chen	The Company's Longtan Science Park Branch General Manager; Pro-Partner Ltd. Director.
Yuan-Tsung Lin	Director and General Manager of Shanghai Grape King Enterprise Corp; General Manager of Shanghai Rivershine Ltd; Director of Shanghai Chang-Hong Biotech Co., Ltd; Chairman and General Manager of Shanghai Hsin-Chuan Biotech Co., Ltd.
Nick Hung	GK BIO INTERNATIONAL SDN. BHD. Director.



- (1) The payment policy, system, standard and structure of remuneration for Directors and independent Directors of the Company, and the relevance of duty, risk, the time spent and other factors to be considered in the amount of remuneration:

Directors of the Company are due to receive remuneration as and when they execute tasks for the company, whose amount is based on his/her participation in the company operations and the value he/she contributed. As per Rules for the Performance Evaluation of the Board of Directors, we carry out an internal evaluation every year, whose result is used as a reference for the remuneration of individual Directors, and according to company by-laws, the Board of Directors is authorized to process the payment as per industry standard. In addition, providing that the Company gains a profit for that year, according to Article 29 of the company by-laws, contributing no more than two percent as Director remuneration (independent Directors are not involved in the remuneration allocation for Directors), the actual rate and amount depends on the board resolution after the Remuneration Committee discusses business performance.

The remuneration for independent Directors, regardless of the business profit and loss of the Company, according to his/her participation in the company operations and the value he/she contributed, process functional expenses as per the agreed quota within the industry standards; remuneration, pension, Director remuneration and part-time employee remuneration are not included in this spectrum.
- (2) Besides the disclosure shown in the table above, remuneration received by Directors of the company over the past year as a result of service provided to all companies within the financial report (such as serving as non-employee consultants for parent company/all the companies within the financial report/joint venture): Nil
- (3) The fixed remuneration is NTD5,913 thousand dollars and variable remuneration is NTD5,367 thousand dollars for the Company's general Directors and independent Directors. The total fixed remuneration is NTD7,801 thousand dollars and variable remuneration is NTD43,800 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) The Company (Note 8)	Companies in the consolidated financial statements (Note 9) H	Total amount of the first seven remunerations (A+B+C+D+E+F+G) The Company (Note 8)
Lower than 1,000,000	Ding Fu Investment Co., Ltd. Representative: Sheng-Bin Tseng, Feng-I Lin, Ching-Pu Chen, I-Fan Miao, CHEN Jing Ning	Ding Fu Investment Co., Ltd. Representative: Sheng-Bin Tseng, Feng-I Lin, Ching-Pu Chen, I-Fan Miao, CHEN Jing Ning	Ding Fu Investment Co., Ltd. Representative: Sheng-Bin Tseng, Feng-I Lin, Ching-Pu Chen, I-Fan Miao, CHEN Jing Ning
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Show Ling, Chih-Sheng Chang, Hsing Chun Chen, Jue-Jia Chang, Chih-Wei Lai	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Show Ling, Chih-Sheng Chang, Hsing Chun Chen, Jue-Jia Chang, Chih-Wei Lai	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Show Ling, Chih-Sheng Chang, Hsing Chun Chen, Jue-Jia Chang, Chih-Wei Lai
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Yen-Shiang Huang	Yen-Shiang Huang	Yen-Shiang Huang
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	Shenglin Andrew Tseng, Mei-Ching Tseng	Shenglin Andrew Tseng, Mei-Ching Tseng	Shenglin Andrew Tseng
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	-	-	-
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	-	-	-
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	-	-	-
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	-	-	-
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	-	-	-
100,000,000 or more	-	-	-
Total	13 people	13 people	13 people

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

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

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

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

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

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

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

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

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

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

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

ii. If the Director receives remuneration from the Company's re-invested businesses other than the subsidiaries or parent company, such remuneration should be incorporated into column 1 of the Remuneration Tiers Table, and the name of the field should be changed to "Parent company and all re-invested businesses".

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

Note 12: Representative of Ding Fu Investment Co., Ltd.: Sheng-Bin Tseng stepped down as a Director of the 19th session on the 15th of July, 2021; Kao Show Ling, Chih-Sheng Chang, Hsing-Chun Chen took up office as Directors of the 20th session on the 15th of July, 2021; Chen Jing Ning took up office as an Independent Director of the 20th session on the 15th of July, 2021.

* 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 Supervisors

Unit: NT\$ thousand ; %

Title	Name	Remuneration				Remuneration from re-invested businesses other than subsidiaries (C)(Note 4)		Ratio of Total Remuneration (A+B+C) to Net Income(Note 8)		Remuneration from re-invested businesses other than subsidiaries or parent company (Note 9)		
		Remuneration (A)(Note 2)	Bonus to Supervisors (B)(Note 3)	Remuneration from re-invested businesses other than subsidiaries	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)			
Supervisor	Chih-Sheng Chang (Note10)	-	-	-	-	180	180	180	180	0.01%	0.01%	Nil
Supervisor	Hsing-Chun Chen (Note10)	-	-	-	-	-	-	-	-	-	-	-

Range of Remuneration

Range of Remuneration	Name of Supervisor	
	The Company(Note 6)	Total amount of the first three remunerations (A+B+C)
Lower than 1,000,000	Chih-Sheng Chang, Hsing-Chun Chen	Chih-Sheng Chang, Hsing-Chun Chen
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	-	-
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	-	-
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	-	-
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	-	-
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	-	-
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	-	-
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	-	-
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	-	-
100,000,000 or more	-	-
Total	2 people	2 people

Note 1: The Supervisors' names should be listed separately (if a corporate shareholder, the corporate name and the representative's name should be listed separately), and the payments should be consolidated for disclosure.

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

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

Note 4: The latest annual business execution expenses of the Supervisor (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 total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's Supervisor.

Note 6: The total remuneration paid by the Company to each Supervisor; the Supervisor's name should be disclosed in the respective tier.

Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's Supervisors should be disclosed, and the Supervisor's name 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 Supervisor by the Company's re-invested businesses other than the subsidiaries or parent company should be clearly indicated.
ii. If the Supervisor receives 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 Supervisor for acting as a Director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries or parent company.

Note 10: The Company established the Audit Committee after the shareholders' meeting on the 15th of July, 2021, to replace the supervisory duties.

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





Remunerations of the management team

Unit: NT\$ thousand ; %

Title	Name	Salary (A)(Note 2)		Retirement pension (B)		Bonus and special fees (C) (Note 3)		Employee remuneration (D) (Note 4)			The sum of A, B, C and D as a percentage of after-tax net profit (%) (Note 8)		Remuneration from re-invested businesses other than subsidiaries or parent company (Note 9)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	Cash	Stock	The Company	Companies in the consolidated financial statements (Note 5)		
General Manager	Shenglin Andrew Tseng												
Deputy GM, R&D Division	Jin-Chu Chen	6,466	7,364	-	-	2,836	4,226	12,606	-	21,908	24,196	1.68%	1.86%
Deputy GM, Business Division	Yuan-Tsung Lin												
GFO	Nick Hung												Nil

The fixed remuneration is NT\$6,466 thousand dollars and variable remuneration is NT\$15,442 thousand dollars for the Company's general managers and deputy general managers. The total fixed remuneration is NT\$7,364 thousand dollars and variable remuneration is NT\$16,832 thousand dollars in the financial reports.

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)	Yuan-Tsung Lin	-
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	Nick Hung	Nick Hung, Yuan-Tsung Lin
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Shenglin Andrew Tseng, Jin-Chu Chen	Shenglin Andrew Tseng, Jin-Chu Chen
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	-	-
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	-	-
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	-	-
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	-	-
100,000,000 or more	-	-
Total	4 people	4 people

Note 1: The General Manager's and the Deputy General 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, the General Manager's and the Deputy General Managers' names are to be disclosed in the respective lists.

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 list.

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	-	26,896	26,896	2.07
	Deputy General Manager	Jin-Chu Chen				
	Deputy General Manager	Yuan-Tsung Lin				
	CFO and Corporate Governance Officer	Nick Hung				
	CLO	Bing-Jyun Cuei				
	Division Director	Du-Sheng Wang				
	Vice Division Director	Sheng-Chieh Hsu				
	Vice Division Director	Chia-lun Lin				
	Director	Ryan Chou				
	Director	Yi-Ru Hu				
	Director	Duncan Aitken				
	Director	Yen-Lien Chen				
	Chief Auditor	Yi Chun Lee				

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

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

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

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

Comparison and explanation

- i. Analysis of the ratio of total remuneration (paid to the Directors, Supervisors, 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 2021		Ratio of Total Remuneration to Net Profit after Tax in 2020	
	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report
Director (including independent Director)	3.17	3.96	2.59	3.25
Supervisor	0.01	0.01	0.49	0.49
General Manager and Deputy General Managers	1.68	1.86	1.70	1.85

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

- (i) The remuneration shall be paid to Directors who manage the Company's business. The amount is determined based on the Directors' participation in Company operations and value of contribution. In addition, an internal annual performance evaluation shall be conducted in reference with "A performance appraisal method for the Board of Directors". In consideration of the evaluation items such as grasp of Company goals and tasks, responsibility acknowledgement, internal relationship management and communication, professionalism and continuous learning of the Directors, internal control, etc., and the evaluation result shall be used as reference in determining the compensation for individual Directors to provide a reasonable compensation. In accordance with the Articles of Incorporation, the Board of Directors is authorized to provide compensation based on industry standards. In case of profit generated for the year, it shall set aside no more than

2% shall be set aside as remuneration for Directors as stipulated in Article 29 of the Articles of Incorporation (Individual Directors are not included in the remuneration for Directors.). The actual appropriation ratio and amount shall be proposed by the Remuneration Committee based on operational performance and submitted to the Board of Directors for resolution. As for independent Directors not included in the Company's profit distribution, executive compensation shall be paid based on a fixed amount and requires a Board resolution.

- (ii) The amount of remuneration for supervisors shall be based on industry standards and performance of supervisory duties and responsibilities. In case of profit generated for the year, no more than 2% shall be set aside as remuneration for 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 (The Company has established an Audit Committee to replace the supervisors' duties.)
- (iii) 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, which include corporate revenue, profit and Profit goal setting, KPI designed by the Company's annual goal, and forward-looking goal design, etc. Continuous improvement in food safety management, ESG sustainable development, enhancement of quality and innovation, etc. In terms of the above mentioned performance and degree of contribution to overall company operations, the amount shall be decided through a Board of Directors resolution after the Remuneration Committee evaluates the management performance and provides recommendations.
- (iv) 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, which include corporate revenue and profit, continuous improvement in food safety management, ESG sustainable development, enhancement of quality and innovation, etc. In terms of the above mentioned performance and degree of contribution to overall company operations, the amount shall be decided through a Board of Directors resolution after the Remuneration Committee evaluates the management performance and provides recommendations.

4. Corporate Governance Status

(1) Operation of the Board of Directors

Seven board meetings were held in 2021, 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	7	0	100	Re-elected
Director	Mei-Ching Tseng	7	0	100	Re-elected
Director	UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shiow Ling	3	0	100	Took office on July 15, 2021. Attended meetings 3 times.
Director	Yen-Shiang Huang	7	0	100	Re-elected
Director	Jue-Jia Chang	6	1	86	Re-elected
Director	Chih-Sheng Chang	3	0	100	Took office on July 15, 2021. Attended meetings 3 times
Director	Hsing-Chun Chen	3	0	100	Took office on July 15, 2021. Attended meetings 3 times
Director	Chih-Wei Lai	7	0	100	Re-elected
Director	Ding Fu Investment Co., Ltd. Representative : Sheng-Bin Tseng	3	1	75	Resigned on July 15, 2021. Attended meetings 4 times
Independent Director	Feng-I Lin	7	0	100	Note 3
Independent Director	Ching-Pu Chen	7	0	100	Note 3
Independent Director	I-Fan Miao	7	0	100	Note 3
Independent Director	CHEN Jing Ning	3	0	100	Took office on July 15, 2021. Attended meetings 3 times. (Note3)

Other matters to be recorded:

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

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

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

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

Item	Board meeting	Name of Director	Resolution Content	Reasons for the avoidance of interests	Voting Results
1	The 17 th board meeting of the 19 th -term Board of Directors January 14, 2021	Shenglin Andrew Tseng	2020 management bonus scheme proposed by the Remuneration Committee.	Relation with personal interest	Vote withdrawal in accordance with the law
2	The 18 th board meeting of the 19 th -term Board of Directors February 25, 2021	Shenglin Andrew Tseng Mei-Ching Tseng Jue-Jia Chang Yen-Shiang Huang	Motion for lifting the business strife limitation for new Directors of the Company.	Relation with personal interest	Vote withdrawal in accordance with the law
3	The 19 th board meeting of the	Shenglin Andrew	2020 management	Relation with personal interest	Vote withdrawal in



	19 th -term Board of Directors May 5, 2021	Tseng	bonus scheme proposed by the Remuneration Committee.		accordance with the law
4	The 1 st board meeting of the 20 th -term Board of Directors August 2, 2021	Feng-I Lin Ching-Pu Chen I-Fan Miao	Hiring members of the Remuneration Committee.	Relation with personal interest	Vote withdrawal in accordance with the law
5	The 2 nd board meeting of the 20 th -term Board of Directors November 3, 2021	Shenglin Andrew Tseng	Real estate rental from related party.	Relation with personal interest	Vote withdrawal in accordance with the law
6	The 2 nd board meeting of the 20 th -term Board of Directors November 3, 2021	Ching-Pu Chen Shenglin Andrew Tseng Feng-I Lin	Hiring members of the Digital Transformation Committee.	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 (For more details about the Audit Committee's and Remuneration Committee's self-evaluation, please refer to the "Audit Committee Operating Status and the "Remuneration Committee Operating Status" in this annual report.)

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Annual	Jan.1, 2021~ Dec.31, 2021	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, 2021~ Dec.31, 2021	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

iv. The Company evaluated the Board of Directors' overall annual operating performance in 2021, with the content specified above. As for the performance evaluation, the Corporate Governance Team is responsible for the Board of Directors' 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, and Audit 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 and Audit Committee members. The Board of Directors had an excellent performance, having been able to fulfill its responsibilities efficiently and generating an average score of 4.62 points (out of 5 points). There were no other issues raised by the Directors and Corporate Governance Team in 2021. The content of the performance evaluation was reported at the 3rd meeting of the 20th Board on January 14, 2022. The goals for strengthening the board's functions in the current and the previous year (e.g., establishment of an Audit Committee, promotion of information transparency, etc.) and assessment of the implementation:

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

- A. The Company established the "Corporate Governance Best Practice Principles" during the 4th Board of Directors held by the 18th Board on Nov 10, 2015 to facilitate the full development of corporate governance initiatives and enhance the functions of the Board of Directors as well as amend the best practices during the 3rd Board of Directors held by the 20th Board on Jan. 14, 2022 in accordance with the current status of the Company. Article 20 of the "Corporate Governance Best Practice Principles" regulates the policy with regard to diversity of board members to complete the structure of the board. The structure of members of the Board of Directors has achieved diversified education, expertise, gender and age.
- B. Regarding Ethical Corporate Management Best Practice Principles established in 2019, the Company passed the "Unethical Conduct Prevention Program" at the 9th meeting of the 19th Board on November 11, 2019, aimed at actively preventing unethical behavior. In the Company, the corporate governance group is as a specific ethical management unit, which is responsible for formulating, monitoring and executing ethical management policies and prevention plans, and reports to the Board of Directors periodically. The Company passed the resolution to uphold its corporate ethical management for 2021 during the 3rd Board of Directors held by the 20th Board on January 14, 2022.
- 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 2021 was 0%.
- E. The Company encourages board members and supervisors to attend the shareholders' meeting to protect shareholders' equity. Seven Directors (including three independent Directors) and one supervisor attended the shareholders meeting in 2021, and nine Directors (including three independent Directors) and 2 supervisors attended the 1st Special Shareholders' Meeting in 2021, comprising more than 1/3 of the number of Directors in both meetings. The Chairman as well as all independent Directors were present (refer to the shareholders meeting handbook on MOPS for details).
- F. The Company encourages independent Directors, internal audit managers and accountants to communicate separately or jointly through a meeting or forum that enables independent Directors to function efficiently and have a more advanced understanding of the financial report, as well as financial and business conditions of the Company. In 2021, there was a separate discussion between independent Directors and internal audit managers and accountants twice regarding the financial report and other issues.
- G. A board meeting should be held to obtain consensus and make resolutions that enable board members to carry out their responsibilities effectively. The Company holds at least 6 board meetings every year. In 2021, 7 board meetings were held with a

Directors' attendance rate of 97%; all independent Directors attended the board meeting in person. Apart from dealing with routine matters, the Board of Directors also periodically assesses the independency of certified accountants. Audit managers likewise attend the board meeting and submit an internal audit report to independent Directors for review.

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. In 2021, the Company provided lecturers and courses discussing digital technology and Future Business Applications and The New Normal after COVID-19 to all Directors. Directors also pursued advanced studies individually on topics such as financial statements, laws and regulations, corporate governance, sustainable development, and digital transformation. A total of 91 hours of training were completed by Directors.

I. To strengthen corporate governance, the Company established committees to assist the Board of Directors in managing and supervising company operations. In 2021, an Audit Committee was established and the members are all independent Directors at present. Meetings are held at least once every quarter year to assist the Board of Directors in handling issues related to certified public accountants, financial statements, internal control, legal and regulatory compliance, and risk control. The members of the Compensation and Remuneration Committee are all independent Directors at present. Meetings are held at least twice a year. The committee assesses the policies and systems for the compensation and remuneration of Directors and managers based on professional outlook, and provide suggestions to the Board of Directors for their reference. In addition, a Digital Transformation Committee was established in 2021 to review the strategy, plan and execution result of the digital transformation executive team. It provides suggestions to the Board of Directors or the executive team to optimize the Company's business performance and process by integrating digital technology into the operating strategy so as to increase company sales and profits.

(ii) Assessment of implementation: The Company holds a group business meeting every six months and explains the contents to the Board of Directors, so that the Board of Directors can better understand the actual operation of the group. The Company adheres to the principle of operational transparency and immediately publishes important resolutions on MOPS after the BOD meeting to safeguard shareholders' interests. In addition, each board meeting situation will be posted on the Company's website (<https://www.grapeking.com.tw>) to enhance information transparency through instant disclosure.

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

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

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

Note 3: Attendance status of independent Directors in 2020 Board of Directors meetings (V: attendance in person; ⊙: delegated attendance; *: absence).

2021	1 st (2021/01/14)	2 nd (2021/02/25)	3 rd (2021/05/05)	4 th (2021/06/29)	5 th (2021/07/15)	6 th (2021/08/02)	7 th (2021/11/03)
Feng-I Lin	V	V	V	V	V	V	V
Ching-Pu Chen	V	V	V	V	V	V	V
I-Fan Miao	V	V	V	V	V	V	V
Chen Jing Ning	Took office on July 15, 2021.				V	V	V

(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 a 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 July 15, 2021 and December 31, 2021 focused on the following:
 - A. Communicate with the accountants and operating unit regarding financial statement and operating status.
 - B. Review amendments to the internal control system.
 - C. Review and communicate with the internal audit unit about the efficiency of the internal control system.
 - D. Review submitted resolutions relevant to the Company's procedures for the Acquisition and Disposal of Assets.

ii. 2021 Performance Evaluation of the Audit Committee

The performance evaluation scope of the Company’s Audit Committee includes the following five aspects and 22 evaluation items:

- A. Level of involvement in Company operations.
- B. Recognition of the Audit Committee’s duty.
- C. Improvement of the Audit Committee’s decision-making quality.
- D. Composition of the Audit Committee and member election.
- E. Internal control.

An internal questionnaire was adopted for the above performance evaluation.

The Audit Committee had an excellent performance, having been able to fulfill its responsibilities efficiently and generating an average score of 4.68 points (out of 5 points).

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		Education: 1.Master of Economics, Nankai University, Tianjin 2.Bachelor of Accountancy, Soochow University Experience and expertise: Vice President of Want Want China Holdings Limited, extensive experience in finance and accounting.	The independent Director himself/herself, spouse, and relative within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates; does not hold Company shares; is not a Director, supervisor, or employee of enterprise that is related to the Company; does not provide business, legal, financial, and accounting services to the Company or its affiliates. Meets the independence criteria of the assessment listed above.
Independent Director	Ching-Pu Chen		Education: 1. PhD in Decision Science, Harvard University 2. Master of Engineering Science, Harvard	The independent Director himself/herself, spouse, and relative within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates;

		<p>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>	<p>does not hold Company shares; is not a Director, supervisor, or employee of enterprise that is related to the Company; does not provide business, legal, financial, and accounting services to the Company or its affiliates.</p> <p>Meets the independence criteria of the assessment listed above.</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>	<p>The independent Director himself/herself, spouse, and relative within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates; does not hold Company shares; is not a Director, supervisor, or employee of enterprise that is related to the Company; does not provide business, legal, financial, and accounting services to the Company or its affiliates.</p> <p>Meets the independence criteria of the assessment listed above.</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</p>	<p>The independent Director himself/herself, spouse, and relative within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates; does not hold Company</p>

		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.	shares; is not a Director, supervisor, or employee of enterprise that is related to the Company; does not provide business, legal, financial, and accounting services to the Company or its affiliates. Meets the independence criteria of the assessment listed above.
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Note1: For the professional qualification and work experience of Audit Committee members, please refer to "professional qualification and work experience" in the "Directors' Professional Qualification and Independence Disclosure of the Independent Directors" on page 27-37 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

iv. Two Audit Committee meetings (A) were held in 2021; 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	2	100	Convener of this committee
Independent Director	Ching-Pu Chen	2	100	
Independent Director	I-Fan Miao	2	100	
Independent Director	Chen Jing Ning	2	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
110.08.02 The 1st	Motion 1:	Motion 1: 1. The case was passed and the proposal was submitted	Approved by the Directors

meeting of the 1st-term Audit Committee August 2, 2021	Amendment to the documents regarding the internal control of the "Purchase and payment cycle" of Grape King Biotechnology Co., Ltd. Motion 2: Amendment of the "2021 Annual Audit Plan" in line with the Company's establishment of the "Audit Committee" Motion 3: The securities that the Company purchased/redeemed this year have reached 10 % of the capital.	to the Board of Directors for resolution. 2. Suggestion: explanation on the Company's current bidding process in the next meeting. 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.	who participated in the discussion
110.11.03 The 2nd meeting of the 1st-term Audit Committee November 3, 2021	Motion 1: Formulate the 2022 Audit Plan in accordance with regulations pertaining to the "Guidelines for Establishing an Internal Control System for Listed Companies" Motion 2: Amendments to "Regulations on Handling Material Nonpublic Information", "Shareholder Service Regulations", and "Internal Audit System: IA-26 Regulations on Handling Material Nonpublic Information" in line with the establishment of the "Audit Committee" Motion 3: Real estate rental from stakeholder. Motion 4: 2022 certification fee on financial statements by public accountants. Motion 5: The Company's annual securities disposal has reached 10% of the capital.	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: 1. The case was passed and the proposal was submitted to the Board of Directors for resolution. 2. Suggestion: The following information shall be provided for members' assessment before contract renewal next year: (1)Sales target evaluation report of the external telemarketing team (2)Report on external telemarketing team turnover rate. Motion 4: The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 5: The case was passed and the proposal was submitted to the Board of Directors for resolution.	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 2021 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 between independent Directors and internal audit managers and accountants:

Term/Date	Communication with internal audit managers	Communication with accountants	Suggestion and result
110.08.02 The 1st meeting of the 1st-term August 2, 2021	Implementation and communication of the 2021 Q2 audit sales report	1. Explanation on the review of 2021 Q2 consolidated financial statements 2. Independent Directors' query regarding accountant's independent decision-making process shall be explained by the accountant in the next Audit Committee meeting.	None
110.11.03 The 2nd meeting of the 1st-term November 3, 2021	1. Implementation and communication of the 2021 Q3 audit sales report 2. Independent Directors' understanding of the purpose of warning issued and to be explained by audit managers	1. Explanation on the review of the 2021 Q3 consolidated financial statements. 2. Explanation on estimated key audit items in the 2021 annual financial statements 3. Explanation on how the accounting firm controls the accountant's independence	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.

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

i. Operational Responsibilities of the Digital Transformation Committee:

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

A. Review the strategy, plan, and execution result of the digital transformation executive team, and provide suggestions to the Board of Directors or the executive team.

B. Review major expenditures for digital transformation in accordance with the Company’s procedures for Acquisition and Disposal of Assets.

C. Charter amendments shall be approved by more than half of the committee members and submitted to the Board of Directors for resolution.

D. Review the cases submitted by procedures for Acquisition and Disposal of Assets.

ii. Operating status of the Digital Transformation Committee:

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

iii. For the professional qualification and work experience of the Digital Transformation Committee members, please refer to “professional qualification and work experience” in the “Directors’ Professional Qualification and the Independence Disclosure of the Independent Directors” on **page 27-37 of this report**.

iv. The tenure of office of Digital Transformation Committee members is from November 3, 2021 to November 2, 2024. No meeting was held in 2021. One meeting (A) was held in 2022, the qualification and attendances of the members are as follows:

Title	Name	Actual no. of meetings attended (B)	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Ching-Pu Chen	1	100	Convener of this committee
Director	Shenglin Andrew Tseng	1	100	
Independent Director	Feng-I Lin	1	100	
Meeting information:				
Meeting date	Matters for Discussion	Resolution and Opinion of the Company		
January 14, 2022	Motion 1: Elect the convener and Chairman of the 1st term Digital Transformation Committee. Item 1: Digital transformation item – ERP project status report	Motion 1: The case was proposed by Shenglin Andrew Tseng and approved by all members. Ching-Pu Chen is the current convener and Chairman of the committee. Item 1: Presented by the manager of the Management Division. Members, finance manager, and Management Division manager discuss the leaders, vision, value, and contract period of the digital transformation plan.		

(4) Supervisors' participation in Board operations:

A total of 4 (A) Board meetings were held in 2021, the attendance of supervisors is as follows:

Title	Name	Actual no. of meetings attended (B)	Actual attendance rate (%) (B/A)	Remarks
Supervisor	Chih-Sheng Chang	4	100	An Audit Committee was established to replace the supervisors' duty after the shareholders' meeting on July 15, 2021.
Supervisor	Hsing-Chun Chen	4	100	

Other matters to be recorded:

i. Composition and responsibilities of Supervisors:

(i) The Company has selected two supervisors in accordance with the law to supervise the execution of procedures related to accounting, audit, financial reports as well as quality and integrity of financial control. Their main function is to exercise authority according to The Company Act and help the Board of Directors enhance quality of supervision of the Company's accounting, financial reports, internal control procedures, etc. The audit managers submit the internal audit report to the Board of Directors, as well as supervisors for review.

(ii) Communication between supervisors and company employees or shareholders (for example, communication channels, methods, etc.):
 When the Company holds a shareholders meeting, the supervisors are also in attendance to facilitate communication among all parties present.

On the Company's website, "shareholder's area" and "Contact Us" with dedicated staff responding to issues of concern to shareholders have been set up. The Company also has an opinion mailbox that allows employees to anonymously give their feedback on the Company's system. The Company has an exclusive unit to handle these suggestions or issues raised by shareholders or employees, which are collated, selected and reported to the supervisors.

(iii) Communication between supervisors and internal audit managers and accountants (for example, issues, methods, results, etc. regarding financial or business situations affecting the Company):

Supervisors as well as internal audit managers are invited to attend the board meeting to allow them to discuss and deliberate on important matters that affect the Company's business and operations. In addition, supervisors will consult relevant questions on company business with the internal audit managers irregularly and the internal audit managers will reply properly. Certified accountants are also invited to attend 1 or 2 board meetings each year to report their audit results to the Directors and supervisors or share other information. The contact information of the certified accountants is provided publicly. In conclusion, supervisors and internal audit managers or accountants can communicate with each other at all times. The Audit Committee was established after the shareholders' meeting on July 15, 2021 to replace the duty of the supervisors.

ii. If Supervisors state their opinions in a board meeting, please indicate the date of the board meeting, the session number, the contents of the motion, the results of the board resolution and the Company's handling of the Supervisors' opinions: The Company did not encounter this situation.



- * If there is any 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.
- * If there is a supervisor election before the end of the year, please list both the new and the old supervisors, and indicate in the remarks column whether the 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.

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

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
<p>1. Does the Company follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and has the Company established and disclosed its own Corporate Governance Best Practice Principles?</p>	V		No major difference
<p>2. The Company's shareholding structure and shareholders' equity</p> <p>(1) Has the Company set up internal operating procedures to handle shareholder proposals, doubts, disputes and litigation matters and followed the procedures?</p> <p>(2) Does the Company have a list of its major shareholders and the ultimate controllers of the major shareholders?</p> <p>(3) Has the Company established and implemented risk management and firewall mechanisms with its affiliates?</p> <p>(4) Has the Company set up an internal standard to prohibit the insiders' use of private information to trade securities?</p>	V	<p>The Company has its "Corporate Governance Best Practice Principles" based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies which protect the interests of shareholders, strengthen the functions of the Board of Directors, underline the functions of supervisors, respect the rights and interests of concerned parties and enhance the transparency of information. Please refer to our website for the Corporate Governance Best Practice Principles.</p> <p>(1) The Company has a spokesman, acting spokesman, corporate action staff, legal staff, etc. to deal with shareholders' suggestions, disputes and other issues.</p> <p>(2) The Company constantly keeps track of the shareholdings of the Directors and majority shareholders holding more than 10% of the Company's shares, and declares in accordance with Information Filing by Companies with TWSE Listed.</p> <p>(3) The risk controls and firewall system between the Company and related parties are as follows: 1. An internal control system for subsidiaries has been established in accordance with laws and regulations 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.</p> <p>(4) The Company has established the "Insider Trading Prevention Management Regulations" which prohibit all employees, managers, Directors, and individuals who have access to corporate information from taking advantage of their position or power to engage in any practice that involves insider trading.</p> <p>2021 initiatives:</p> <p>i. The Company provided a training session for Directors on November 3, 2021, and sent out an advocacy letter regarding "Business Integrity and Insider Trading Prevention" to all employees (including managers) on November 4, 2021, as well as the importance of business integrity, insider trading scope, legal liabilities in case of breach and case studies. There was also a briefing for employees and managers.</p> <p>ii. The "Business Integrity and Insider Trading Prevention" test was conducted for leaders above section chief level. A total of 110 colleagues were tested, with 100% passing rate (score above 80 points).</p> <p>iii. The promotion of "Business Integrity and Insider Trading Prevention in 2021" was reported at the board meeting held on January 14, 2022.</p> <p>iv. A total of 500 Directors, managers, and employees received 250 hours of advocacy training in 2021. Lessons included the importance of business integrity, confidentiality of material information, legal liabilities in case of breach and case studies.</p> <p>v. The company reminds Directors not to trade their shares during the closed period 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.</p>	





Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons	
	YES	NO		
<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>vi. Since February 2011, 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>The Company has formulated diversified policies and specific management goals listed below: The Company adopted the "Corporate Governance Best Practice Principles" in the 4th meeting of the 18th term Board of Directors on November 10, 2015. A diversification policy was formulated under Article 20 of "The Board's Overall Competence Requirements".</p> <p>The members of the Company's Board of Directors should be diversified. The Directors who are serving concurrently as managers of the Company shall hold less than one third of the number of Director seats. The diversified policies are formulated based on operations, business patterns and development needs, which include but are not limited to following:</p> <p>(1) Basic conditions and values: gender, age, nationality, and culture. (2) Professional knowledge and competency: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.</p> <p>Directors should have general knowledge, competency and character necessary to perform their duties. In order to achieve the goal of corporate governance, the Board needs to possess the following abilities:</p> <p>i. Operational judgment. ii. Accounting and financial analysis. iii. Business management. iv. Crisis management. v. Industry knowledge. vi. International market outlook. vii. Leadership. viii. Decision-making. ix. The nomination and selection of Company Directors is based on a candidate nomination system in accordance with the provisions of Article 20 of the Articles of Incorporation. In addition to the Regulations Governing the Election of Directors, information regarding the education and experience of each candidate is also provided for the reference of shareholders. To achieve the goal of diversity on the Board of Directors, the nominated candidates must also comply with the Corporate Governance Best Practice Principles.</p> <p>The Company values board diversity, with goals listed below: 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 is above 4 seats. Expertise diversification: Covering four core aspects; namely, business management, leadership, decision-making, industrial knowledge, finance and accounting. Currently, diversity on the Board of Directors is achieved as follows: The Directors of the Company are diversified. There are 12 Directors whose educational backgrounds range from PhD in business management to master's degree in marketing management, law, economics, social studies etc.; all of whom have different professional experience. Shenglin Andrew Tseng, Mei-Ching Tseng, Uni-President Enterprises Corp. Representative Shou-Lin Kao, Jue-Jia Chang, Chih-Wei Lai, Yen-Shiang Huang, Chih-Sheng Chang, Hsing-Chun Chen have expertise in operational judgment, decision-making, business management and crisis management, as well as industry knowledge and international market outlook. Shenglin Andrew Tseng and Jue-Jia Chang also have extensive marketing experience. Mei-Ching Tseng has a wide range of media experience, and Kao Shou-Lin specializes in business management. Chih-Wei Lai has a background in design and Yen-Shiang Huang has audit experience. Chih-Sheng Chang is a professional manager, and Hsing-Chun Chen is an expert in early childhood education. The four independent Directors Feng-Yi Lin, Ching-Pu Chen, Yi-Fan Miao, and Jing-Ning Chen have expertise in finance and accounting, business management, law, and social studies. 8% of Directors are employees of the Company, five female Directors account for 42% and Independent Directors account for 33%. Among the four independent Directors, one has served less than three years,</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>(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>		<p>one has taken office for 3-6 years, while the other two have served for more than 6-9 years. The Directors encompass a wide age range: five are aged 60-69, five are aged 50-59, and the remaining two are below the age of 50.</p> <p>All these demonstrate diversity among the Directors as well as complementary education background, expertise, gender, and age.</p> <p>A Board resolution was passed on November 3, 2021 for the Company's establishment of a "Digital Transformation Committee". Digital transformation is needed to strengthen corporate resilience, cope with the fast changing business environment, and create future competitiveness. Please refer to page 54 of this annual report for the composition, duty, and operating status of the Digital Transformation Committee.</p> <p>In accordance with the operational requirements, the Company has also set up an Engineering Supervision Committee, Food Safety Team as well as Sustainable Development and ESG Committee to carry out their duties on a regular basis.</p> <p>The Company passed the "Regulations for the Performance Evaluation of the Board and Remuneration Committee" on November 11, 2019, and has evaluated the overall annual operating performance of the Board since 2019. After establishing the Audit Committee on July 15, 2021, the said regulations were renamed "Regulations for the Performance Evaluation of the Board and Functional Committees".</p> <p>The performance evaluation of the Board, Remuneration Committee, and Audit Committee in 2021 is explained below:</p> <p>The overall performance evaluation of the Board covers the following five aspects with a total of 47 evaluation items:</p> <ol style="list-style-type: none"> i. Participation in Company operation ii. Improvement of the quality of the Board of Directors' decision-making iii. Composition and structure of the Board of Directors iv. Election and continuing education of Directors v. Internal control <p>The performance self-evaluation of Directors covers the following six aspects with a total of 22 evaluation items:</p> <ol style="list-style-type: none"> i. Alignment of Company goals and missions ii. Awareness of the duties of a Director iii. Participation in Company operations iv. Management of internal relationship and communication v. Director's professionalism and continuing education vi. Internal control <p>The overall performance evaluation of the Remuneration Committee covers the following five aspects with a total of 19 evaluation items:</p> <ol style="list-style-type: none"> i. Participation in Company operations ii. Knowledge of the Remuneration Committee's responsibilities iii. Improvement of the Remuneration Committee's decision-making quality iv. Composition of the Remuneration Committee and appointment of committee members v. Internal control <p>The overall performance evaluation of the Audit Committee covers the following five aspects with a total of</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	
(4) Does the Company regularly evaluate the independence of its certified public accountants?		<p>22 evaluation items:</p> <ul style="list-style-type: none"> i. Participation in Company operations ii. Knowledge of the Audit Committee's responsibilities iii. Improvement of the Audit Committee's decision-making quality iv. Composition of the Audit Committee and appointment of committee members v. Internal control <p>As for the above performance evaluation, the Corporate Governance Team is responsible for the internal self-evaluation of the Board, Remuneration Committee, and Audit Committee. After the self-evaluation of Directors, the assessment is submitted to the Corporate Governance Team for sorting. The evaluation adopts an internal questionnaire.</p> <p>The results of the above performance evaluation shall be provided to the Directors and used as reference by the Board, Remuneration Committee, and Audit 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 and Audit Committee members.</p> <p>The Board had an excellent performance, having been able to fulfill its responsibilities efficiently and generating an average score of 4.62 points (out of 5 points).</p> <p>The performance of the Remuneration Committee was also excellent, having been able to fulfill its responsibilities efficiently and generating an average score of 4.68 points (out of 5 points).</p> <p>The performance of the Audit Committee was also excellent, having been able to fulfill its responsibilities efficiently and generating an average score of 4.68 points (out of 5 points).</p> <p>There were no other issues raised by Directors, the Remuneration Committee, Audit Committee, and Corporate Governance Team in 2021.</p> <p>The content of the performance evaluation was reported at the board meeting on January 14, 2022.</p> <p>In order to effectively maintain the independence of the certified public accountants and the audit quality, the Company's certified public accountants will be on job rotation regularly. The rotation principle is that a certified public accountant cannot audit the Company for more than seven consecutive years, and may not return as the Company's certified public accountants for at least five years.</p> <p>The Company assesses the independence of its certified public accountants on a yearly basis. The latest results were reviewed by the Audit Committee and submitted to the Board of Directors for resolution on January 14, 2022. CPA Yu Feng Huang and CPA Ming Yuan Chung 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 2).</p> <p>The Corporate Governance Team will evaluate the audit quality of the certified public accountants such as obtained AQI of the accounting firm as a reference 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>	No major difference

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	
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)?			<p>The appointment of chief financial officer (CFO) Nick Hung as the Company's chief corporate governance officer and the formation of a Corporate Governance team as the concurrent unit responsible for corporate governance were approved at the 3rd board meeting of the 19th-term Board of Directors on Nov 13, 2018. Nick Hung has over three year experience in financial, legal, and equity management-related fields, and served as the manager of the Company.</p> <p>The terms of reference of the Company's corporate governance unit are as follows:</p> <ul style="list-style-type: none"> ● 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 ● Other matters prescribed by the Articles of Incorporation and the law <p>Business execution plan in 2021 is as follows:</p> <ol style="list-style-type: none"> i. Assimilated the revision and update of relevant corporate governance provisions, and incorporate the comprehensive assessment of actual operating conditions of the Company, provide suggestions for improvement to the Board of Directors and the general manager, and assist in the implementation, in order to further improve corporate governance quality. ii. Assisted in 7 Board of Directors meetings, 1 general shareholders' meeting, and 1 special shareholders' meeting in accordance with the law; resolved issues regarding various legal and important requirements to Company operations; complete Board of Directors and the shareholders' meeting minutes. iii. Assisted Directors in completing the registration of changes and reporting of various information in accordance with the law. 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. v. Provided the necessary information to help Directors fulfill their duties and make operational recommendations regarding Company operations. vi. Assisted in the completion of other matters related to corporate governance as stipulated in the Company's Articles of Incorporation and relevant laws. vii. Provided education, programs, and testing to ensure equality between shareholders, enabled investors to obtain company information, and prevented unjust enrichment of insiders viii. Assisted in promoting business integrity and insider trading prevention-related initiatives ix. Assisted in creating the "Audit Committee Charter" and "Digital Transformation Committee Charter", amending the "Articles of Incorporation", "Regulations Governing the Election of Directors", "Remuneration Committee Charter", and "Regulations for the Performance Evaluation of the Board and Functional Committees" as well as establishing the Audit Committee and Digital Transformation Committee in 2021.
		V	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>Below is the continuing education program for the corporate governance manager in 2021:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Organization</th> <th>Course name</th> <th>Study hours</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td>2021.08.02</td> <td>Taiwan Institute of Directors</td> <td>Transforming corporate sustainability with digital technology.</td> <td>3</td> <td rowspan="4">12</td> </tr> <tr> <td>2021.09.09 ~2021.09.10</td> <td>Accounting Research and Development Foundation</td> <td>Continuing Education Program for the Chief Accountant relevant to Issuers and the Stock Exchange – course in corporate governance.</td> <td>3</td> </tr> <tr> <td rowspan="2">2021.11.03</td> <td rowspan="2">Taiwan Institute of Directors</td> <td>Continuing Education Program for the Chief Accountant relevant to Issuers and the Stock Exchange - course in ethics and legal liability.</td> <td>3</td> </tr> <tr> <td>5G era revolution: Future Business Applications and The New Normal After COVID-19.</td> <td>3</td> </tr> </tbody> </table>	Date	Organization	Course name	Study hours	Total hours	2021.08.02	Taiwan Institute of Directors	Transforming corporate sustainability with digital technology.	3	12	2021.09.09 ~2021.09.10	Accounting Research and Development Foundation	Continuing Education Program for the Chief Accountant relevant to Issuers and the Stock Exchange – course in corporate governance.	3	2021.11.03	Taiwan Institute of Directors	Continuing Education Program for the Chief Accountant relevant to Issuers and the Stock Exchange - course in ethics and legal liability.	3	5G era revolution: Future Business Applications and The New Normal After COVID-19.	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 OEM services, as well as report mailbox for suppliers and employees to communicate ESG issues. Concerns of interested parties are responded to by a 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. (https://www.grapeking.com.tw/tw/stakeholder/contact).</p>	No major difference																			
6. Has the Company appointed a professional stock transfer agent to handle shareholder-related affairs?	V		<p>The Company has appointed Capital Securities Corp. as its stock transfer agent to handle shareholder-related affairs.</p>	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?	V		<p>(1) The Company discloses the relevant information on its website (https://www.grapeking.com.tw).</p> <p>(2) The Company's English website is as follows: https://www.grapeking.com.tw/index.php/en/home The Company has appointed a dedicated person to be responsible for the collection and disclosure of the Company's information, and has implemented the spokesman system in accordance with the requirements. if the Company participates in a corporate briefing session, it will disclose the information on "MOPS" and post the briefing presentation on the Company's website afterwards.</p> <p>(3) The Company has announced and filed its annual consolidated financial reports within 2 months before the end of the fiscal year and the first, second and third quarter financial reports are presented to the Board of Directors 7 days before the announcement deadline and the financial reports are published within one day after the date of presentation. Furthermore, the English financial reports for each quarter are published within two months after the declaration deadline of the Chinese version. The operational report for each month is announced and declared according to regulations.</p>	No major difference																			
8. Does the Company have any other important information	V		<p>The summary is provided below:</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	
(including but not limited to employee rights, employee care, investor relations, supplier relationship, rights and interests of interested parties, training for Directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for Directors and supervisors, etc.)?			<p>i. Employee rights and interests and employee care: The Company attaches great importance to the harmony of labor relations and the welfare and rights of employees. It continuously enhances the employee welfare system as well as working environment and its quality, including employee meals, health checks, travel and so on, so that employees can enjoy a complete welfare system and job security.</p> <p>ii. Investor relations: The Company continues to maintain a good relationship with its investors via disclosure of financial information, regular communication through various activities (e.g., corporate briefings, overseas roadshows and broker-organized investor conferences) to communicate and exchange opinions with investors. Investor feedback is also provided to the Company's executives and related units for improvement and adjustment.</p> <p>In the future, the Company will continue to strengthen and maintain good communication and relations with investors.</p> <p>We value the opinions of shareholders and promptly address issues. For example, during the shareholders' meeting in May of 2019, a shareholder raised a question regarding the loan amount's connection to the pledged and mortgaged assets in the financial statement. This concern, i.e., the pledged and mortgaged assets' connection to loan quotas from the bank indicated in the financial statement, was addressed and explained during the meeting. There was also a legal entity-shareholder who wanted to know more about the Company's ODM business; hence, the revenue generated from this business in both Taiwan and China was disclosed in the financial statement. We also addressed an issue raised by a legal entity-shareholder regarding investee information and provided additional explanations in the financial statement.</p> <p>More details were provided to further enhance transparency in the financial statement to help shareholders easily understand our operating status.</p> <p>iii. Supplier relationship: Food safety is the first priority of any procurement. Raw material suppliers must be in the Government's "Food Industry Registration System", and purchases are made with registered manufacturers only, with price as not the only consideration. Through the Company's supplier 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 report to the Board of Directors at least once a year. There was communication with stakeholders in 2021 at the Board of Directors meeting on January 14, 2022.</p> <p>For stakeholder communication issues, the relevant website links are as follows: https://www.grapeking.com.tw/tw/stakeholder/contact For stakeholder engagement methods, issues of concern and our response, please refer to the ESG report. The relevant website links are as follows: https://grapeking.weya.tw/uploads/category/Report/2021%E5%85%A8%E6%96%87.pdf</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 2021" (Note 3).</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	
			No major difference
		<p>vi. Implementation of risk management policies and risk measurement standards:</p> <p>(1) Risk Management Policies and Procedures In order to manage risks, first, we have to recognize potential risks in the operational process. In an effective control system, every risk factor is roughly categorized and defined as follows:</p> <p>(2) The company has established a risk management mechanism to implement risk assessment, safety risk identification and risk management activity management, and has been verified through international safety risk inspection standards, and has obtained information security management (ISO 27001), environmental management (ISO 14001), occupational safety and health management (ISO 45001), energy management (ISO 50001), talent quality-management System (TTQS) and other certification certificates. In order to manage risks, first, we have to recognize potential risks in the operational process. In an effective control system, every risk factor is roughly categorized and defined as follows:</p> <p>A. Financial Risks: risks affecting corporate finance and business development due to domestic and international microeconomics as well as industry changes, i.e. interest rate, exchange rate and credit</p> <p>B. Operational Risks: risks affecting normal company operations, i.e. consumer rights, food safety, purchase, supply chain; trade secrets, patent and trademark rights, recruitment and staff training</p> <p>C. Strategic Risks: risks related to business strategies, i.e. statutory compliance, product development and launch, marketing, as well as advertising</p> <p>D. Hazardous Risks: workplace risks that could endanger the health and safety of employees and could result in business losses due to internal and external factors</p> <p>E. Risks relevant to Climate Change: Due to global warming, physical risks are caused by natural disasters such as floods and droughts, which cause business pressure and affect enterprises. Transition risks are caused by government regulations and international advocacy requirements to increase the use of renewable energy, e.g. cost increase as a result of Tapower 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 2021 Grape King Biotechnology ESG Report</p> <p>F. Other Risks</p> <p>(3) Risk Management Organizational Framework</p>	

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	
		<p style="text-align: center;"><u>Abstract Illustration</u></p> <pre> graph TD Board[Board of Directors] --- GM[GM office] GM --- SM[Senior Managers in charge of Decision-Making] SM --- ESG[Sustainable Development & ESG Committee] </pre> <p>(4) Execution Status of Risk Evaluation Standards 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 2021. The 2021 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 The Company has actively implemented a risk management system since 2020 and reports to the Board of Directors regularly (at least once a year). Below is the 2021 operating status: A. Enhanced the Company's risk management system, allowing decision-making executive (not concurrently in the internal audit department) in all units responsible for risk management to analyze and manage operational risks within their respective units to ensure effective implementation of the risk control system. The Sustainable Development & ESG Committee, under the supervision of the above-mentioned unit, helps collect and summarize risk management results as well as reports to the Board of Directors. B. Recognized potential risks in the operational process, regularly reviewed the effectiveness of the Company's risk framework, analyzed and learned experiences from internal and external risk incidents to ensure continuous improvement, and established relevant policies and risk management strategies based on the evaluation</p> <p>The 2021 operating status was reported at the Board of Directors on January 14, 2022.</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>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 and supervisors: The Company has purchased "Liability Insurance for Directors, Supervisors and Select Staff".</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 after the re-election in 2021, accounting for 33%. The seats should be more than two as required by law, and the consecutive tenure of all independent Directors should be less than nine years.</p> <p>When selecting and nominating Directors, gender diversification is also a key consideration. After the re-election in 2021, there had been 5 female Directors in the Board, accounting for 42%.</p> <p>The Directors encompass a wide age range: five are aged above 60, five are aged 50-59, and the remaining two are below the age of 50.</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\$ 8.81 in 2021. 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, the Company made it to the top 5% in 2020.</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</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>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 7 years. Based on the industrial characteristics of the Company stated above, the succession plan needs long-term and careful planning to maximize the overall efficiency of the Company.</p> <p>B. Key management team</p> <p>(A) Succession plan: The Company has conducted an annual review of potential successors for key management positions in the Company since 2016 and has made a successor 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.</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 7 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>	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>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 2021 execution status is as follows:</p> <p>(1) The execution status relevant to the management of intellectual properties was recorded at the 3rd meeting of the 20th Board of Directors on January 14, 2022.</p> <p>(2) Patent acquisition results are as follows:</p> <p>In 2021, the Company's total number of global patent applications was 29, of which Taiwan accounts for 16.</p> <p>(3) The trademark registration results are as follows:</p> <p>In 2021, the total number of global trademark applications was 16, of which Taiwan accounts for 9.</p> <p>(4) The trade secret protection results are as follows:</p> <p>The Company established the "Trade Secret Protection System". In addition to requiring clients and suppliers to sign an NDA (non-disclosure agreement) as well as employees to sign a "staff NDA" and the "Trade Secret Deletion Declaration", an "Innovative Outcome Registration Management System" was implemented and the "Need-to-Know" principle was promoted in 2021. Documentation level and reading rights were classified and reviewed.</p> <p>xi. Information Security Governance:</p> <p>In 2019, the Company set up the "Personal Data Committee" with the aim of implementing and managing internal information security and protecting the personal data of the Company, including verification of information security policies, a personal data protection scheme, allocation of responsibilities regarding information security and data protection, and coordination with regard to the implementation of every information security procedure, so that the personal data protection system will continue to operate smoothly.</p> <p>The Company reports to the Board of Directors regularly (at least once a year).</p> <p>The 2021 execution status is as follows:</p> <p>(1) The execution of the information security system in 20210 was reported at the 3rd meeting of the 20th Board of Directors on January 14, 2022.</p> <p>(2) Given the import plan of the ISMS system this year, we have obtained ISO27001 certification on May 27, 2020, which is valid from 2020/5/27 to 2023/5/27.</p> <p>(3) The total amount invested in certification, authorization, and equipment were 1.72 million dollars in 2021.</p> <p>(4) Conduct cyber security audit every month.</p> <p>(5) Propaganda on Information security and one email social engineering drill to reinforce the employees' resilience and awareness on information security risk.</p> <p>(6) Perform two onsite backup and restore tests.</p> <p>(7) Hold two meetings of the Personal Data Committee.</p>
			No major difference

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	
9.	<p>Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for items not yet improved.</p> <p>The Company ranked among the top 5% Corporate Governance Evaluation Awards of the Taiwan Stock Exchange Corporate Governance Center (all 905 listed companies in 2020) for the third consecutive year in 2020. In order to enhance corporate governance and strengthen corporate risk control, the Company established the "Audit Committee" in 2021 to assist the Board of Directors in enhancing corporate governance. A functional committee - "Digital Transformation Committee" was also established to optimize the Company's business performance and process, and thereby increasing company sales and profits to safeguard shareholders' interests, as well as increase information transparency so that domestic investors and foreign-funded institutions will be able to obtain sufficient and correct information in a timely manner. The financial reports for each quarter are approved by the Board of Directors 7 days before the announcement deadline and published within one day after the date of presentation. The English financial reports for each quarter are published within two months after the declaration deadline for the Chinese version.</p>		

Note 1: 2022 Evaluation of the independence of the auditing CPA and Grape King Bio Ltd. (including subsidiaries) According to the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 "integrity, Objectivity and Independence", the assessment is as follows:

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



Independence		Compliance with independence	
Item	Explanations	YES	NO
	<p>(1) The firm promoting or brokering shares in an audit client or other securities issued by the client.</p> <p>(2) Besides legally permitted businesses, a professional accountant acting as an advocate on behalf of an audit client in litigation or disputes with third parties.</p> <p>The effect on independence of familiarity means that a close relationship with an audit clients' Director, supervisor and manager will influence a CPA or a member of the audit engagement team to excessive concern or sympathize with the audit clients' interests. Examples of circumstances that create familiarity threats for a professional accountant include:</p> <p>(1) A member of the engagement team having a close or immediate family member who is a Director, supervisor, or officer of the client or an employee of the client who is in a position to exert significant influence over the subject matter of the engagement.</p> <p>(2) A former partner within one year of disassociating from the firm joins the client as a Director, supervisor, or officer or is in a key position to exert significant influence over the subject matter of the engagement.</p> <p>(3) A professional accountant accepting gifts or preferential treatment from the client, the client's Director, supervisor, officer or major stockholder.</p>		
9	<p>Independence is influenced by intimidation threat. The threat that a professional accountant will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the professional accountant. Examples of circumstance that create intimidation threats for a professional accountant include:</p> <p>(1) A member of the audit engagement team being informed by a partner of the firm agrees with an audit client's inappropriate accounting treatment.</p> <p>(2) A firm being pressured to reduce inappropriately fees, in order to compel the firm to reduce the extent of work performed.</p>	✓	
10	<p>In summary, Deloitte & Touché did not violate the independence.</p>	✓	

Note 2: 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, 2022 of GRAPE KING BIO LTD (the “Company” or “you” or “your” or “its”). We hereby affirm that we are independent accountants with respect to the Company, within the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China, No.10 “Integrity, Objectivity and Independence”. All the members of our audit team have declared to comply with the following norms and no violation of independence.

Declaration:

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

Yu Feng Huang

Deloitte & Touché
Taipei, Taiwan
Republic of China

January 3, 2022

Recipient: GRAPE KING BIO LTD

Subject:

Deloitte & Touché (“D&T” or “we” or “us” or “our”) is engaged to audit the financial statements for the year then ended December 31, 2022 of GRAPE KING BIO LTD (the “Company” or “you” or “your” or “its”). We hereby affirm that we are independent accountants with respect to the Company, within the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China, No.10 “Integrity, Objectivity and Independence”. All the members of our audit team have declared to comply with the following norms and no violation of independence.

Declaration:

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

Ming Yuan Chung

Deloitte & Touché
Taipei, Taiwan
Republic of China

January 3, 2022

Note 3: Directors Training in 2021

Title	Name	Date	Organizer	Course	Hours
Chairman	Shenglin Andrew Tseng	2021.12.23	Taiwan Institute of Directors	The 10th Annual Chinese Family Business Forum	3
		2021.11.15	Taiwan Institute of Directors	The 10th Annual Chinese Family Business Forum	3
		2021.11.03	Taiwan Institute of Directors	5G era revolution: Future Business Applications and The New Normal After COVID-19	3
		2021.10.28	Taiwan Institute of Sustainable Energy	The 26th CEO Lecture and Keynote Speech	2
		2021.10.05	Digital Governance Association	AYM master big data to improve corporate business performance and implement ESG	3
Director	Mei-Ching Tseng	2021.08.02	Taiwan Institute of Directors	Transforming corporate sustainability with digital technology	3
		2021.04.29	Taiwan Institute of Sustainable Energy	The 24th CEO Lecture and Keynote Speech	2
		2021.11.03	Taiwan Institute of Directors	5G era revolution: Future Business Applications and The New Normal After COVID-19	3
		2021.08.02	Taiwan Institute of Directors	Transforming corporate sustainability with digital technology	3
		2021.10.22	Taiwan Institute of Directors	Corporate governance 3.0 blueprint for future sustainable development	3
Director's corporate representative	Kao Shioh Ling	2021.04.23	Taiwan Institute of Directors	Duties and responsibilities of the company, Directors, and supervisors under the Securities and Exchange Act	3
		2021.11.03	Taiwan Institute of Directors	5G era revolution: Future Business Applications and The New Normal After COVID-19	3
Director	Yen-Shiang Huang	2021.08.02	Taiwan Institute of Directors	Transforming corporate sustainability with digital technology	3
Director	Jue-Jia Chang	2021.11.03	Taiwan Institute of Directors	5G era revolution: Future Business Applications and The New Normal After COVID-19	3
Director	Chih-Sheng Chang	2021.08.02	Taiwan Institute of Directors	Transforming corporate sustainability with digital technology	3
Director	Hsing-Chun Chen	2021.08.02	Taiwan Institute of Directors	Transforming corporate sustainability with digital technology	3
		2021.05.12	Taiwan Institute of Directors	Geese flying in a V formation when windy; taking the bull by the horns: learning to transform from a century old brand	3
Director	Chih-Wei Lai	2021.11.03	Taiwan Institute of Directors	5G era revolution: Future Business Applications and The New Normal After COVID-19	3
Independent Director	Feng-I Lin	2021.08.02	Taiwan Institute of Directors	Transforming corporate sustainability with digital technology	3
		2021.11.03	Taiwan Institute of Directors	5G era revolution: Future Business Applications and The New Normal After COVID-19	3
Independent Director	Ching-Pu Chen	2021.08.02	Taiwan Institute of Directors	Transforming corporate sustainability with digital technology	3
		2021.11.03	Taiwan Institute of Directors	5G era revolution: Future Business Applications and The New Normal After COVID-19	3
Independent Director	I-Fan Miao	2021.08.02	Taiwan Institute of Directors	Transforming corporate sustainability with digital technology	3
		2021.11.03	Taiwan Institute of Directors	5G era revolution: Future Business Applications and The New Normal After COVID-19	3
Independent Director	Chen Jing	2021.11.15	Taiwan Institute of Directors	The 10th Annual Chinese Family Business Forum	3
		2021.11.03	Taiwan Institute of Directors	5G era revolution: Future Business Applications and The New Normal After COVID-19	3





Director	Ning	2021.10.08	VIMC	Understanding the code in financial statements – story for Directors, supervisors, and governance Directors with non-financial background	3
		2021.08.02	Taiwan Institute of Directors	Transforming corporate sustainability with digital technology	3

(6) 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 University 2. Bachelor of Accountancy, Soochow University ● Experience and expertise: <p>Want Want Group Deputy General Manager with background in finance and accounting.</p> 		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 University 2. Master of Engineering Science, Harvard University ● 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> 	The independent Director himself/herself, spouse, and relative within the second degree of kinship is not a Director, supervisor, or employee of the Company or its affiliates; does not hold Company shares; is not a Director, supervisor, or employee of enterprise that is related to the Company; does not provide business, legal, financial, and accounting services to the Company or its affiliates. Meets the independence criteria of the assessment listed above.	0
Independent Director	I-Fan Miao	<ul style="list-style-type: none"> ● Education: <p>Master of Laws, Peking University</p> ● Experience and expertise: <p>Currently a practicing lawyer who assists in communication between Consumer Foundation and consumers</p> 		0

Note 1: For professional qualification and work experience of the Remuneration Committee members, please refer to "professional qualification and work experience" in the "Disclosure of the Directors"

Professional Qualification and the Independence of the Independent Directors” on page 27-37 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: An election on the Board of Directors was held after the shareholders' meeting held on July 15, 2021. The tenure of office of the 5th term Remuneration Committee is between August 2, 2021 and August 1, 2024, and the 4th term was between June 11, 2018 and July 15, 2021. In 2021 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	
Independent Director	Ching-Pu Chen	3	0	100	
Independent Director	I-Fan Miao	3	0	100	

Other matters to be recorded:

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

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

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

(A) Operational Responsibilities of the Remuneration Committee:

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

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

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

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

D. Information on the cycle and period, scope, method and content of the Remuneration Committee's self-evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Annual	Jan.1, 2021~ Dec.31, 2021	Remuneration Committee	Self-evaluation of the Remuneration Committee	1. Participation in Company operations. 2. Knowledge of the Remuneration Committee's responsibilities. 3. Improving the Remuneration Committee's decision-making quality. 4. Composition of the Remuneration Committee and appointment of committee members. 5. Internal Control.

E. The Company passed the "Regulations for the Performance Evaluation of the Board of Directors and Remuneration Committee" at the 9th meeting of the 19th Board of Directors on November 11, 2019, and evaluated the overall annual operating performance of the Remuneration Committee. The Company passed the amendment to the regulations, which was renamed "Regulations for the

Performance Evaluation of the Board of Directors and Functional Committee” at the 1st meeting of the 20th Board of Directors on August 2, 2021 with the evaluation content listed above. The evaluation adopts an internal questionnaire. The Remuneration Committee had an excellent performance, having been able to fulfill its responsibilities efficiently and generating an average score of 4.68 points (out of 5 points). There were no other issues raised by the Remuneration Committee and the Corporate Governance Team in 2021. The content of the performance evaluation was reported at the 3rd meeting of the 20th Board of Directors on January 14, 2022. 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
2021.01.14	Motion 1: Revision of the Company's "Remuneration Committee Charter" Motion 2: Set up the managers' year-end bonus for 2020 Motion 3: The "2019 Annual Excessive Profit Bonus Scheme" for Shanghai Grape King Enterprises Co., Ltd.	Motion 1: The case was passed and the proposal was submitted to the Board of Directors for resolution. 1. After the moderator's consultation with all the attending members, the case was passed and the proposal was submitted to the Board of Directors for discussion. Motion 2: (The stakeholders (General Manager Shenglin Andrew Tseng and CFO Nick Hung) were requested not to be present when the decision was made.) 1. The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 3: (There is no distribution of bonus payments based on excess profits this year.) (The stakeholder (General Manager Shenglin Andrew Tseng) was requested not to be present when the decision was made.) The case was passed and the proposal was submitted to the Board of Directors for resolution.
2021.02.25	Motion 1: Issues on remuneration of employees and distribution of remuneration of Directors and supervisors of the Company in 2020.	Motion 1: The case was passed and the proposal was submitted to the Board of Directors for resolution.
2021.05.05	Motion 1: The Company's 2020 (paid in 2021) managers' compensation. Motion 2: Remuneration for Directors serving in the functional committee. Motion 3: The remuneration for Directors and supervisors shall be based on tenure.	Motion 1: (The stakeholders (General Manager Shenglin Andrew Tseng and CFO Nick Hung) were requested not to be present when the decision was made.) The case was passed and the proposal was submitted to the Board of Directors for resolution. Motion 2: 1. The Chairman proposed that the remuneration for general Director and independent Director shall be the same because they share the same responsibility. 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.

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.



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

Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons								
	Yes	No									
1. Has the Company set up a sustainable development governance structure and a dedicated (or concurrent) sustainable development promotion unit which is authorized by the Board of Directors to be managed by high-level management and supervised by the Board of Directors?	V	<p style="text-align: center;"><u>Summary</u></p> <p>1. The Company had passed the "Corporate Social Responsibility Best Practice Principles of Grape King Bio Ltd." and implemented Corporate Social Responsibility-related initiatives in 2015. To strengthen its corporate social responsibility efforts, its Corporate Social Responsibility committee underwent restructuring in 2020. 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 - Plan and implement ESG annual plan <p>2. Review and report the effectiveness of implementation and ways of improvement on a regular basis; the "Sustainable Development & ESG Committee" should report to the Board of Directors at least twice a year on implementation results and future plans. One meeting was held in 2021, and motions included (1) Identification of sustainability issues that require attention and creation of a response action plan; (2) Amendment of sustainability goals and policies; (3) Supervision and evaluation of implementation of sustainability issues.</p> <p>3. The Company has a "Sustainability Development and ESG Committee" under the General Manager's Office which actively responds to and promotes environmental, social, and corporate governance efforts. It also has programs that uphold the spirit of corporate social responsibility. Each year, information is gathered and reported to the Board of Directors. The Board of Directors reviews the content and direction of implementation and supervises the managing team to make adjustments when necessary.</p> <p>For more details, please refer to the ESG Management Structure in the Sustainable Strategies section of the 2021 ESG Report.</p>	No major difference								
2. Has the Company conducted risk evaluation for the environmental, social and corporate governance issues related to the operations of the Company based on the materiality principle, and formulated related risk management policies or strategies?(Note 2)	V	<p>The information disclosed by the Company includes the Group's sustainable development performance between January and December in 2021. Risk assessment boundary includes the Company and the subsidiaries in Taiwan regions. The Company evaluates environmental, social and corporate governance issues related to operations based on material principles and communicates the results with internal and external stakeholders. The main risks after evaluation are classified into five aspects: climate change-related risks, operational risks, hazardous risks, financial risks, and strategic risks. The Company determines material ESG issues based on the evaluation listed above, and formulates risk management policies that can effectively identify, measure, evaluate, supervise, and control. It also adopts specific action plans to reduce the impact of relevant risks.</p> <p>After risk evaluation, relevant risk management policies or strategies are formulated as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Material issue</th> <th style="width: 30%;">Risk evaluation aspect</th> <th style="width: 50%;">Risk management policies or strategies</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Environmental</td> <td>Risks relevant to climate change</td> <td>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.</td> </tr> <tr> <td>Social</td> <td>Talent development and employee welfare: In terms of talent management, the Company prioritizes character and</td> </tr> </tbody> </table>	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.	Social	Talent development and employee welfare: In terms of talent management, the Company prioritizes character and	No major difference
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.									
	Social	Talent development and employee welfare: In terms of talent management, the Company prioritizes character and									



Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
<p>(2) Is the Company committed to improving the efficiency in the use of resources, and the use of recycled materials with low environmental impact?</p>	Yes	No	<p>street cleaning activities at Zhongli Plant as part of the organization's corporate social responsibility initiatives.</p> <p>viii. Continuous cycle improvement: With reference to the core value of ISO 14001 environmental management system, adopt PDCA management mode to continuously improve the risks and opportunities of the environmental management system to ensure that sustainable operation is achievable in an environmentally friendly environment.</p> <p>ix. Obtained management system certifications:</p> <p>ISO 50001 energy management system certification (Valid from October 8, 2019 until October 8, 2022)</p> <p>ISO 14001 environmental management system certification (Valid from Sep. 11, 2020 until Sep. 11, 2023)</p> <p>For more details, please refer to Environmental Management in CH6 Green Environment of the 2021 ESG Report.</p> <p>(2)</p> <p>i. 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>ii. 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>iii. 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>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 2021 ESG Report.</p>
<p>(3) Is the Company aware of the impact of climate change on its operations, and has it implemented greenhouse gas checking and developed a strategy for reduction of energy consumption and carbon emission as well as greenhouse gas reduction?</p>	Yes	No	<p>(3) The influence and impact of climate change on the global economy, society and environment has become more significant. At the same time, the Accord de Paris which provides clearly defined carbon reduction goals was approved by the United Nations in 2015. The issue of climate change has drawn public attention. Hence, the Company has made green operations, environmental protection and sustainable development as part of its social responsibilities and commitment. It has promoted environmental protection initiatives and clearly defined its obligations to implement environmental protection through environmental, safety and health management policies. It also actively implements its 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>

No major difference

Promoted Item	Implementation Status (Note 1)		Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																											
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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 border="1"> <thead> <tr> <th>Identification of climate change risk</th> <th>Risk or impact</th> <th>Response measures and related actions taken in the year</th> </tr> </thead> <tbody> <tr> <td>Global Warming</td> <td>The combustion efficiency of boilers is not ideal. There is air pollution (i.e., black smoke, carbon monoxide and hydrocarbon) as well as higher gas and fuel costs.</td> <td>In addition to regularly monitoring gas and water consumption, boiler operators in 2020 ensured an efficiency value above 90% weekly in accordance with Bureau of Energy regulations by utilizing flue gas analyzers to estimate the level of boiler oxygen, as well as attaining combustion efficiency and other data. They also conducted random site visits to ensure normal operation of every facility in the engine room.</td> </tr> <tr> <td>Climate change leads to heavy storm events and grid outages</td> <td>Unexpected outages occur at TaiPower grid due to weather disturbances that cause operational interruptions and require emergency recovery manpower. This may result in manpower consumption.</td> <td>The power source of TaiPower utilizes an underground cable design to protect the power transmission and distribution network of electric poles from weather disturbances. Fire emergency generators and UPS backup power are provided for major equipment to reduce loss 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 management, the Company has held an energy-saving and carbon reduction event at all three factories. The annual goals for 2021 were to achieve an energy efficiency rate of 1.5% and 420,111 kilowatt-hours. With the participation of all factories and an energy-saving incentive pay, a total of 51 energy-saving measures were raised. The energy-saving rate reached 3.3% and 942,208 kilowatt-hours, equivalent to 472,988 kg reduction in carbon dioxide emissions.</td> </tr> </tbody> </table> <p>For more details, please refer to 1.3 Risk Management in GH1 Ethics Governance of the 2021 ESG Report.</p> <p>(4) The carbon emissions in the past two years are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1: Direct carbon emission (Metric Ton)</th> <th>Scope 2: Indirect carbon emission (Metric Ton)</th> <th>Total greenhouse gas emission (Metric Ton)</th> <th>Per unit of product emission (kgCO2e/kg)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>3,753.74</td> <td>14,255.77</td> <td>18,009.51</td> <td>3.66</td> </tr> <tr> <td>2021</td> <td>3,862.04</td> <td>14,829.39</td> <td>18,691.43</td> <td>3.47</td> </tr> </tbody> </table> <p>Covering scope: The GHG emission of 2020 included Pingzhen Plant, Zhongli Plant, Longtan Plant, and Pro-Partner Ltd. and Rivershine Ltd. were newly added in 2021.</p>	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. 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<table border="1"> <tr> <td style="text-align: center;">Yes</td> <td style="text-align: center;">No</td> </tr> </table>		Yes	No	<p>Explanation: The GHG emissions in 2021 was more than 2020 because the scopes of subsidiaries Pro-Partner Ltd. and Rivershine Ltd. were added in 2021.</p> <p>Note 1 : The scope of GHG emission included heavy oil, diesel, gasoline, natural gas, sewage disposal, CO₂, fire extinguishers and power purchase.</p> <p>Note 2 : The main GHG emissions of the Company included three categories; namely, CO, CH₄, and N₂O.</p> <p>Note 3 : Inventory and verification were regulated by operational controls. The global warming potential (GWP) was obtained from the 5th Assessment Report of the IPCC (2013). All data were verified by Deloitte and an assurance report was presented in the 2021 and 2020 ESG Report.</p> <p>Data on water source and waste management in the past two years are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Water consumption (1,000,000 L)</th> <th>Wastewater and sewage drainage (1,000,000 L)</th> <th>General business waste (Metric Ton)</th> <th>Hazardous business waste (Metric Ton)</th> <th>Plant</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>324.74</td> <td>263.16</td> <td>1,769.38</td> <td>1.60</td> <td>Pingzhen Plant + Zhongli Plant + Longtan Plant</td> </tr> <tr> <td>2021</td> <td>280.43</td> <td>133.71</td> <td>1,962.54</td> <td>7.02</td> <td>Pingzhen Plant + Zhongli Plant + Longtan Plant + Pro-Partner Ltd. + Rivershine Ltd.</td> </tr> </tbody> </table> <p>Covering scope: The water source and waste management of 2020 included Pingzhen Plant, Zhongli Plant, Longtan Plant, and Pro-Partner Ltd. and Rivershine Ltd. were newly added in 2021.</p> <p>Management policies and measures taken to promote environmental protection:</p> <p>The issue of climate change has been the operational focus of the Company to achieve sustainable development. The Company has made green operations, environmental protection and sustainable development as its responsibilities and commitment. Its obligation to implement environmental protection is clearly defined in the environmental protection, safety and health management policies.</p> <p>The Company holds Environmental, Health, Safety and Energy Management Committee meetings quarterly. The meetings are hosted by the Chairman and implementation status of the ISO14001 environmental management system and ISO50001 energy management system, project progress, internal and external issues, as well as audit follow-up items are reported in the meeting. It sets the energy saving goal at 1% for the three plants and key environmental protection and management system in accordance with the operation pattern of the PDCA Energy Management System. The environmental protection measures are planned and implemented as follows:</p> <ul style="list-style-type: none"> (i) Advocate energy conservation: Promote energy-saving and carbon-reduction activities in all plants to raise employee awareness of environmental protection and energy conservation; reduce energy consumption through behavioral modes such as schedule control, machine management; and equipment performance improvement. (ii) 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. (iii) Maintain ISO 14001 management system: Through the environmental management system, environmental protection and management operations are monitored to achieve long-term improvement. (iv) Use green energy: The Company joined the international RE100 organization in 2019, with its commitment to use 100% renewable energy by 2035. In 2018, the Health and Vitality Power Center was equipped with solar energy generator to provide overall lighting. Power generation in 2021 was about 530 degrees, accounting for 0.5% of the total power consumption of the Center, and CO₂ emission was reduced by about 266 kgCO₂e / year. 		Year	Water consumption (1,000,000 L)	Wastewater and sewage drainage (1,000,000 L)	General business waste (Metric Ton)	Hazardous business waste (Metric Ton)	Plant	2020	324.74	263.16	1,769.38	1.60	Pingzhen Plant + Zhongli Plant + Longtan Plant	2021	280.43	133.71	1,962.54	7.02	Pingzhen Plant + Zhongli Plant + Longtan Plant + Pro-Partner Ltd. + Rivershine Ltd.	<p>No major difference</p>
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	Yes	No	
			No major difference
		<p><u>Summary</u></p> <p>(v) 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>(vi) Water resource and waste management: The Company has continuously conducted evaluation and introduced water-saving process equipment. It also expanded its wastewater treatment equipment. At the same time, it effectively reduced water consumption and wastewater discharge by increasing its water recycle rate. Through preventive maintenance, it ensured the normal operation of wastewater treatment equipment. 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 recycle rate and relieved environmental burden.</p> <p>To increase the efficiency of water resources in 2021, RO concentrate sewer recycle system was added in Pingzhen Plant, Zhongli Plant, and Longtan Plant to reuse recycled water in the air conditioning cooling tower. A total of 13,950T of water was saved in 2021, and 2,093 kg of carbon dioxide emissions were reduced.</p> <p>Future planning</p> <p>(i) The Company received its ISO 50001 energy management system certification in October 2019. In the future, it will manage its energy baseline and plan to introduce relevant energy-saving measures year by year. This aims to control the power consumption of plant machinery and equipment, so as to save power annually by more than 1% on average and improve energy utilization efficiency.</p> <p>(ii) In cooperation with the Company's Environment Sustainability Team, ISO 14064 GHG inventory was introduced in 2022.</p> <p>(iii) In accordance with ESG governance policy, the Company continues to promote energy-saving measures. The annual goals for 2022 are to achieve an energy efficiency rate of 1.3% and 358,225 kilowatt-hours, as well as reduce carbon dioxide emissions by 179,829 kg.</p> <p>(iv) The Company continues to increase water recycling and reuse rate in 2022. A total of 26,000T ROR process water is estimated to be recycled, and 3,900 kg of carbon dioxide emissions have been reduced.</p> <p>(v) Plan to complete solar panel installation of 180KW capacity in Longtan Plant in 2022.</p> <p>(vi) The Company has signed a 2-year contract to purchase 0.9 million kilowatt-hours of green power from a renewable-energy-based electricity retailing enterprise. It is estimated to switch to green power in May, 2022.</p> <p>(vii) Strengthen waste management: The Company will intensify waste cleanup and transportation, as well as continuously evaluate and conduct feasibility studies on various waste recycling projects, so as to achieve waste reduction goals and higher recycling rate.</p> <p>Relevant certifications and activities: Received certification of ISO 50001 (energy management system) on October 8, 2019. (Validation period: October 8, 2019~ October 8, 2022). Received certification of ISO 45001 (occupational safety and health management system) on August 28, 2020. (Validation period: August 28, 2020~ August 28, 2023).</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>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>	V	<p>Received certification of CNS45001 (Taiwan occupational safety and health management system) on August 28, 2020. (Validation period: August 28, 2020~ August 27, 2023).</p> <p>Received certification of ISO14001 (environmental management system) on September 11, 2020. (Validation period: September 11, 2020~ September 11, 2023).</p> <p>For more details, please refer to CH6 Green Environment of the 2021 ESG Report.</p> <p>(1) In accordance with labor-related laws and regulations; i.e., Labor Standards Act, Occupational Safety and Health Act, and Act of Gender Equality in Employment, the Company regularly holds labor-management meetings to discuss and resolve issues that are continuously updated and revised based on employee work rules. At the same time, it has formulated the "Grape King Bio Policies on Human Rights" based on globally-recognized human rights code and principles such as "Universal Declaration of Human Rights" and "UN Global Compact".</p> <p>The Company has an Employee Welfare Committee which regularly holds labor meetings in accordance with the law and has developed employee rules, and formulates the "Grape King Bio Ltd. Human Rights Policy" with reference to the international human rights convention.</p> <p>The Company has implemented the following management schemes to safeguard human rights:</p> <ul style="list-style-type: none"> i. It has set up communication channels for reporting and submitting appeals to protect the rights of employees; these are provided for employees in case there are infringements or abuse of their legal rights and issues that could not be reasonably resolved. No cases of discrimination or appeal, or violation against human rights were reported in 2020. ii. Sexual harassment prevention as well as control measures and regulations were clearly defined and publicly posted on the bulletin board. A harassment complaint box was set up, but no sexual harassment cases were reported in 2020. This undertaking will continue for the long-term. iii. Labor conditions were established in accordance with labor-related government laws and regulations. The working hours of each department were tracked regularly. Labor practices in 2020 complied with laws and regulations, with no cases of forced labor reported. iv. At the same time, the Company demonstrates its respect in the workplace by listening to employee feedback from multiple parties. In order to facilitate communication between labor and management, the Company appoints labor representatives on a regular basis and holds labor-management meetings (on a quarterly basis) in accordance with the law. It gathers the opinions of all parties/departments to ensure that their voices are heard. <p>A team that handles workplace violence was set up in 2018 for the purpose of creating a timetable to prevent liability arising from damage as well as handling prevention and settlement of disputes due to workplace violence. Relevant training sessions were offered and the timetable was separated into four stages. The training hours in 2019 took 5.5 hours (2 sessions) with a total of 53 trainees including high-risk unit supervisors, department heads, EAP employees, and members of the team that handle workplace violence. In 2019, a total of 3 sessions were organized for employees, offering professional consultation and stress relief activities. Subsequently, professional consultations were also provided for high-risk personnel to help prevent and relieve stress. In addition, operations meetings were organized regularly for review and discussion. 2020 was the maintenance period. There was an executive course on stress relief training, which lasted 8 hours (2 sessions) with 184 participants. For high-risk personnel, an EAP specialist was assigned to conduct visits and guidance programs, totaling 6 sessions. In 2021, there was an executive course on stress relief training, which lasted 6 hours (2 sessions) with 53 participants. For high-risk personnel, an EAP specialist was assigned to conduct visits and guidance programs, totaling 15 sessions. 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>	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) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other welfares), and reflect the operating performance or achievement in the compensation of the employees properly?</p> <p>(3) Does the Company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees?</p>			<p>For more details, please refer to 4.1 Talent Recruitment and Structure in CH4 Happy Workplace of the 2021 ESG Report.</p> <p>(2) Salary Policies: The Company has developed reasonable welfare measures such as salary structure, employee vacation and employee welfare; all of which were established and implemented in accordance with relevant management regulations. The employee vacation and welfare plans were fully discussed during the regular labor-management meetings, so as to ensure fairness and regulatory compliance of employee welfare programs. According to the Articles of Incorporation, in case of profit generated for the year, the Company shall set aside 8%-8% for employee compensation. The performance evaluation system was also established to include CSR in the performance evaluation goals. In addition, there is a performance evaluation of employees at the end of the year, which is conducted based on review and evaluation, as well as setting goals at the beginning of the period and holding face-to-face interviews in the middle and at the end of the period. The evaluation results are used as the basis for promotion and remuneration distribution.</p> <p>The annual average salary adjustment in Taiwan, including management and non-management positions were 1-3% in 2021.</p> <p>Workplace Gender Equality: The Company is dedicated to carrying out a friendly workplace that upholds gender equality, with a current 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. According to the 2021 statistics of the Executive Yuan's Directorate-General of Budget, Accounting and Statistics, the salary that male employees earned in a company was higher than that of female employees by 15.8%. The difference in average remuneration between male and female of non-managerial position is 8%, which is better than the gender wage proportional difference in the country. There were an average of 51% female employees and 43% female managers in 2021.</p> <p>Employee welfare programs: Regarding the Company's employee welfare programs, retirement system and their implementation, please refer to page 131-133 of this annual report. For employee safety and workplace protection measures and their implementation, please refer to page 133-135 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 2021 ESG Report.</p> <p>(3) The Company is dedicated to disaster prevention and protection. A total of 2,010 hours of occupational safety and health training was held in 2021. Even though the number of participants decreased due to COVID-19, the training hour increased to 19% in 2020, which effectively improved employees' occupational safety and health skills to prevent occupational injury. There was one occupational injury in 2021, one person with temporary disability (0.2% of the total number of employees at the end of 2021), disabling injury frequency rate (FR) was 1.16 (reduced by 86%), disabling injury severity rate (SR) was 5.25 (reduced by 92%), and occupational injury was 0.23 (reduced by 87%). Even though there were improvements compared to 2020, the goal of zero injury has yet to be achieved. The Company is continuously reviewing improvement measures and countermeasures, strengthening automatic inspection items, and controlling machine safety interlock devices. It reiterates its commitment to safety, while initiating health care management to ensure employee health and safety, and a comfortable working environment.</p> <p>The Company's training and promotion in the past two years:</p> <table border="1"> <thead> <tr> <th>Occupational safety training</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Participant category</td> <td>286</td> <td>536</td> </tr> </tbody> </table>	Occupational safety training	2020	2021	Participant category	286	536
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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																																						
(4) Has the Company developed an effective training program for employees?	<u>Summary</u>		<p>The Pingzhen Plant is certified by ISO 45001. Validity period (2020/08/28~2023/08/27)</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 20210 ESG Report.</p> <p>(4) The Company's efforts have been directed toward the improvement of both business operations and employee career developments. The Company encourages employees to participate in various learning opportunities, and in turn, the employees are willing to provide feedback to the Company on the knowledge they have acquired, thus creating a positive learning cycle within the organization. Through the introduction of TTQS training quality system, the Company's training system has become more complete. The Company received the TTQS Silver Medal in 2019. The development program for potential talents has been carried out since 2019. The HR Dept. and Supply Chain Division jointly planned and designed courses to develop potential talents, which include management competency training, innovation and leadership training, practices, quality improvement proposals, etc. The program is aimed at developing and cultivating potential talents, who will be promoted to important positions in order to make significant contributions in the future. In 2020, Human Resources continued to assist departments that require staff training. Apart from providing professional training and guidance, it also implemented strategies to improve and assist in developing a training blueprint or plan of action. Human Resources maintained its TTQS Silver Medal training quality system in 2021 to ensure implementation of training quality, while launching a training academy plan for the Management Division. It completed projects such as inventory, establishment of a learning map, and talent development training. In 2021, it continued with staff training and integrated this into the Company's ESG executive strategies while overseeing its execution and review.</p>																																					
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Item	Employee category	Total in each job title		Total in each item																																				
		Male	Female	Male	Female																																			
Total hours of annual training	Supervisor above management level	207	115	4,059	4,007																																			
	Personnel on production line	1,425	382.5																																					

<u>Promoted Item</u>	Implementation Status (Note 1)										Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons	
	<u>Yes</u>	<u>No</u>	<u>Summary</u>									
(5) Did the Company follow relevant laws and international codes regarding product/service,			Other personnel	2,426.5	3,509							No major difference
			Supervisor above management level	74	45	Total number of participants in annual training	1,246	1,152				
			Personnel on production line	447	116							
			Other personnel	725	991							
			Supervisor above management level	93.3%	100.0%	Annual training penetration rate	98.7%	97.1%				
			Personnel on production line	100.0%	96.3%							
			Other personnel	98.4%	97.2%							
			Supervisor above management level	13.8	10.5	Average hours of annual training	17	16				
			Personnel on production line	14.1	7.1							
			Other personnel	19.7	19.6							

For more details, please refer to 4.2 Talent Cultivation and Performance Incentives in CH4 Happy Workplace of the 2021 ESR Report.

(5) The Company follows food safety and health laws and food labeling regulations announced by Taiwan Food and Drug Administration for marketing and promotion of products and services. Our product packaging and labels





Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
customer health, safety, customer privacy, marketing and labeling, as well as formulate related policies to protect the rights and interests of consumers and develop a complaint-handling procedure?		<p>comply with legal requirements and we continue to review and update them as needed. Following the announcement that the "Regulations Governing Food Allergen Labeling" would become effective starting on July 1, 2020, increasing allergen labels from 6 to 11 types, our factories revised and updated package labeling to provide consumers with the most complete and accurate information when making purchases. In addition, a 0800 hotline has been set up and service personnel have been assigned to provide product consultation. Customers can receive after-sales consultation or complaint management services. For more details, please refer to 2.3.4 Traceability and Regulatory Compliance Management in CH2 Product Liabilities and 3.4 Customer Service in CH3 R&D Innovation of the 2021 ESG Report.</p>	No major difference
(6) Did the Company formulate supplier management policies and require suppliers to follow relevant standards on environmental protection, occupational safety and health, or labor rights, as well as specify the implementation process?		<p>(6) The Company has established a "Code of Conduct for Suppliers" that require suppliers to comply with related regulations on issues such as labor rights, occupational safety and health, environmental protection, and code of ethics, while following the "Supplier Appraisal Process" in consideration of regulatory compliance, good credit, protection of employee rights and interests, as well as food safety and environmental protection when auditing suppliers. It evaluates whether suppliers have complied with relevant regulations by forming a cross-department team to conduct supplier evaluations and monitor improvements, and establishes a sustainable supply chain management mechanism. In 2015, the Company added a CSR clause in the new version of the contract. According to the field assessment procedure for suppliers, if there is any major breach involving any supplier, the cooperation shall be terminated until the supplier takes corrective actions. The Grape King Bio Code of Conduct for Suppliers was formulated and announced on the Company's website in October 2019, which was read and followed by suppliers. Specific implementations are as follows:</p> <ol style="list-style-type: none"> 1. On-site evaluations 2. Continuous supervision of qualified suppliers 3. Management of supplier classification 4. Management of project contractors <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. For more details, please refer to 2.2 Supply Chain Management in CH2 Product Liabilities of the 2021 ESG Report.</p>	No major difference
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 2021 ESG Report was based on the "Core" option of the Global Reporting Initiative (GRI) Standards, the AA1000 (2008) Standard, and Sustainability Accounting Standards Board standards for the Household & Personal Products and Processed Foods industries. Developed in consultation with Ernst and Young, The Grape King Bio Sustainability Report's assurance engagement was planned and executed in accordance with the Statements of Assurance Engagement Standards No.1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" by Deloitte. Deloitte provides limited assurance on the completeness and accuracy of the claims and performance data presented in the 2021 Sustainability Report. Please refer to the ESG report for details of the assurance report. The 2021 ESG Report of the Company was issued in March, 2022 and is also available on the Company website (www.grapeking.com.tw) for viewing and downloading. For more details, please refer to the About section of the 2021 ESG Report.</p>	No major difference
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.			
7. Other important information to help understand the implementation of corporate social responsibility programs: 2021 Governance Performance			

Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
		<u>Summary</u>	
<ul style="list-style-type: none"> ● Corporate governance <ol style="list-style-type: none"> (1) "Sustainable Development and ESG Committee" continues to promote sustainable goals of each ESG team. (2) Established a "Digital Transformation Committee" in 2021 to integrate digital technology into business strategies. (3) Held re-election of Directors in 2021; seven meetings was held during the 19th and 20th Board of Directors meetings, and the average attendance rate was 97%. (4) Established an Audit Committee to replace supervisors' duty, to supervise the quality and integrity of the Company's execution in accounting, audit, financial reporting procedures, and financial control (5) The Company was invited to attend 7 investor conferences (domestic and abroad). (6) Adopted SASB indicators (processed food industry was added to existing personal and household goods industry) for ESG communication with investors. ● Product innovation <ol style="list-style-type: none"> (1) The Grape King Bio Ltd. launched 14 new products, and Pro-Partner Ltd. launched 8 new products, including 2 functional soft drinks in 2021. (2) Three SNQ (Symbol of National Quality) products in 2021. (3) Continued to extend the efficacy of materials such as lactic acid bacteria, cicada, and hericium erinaceus. (4) The Slim Turmeric Complex capsule of Grape King Bio Ltd. won the innovation award for health foods (5) A total of 292,228,000 dollars was invested in innovation and development in 2021. (6) The Company obtained 32 patents in 2021. (7) The Company developed 227 products in 2021. ● Food safety and supply chain management <ol style="list-style-type: none"> (1) New soft drink bag line at Pingzhen Factory, which introduced HACCP, ISO/FSSC 22000, NSF GMP verification systems in 2021. (2) 88.76% recovery rate from sustainability self-assessment surveys of key suppliers in 2021 (3) 60 items were developed for multiple material sources in 2021. (4) The Smart Multi-level Communication Platform for Suppliers' participation rate was 74% in 2021. ● Customer satisfaction and regulatory compliance <ol style="list-style-type: none"> (1) Established a voice-activated management system and customer satisfaction telephone survey to improve customer service response efficiency and service quality (2) Completed product refresher training courses quarterly led by professional nutritionists on new products and common product inquiries from customers to enhance service quality (3) Compiled frequently asked customer questions and established a database to promptly address customers' needs and ensure consistency as well as correctness of responses (4) Established customer complaint SOPs for common types of customer complaints ● Brand value <ol style="list-style-type: none"> (1) Innovation of the Year – 2021 Taiwan BIO Awards. (2) Mastermind Award – 2021 Excellent Enterprise Award in Taoyuan City. (3) Gold Award and Special Award – 2021 1111 Job Bank Happy Enterprise. (4) "Corporate COVID-19 & Influenza Prevention Alliance" Gold Award - 2021 Taiwan Immunization Vision and Strategy. (5) Gold Award – 2021 Taiwan Corporate Sustainability Awards. (6) Model Business Unit – 2021 Maternity Health Protection Alliance in Taoyuan City. 			
<p>Social Performance in 2021</p> <ul style="list-style-type: none"> ● Talent development and employee welfare <ol style="list-style-type: none"> (1) Promoted ethical performance in 2021 to help employees gain basic knowledge and concept of morality and ethics. (2) Established a "Management Division College" in 2021 to learn more about employees' job responsibilities based on task analysis, create a complete and appropriate training program (3) Held the "Accountability Slogan Contest" in 2021 to encourage employee accountability. (4) Received the TTQS (Talent Quality-Management System) Silver certificate again from the Ministry of Labor's Workforce Development Agency in 2021, and the Outstanding and Gender Equality award at the Taoyuan Excellent Enterprise Awards. (5) No major problems for seven consecutive years (2014-2021). (6) GKB Learning College courses helped employees with potential to enhance their professional skills. (7) Invested NT\$1,866,000 in employee health management and health promotion, hosting a total of 31 health promotional activities for 1,837 attendees. 			



Promoted Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	
<p>(8) Received the "Corporate COVID-19 & Influenza Prevention Alliance" Gold Award in 2021.</p> <p>(9) Recognized as a Model Business Unit in the 2021 Maternity Health Protection Alliance.</p> <p>(10) Established the "Grape King Safety and Health Family" in cooperation with the Department of Labor, Taoyuan City Government.</p> <ul style="list-style-type: none"> Community investment <ol style="list-style-type: none"> Invested 12 counseling units, 260 hours, and 500 thousand dollars in Shiitake Mushroom Cultivation Plan at Wufeng Township in 2021 Completed campus needs survey for disadvantaged children in 2021 and donated 1.2 million dollars to 10 schools Donated 3 units of meal plans for disadvantaged group, serving a total of 12,395 persons <p>Environmental Performance in 2021</p> <ul style="list-style-type: none"> Climate commitment and environmental advocacy <ol style="list-style-type: none"> Became the first company in the Health Care industry to sign up as a TCFD Supporter in 2021. Continued to develop solar power and purchase green power under the RE100 Organization. Held public welfare event "Spreading Love with White Bottles" in 2021; the environmental protection department recycled 200kg of empty plastic bottles and sent them to recycling plants in March to make into plastic pellets for recycling and reuse. Energy and water management <ol style="list-style-type: none"> All three plants reached an energy-saving rate of 3.3% in 2021. All discharged wastewater was 100% in compliance with regulations in 2021, and 30% better than the average standard Chemical Oxygen Demand (COD). Completed wastewater discharged reduction rate by greater than or equal to 3% in 2021. Received ISO 14001 environmental management system certification in 2021. All three plants used RO concentrate sewer recycled water in the air conditioning cooling tower in 2021, with a total of 13,950 ton recycled water. 		Summary	

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.

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.

(8) 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>	V	<p>(1) The Company has set up the "Ethical Corporate Management Best Practice Principles" based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, which was passed in the 4th meeting of the 18th Board held on November 10, 2015, to prevent the occurrence of dishonesty and clearly states that the Company's Directors, managers, employees or persons having substantial control over the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary that damage the interests and reputation of the Company, etc. The Company also undertakes on its website sound corporate governance and compliance with the laws and regulations and the Code of Business Ethics.</p> <p>(2) To implement business integrity policies and actively prevent unethical conduct, the Company formulated the "Unethical Conduct Prevention Program" pursuant to the provisions of Article 7 of the Ethical Corporate Management Best Practice Principles", which was passed at the 9th meeting of the 19th Board held on November 11, 2019. This was used to regularly evaluate operating activities with high ethical risk within the business scope, in which the unethical conduct prevention schemes were determined:</p> <ul style="list-style-type: none"> - Bribery. - Provision of illegal political contributions. - Improper charitable donation or sponsorship. - Provision or acceptance of inappropriate gifts, entertainment or other benefits. - Infringement of intellectual property rights. - Engagement in unfair competition. - Provision of products or services damaging to interested parties. <p>According to the evaluation of unethical conduct risks by the Corporate Governance Team in 2021, the Company's current rules and regulations could effectively reduce unethical risks, thus having a low risk evaluation result.</p> <p>(3) The Company has set out relevant operating procedures and guidelines specified in the "Unethical Conduct Prevention Program" to prevent unethical behavior, and formulated related disciplinary and appeal systems in Article 18 of the "Unethical Conduct Prevention Program" and the "Merits and Demerits Management Regulations".</p> <p>We have zero tolerance for corruption and prohibit any form of bribery, fraud, or misuse of Company assets, or damage to Company interests in exchange for personal benefits. Our integrity management unit is responsible for evaluating integrity risks, modifying prevention plans and other related measures regularly in order to strengthen and implement our integrity management system. We have also published the abovementioned regulations on our internal website to let employees inquire anytime and to keep everyone informed about issues such as anti-corruption, integrity and ethics. The ethics clauses are added into the labor contract signed by new recruits. Through annual education, advocacy and testing related to business integrity management, the values of integrity and justice are disseminated, so as to deepen ethical principles.</p>	No major difference
<p>2. Implementation of Ethical Corporate Management</p>	V		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>(1) Does the Company assess the integrity record of its business partner, and stipulate the terms of conduct on integrity in the contract with the business partner?</p> <p>(2) Has the Company set up a dedicated (or concurrent) corporate integrity promotion unit under the Board of Directors which report to the Board of Directors on a regular basis (at least once a year) on supervising the implementation of the ethical corporate management policies and prevention programs?</p> <p>(3) Has the Company formulated policies to prevent conflicts of interest, provided appropriate channels for statements and implemented them?</p>	<p>Yes</p>	<p>No</p>	<p>(1) The Company fulfills the contract of commercial activities in accordance with the principle of fairness and integrity, the provisions of the relevant laws and regulations and the contract terms, and assesses the business partner with the same principle. The Company also established the relevant integrity terms in the contract.</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 2021" was reported at the 3rd meeting of the 20th Board of Directors held on January 14, 2022.</p> <p>(3) We included an avoidance of conflict of interest clause in the "Ethical Corporate Management Best Practice Principles", requiring Directors, managers and all employees to avoid conflict of interest and to refrain from receiving illegal interest.</p> <p>The Directors and managers of the Company have issued a commitment letter stating compliance with "Ethical Corporate Management Best Practice Principles", to avoid conflict of interest. If a Director or juristic representative of a Director has personal interest in any of the agenda items which could be prejudicial to the Company's interests, the Director may not participate in the discussion or voting on the matter, and may not exercise voting rights as proxy on behalf of another Director.</p> <p>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 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.</p>
<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>Yes</p>	<p>No</p>	<p>(5) In 2021, the Company held internal and external training related to the issues of integrity management, including corporate governance intellectual property law training, corporate sustainability and human rights development, food sanitation governing act and health and safety inspection, ESG sustainable investment trend sharing, transformation on corporate operation in the post-pandemic era, fraud risk examination practice and management, for a total of 1,338 times and 4,192 hours.</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>	<p>Yes</p>	<p>No</p>	<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</p>

Evaluation Item	Implementation Status		Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
		Abstract Illustrations 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: i. Grievance channels : (i) Internal suggestion box (ii) Grievance and complaint hotlines (A) Grievance hotline : (03)4572121#1999 (B) Appeal hotline : (03)4582121#1995 (iii) Feedback via email or website (A) Grievance box : companyopinion@grapeking.com.tw (B) Complaint box : employeepinion@grapeking.com.tw ii. Reward system: (i) Non-employees: Company gift for the reporting of an incident. (ii) Internal staff: Rewards according to the Company's personnel regulations. iii. Designated handling units: (i) Express opinion via internal suggestion box. (A) The grievance opinions are consolidated and handled by the audit department. (B) Appeal opinions are consolidated and handled by the human resources department. (ii) Express opinion via email or website: Opinions will be handled by the Company's designated personnel. (iii) All reports and appeals should consolidate and report to the general manager for review and instruction, and then could be closed. (2) The Company's "Grievance and Complaint Management Procedures" is the standard operating procedure for handling grievances, follow-up measures to be adopted after investigations of cases reported are completed and related confidentiality matters. (3) The safety of the complainant shall be protected. Care shall be taken in accordance with the precautionary notes of the confidentiality statement, and no improper punishment shall be imposed for the grievance.	No major difference
(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? (3) Does the Company take measures to protect the reporter from improper treatment?			
4. Strengthening of Information Disclosure (1) Does the Company disclose the contents of Ethical Corporate Management Best Practice Principles and the effectiveness on its website and MOPS?	Y		No major difference
5. If the Company has its own Ethical Corporate Management Best Practice Principles in accordance with the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the difference between them: In order to establish a corporate culture of integrity and improve its operation, the Company has formulated and followed Ethical Corporate Management Best Practice Principles with reference to "Ethical Corporate Management Best Practice Principles for TWSE/GTSE Listed Companies". No difference.			
6. Other important information that will help to understand the operation of the Company's integrity: Anti-corruption, integrity management and implement ethical values practices constitutes as our core values and basic operating principles. The Board of Directors has established the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines Conduct", "Unethical Conduct Prevention Programs", "Code of Integrity Practice", and "Code of Conduct for Suppliers" as guidelines for all employees and business partners to follow.			



Evaluation Item	Implementation Status		Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<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 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 2021, there were 0 (zero) complaints and reports (including anonymous reports) related to integrity management.</p> <p>(6) The Company prevents employees in conducting unethical behaviors through the regulations in the Code of Integrity Practice, strict internal control system, and continuous internal communication and training. 93.2% of employees participated in the recent employee satisfaction survey, and the perspective of "moral values" received the highest score.</p> <p>2. Business Partners :</p> <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. 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) In 2021, none of the distributors and suppliers violated the anti-corruption and ethical corporate management policies.</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 2021, there were 0 (zero) complaints and reports (including anonymous reports).</p> <p>3. Evaluation of Anti-corruption and Ethical Corporate Management Practices :</p> <p>(1) The Corporate Governance Team specifically evaluates operating activities with high ethical risk and ensures that internal rules and regulations are capable of reducing corruption and unethical corporate management risks by implementing corresponding prevention plans.</p> <p>(2) The evaluation result in 2021 indicated low risk, this is provided as a reference to the internal audit for developing the audit plan.</p> <p>4. Supervisory functions of the Board of Directors :</p> <p>(1) The Board of Directors has established the "Code of Ethics", "Insider Trading Prevention Management Regulations", "Unethical Conduct Prevention Program", "Procedures for Ethical Management and Behavior Guidelines" 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 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.</p> <p>(4) 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>(5) The 2021 report on "Ethical Corporate Management and Prevention of Insider Trading" was presented to the Board of Directors at the 3rd meeting of the 20th Board of Directors on January 14, 2022. Below is the summary:</p> <ul style="list-style-type: none"> ● The Company sent out an advocacy letter: i.e., "Business Integrity and Insider Trading Prevention" 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" test was conducted for leaders above section chief level. A total of 110 persons were tested, with 100% passing rate (score above 80 points). ● The Company provided training programs on "Business Integrity and Insider Trading Prevention" for all Directors. ● A total of 33 Directors participated in the business integrity-related courses (including courses related to group tax management) for 97 hours in total. 			

Evaluation Item	Implementation Status		Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<ul style="list-style-type: none"> The Company held internal and external training related to the issues of integrity management, including corporate governance intellectual property law training, corporate sustainability and human rights development, food sanitation governing act and health and safety inspection, ESG sustainable investment trend sharing, transformation on corporate operation in the post-pandemic era, fraud risk examination practice and management, for a total of 1,338 times and 4,192 hours. 		Abstract Illustrations	

- (9) 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.
- (10) 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.

(11) Implementation of the internal control system

i. Internal Control Statement

Statement of Internal Control System

Date: February 23, 2022

The internal control system in 2021, 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 23, 2022, and those 12 Directors in presence all agree at the contents of this statement.

Grape King Bio Ltd.

Chairman: Shenglin Andrew Tseng

General Manger: Shenglin Andrew Tseng

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

(12) 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.

(13) 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 2021 1st Special shareholders' meeting was held on January 14, 2021 at No. 402, Section 2, Jinling Road, Pingzhen District, Taoyuan City (8F of 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	Agreed to issue new common shares for cash in private placement	The resolution was passed. On the same day, the Board of Directors resolved the issue price of privately placed common shares and related matters. The announcement was completed in accordance with the regulations. The Company received the funds in full to repay bank loans and increase capital for operations, and completed the change in registration required by the Ministry of Economic Affairs.	92,202,451 votes, 97.99% of total votes	760,161 votes, 0.80% of total votes	0 votes, 0.00% of total votes	1,126,642 votes, 1.19% of total votes

The Company's 2021 general shareholders' meeting was held on July 15, 2021 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 2020 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.	120,994,137 votes, 98.16% of total votes	10,369 votes, 0.00% of total votes	0 votes, 0.00% of total votes	2,256,155 votes, 1.83% of total votes
2	Acknowledgement of the Company's 2020 profit distribution.	Proposed August 8, 2021 as the record date, and September 2, 2021 as the payment date (cash dividend of NT\$6.4 per share).	120,995,018 votes, 98.16% of total votes	9,359 votes, 0.00% of total votes	0 votes, 0.00% of total votes	2,256,284 votes, 1.83% of total votes

3	Approved the amendment to the Company's Article of Incorporation.	The resolution was passed and announced on the Company's website.	120,998,812 votes, 98.16% of total votes	9,317 votes, 0.00% of total votes	0 votes, 0.00% of total votes	2,252,532 votes, 1.82% of total votes
4	Approved the amendment to the Company's Procedures for Election of Directors and Supervisors	The resolution was passed and reported on the MOPS, and announced on the Company's website.	120,996,502 votes, 98.16% of total votes	11,809 votes, 0.00% of total votes	0 votes, 0.00% of total votes	2,252,350 votes, 1.82% of total votes
5	Passed the amendment to the "Procedures for the Acquisition and Disposal of Assets".	The resolution was passed and reported on the MOPS, and announced on the Company's website.	120,993,443 votes, 98.16% of total votes	11,811 votes, 0.00% of total votes	0 votes, 0.00% of total votes	2,255,407 votes, 1.82% of total votes
6	Approved the amendment to the Company's Procedures for Loaning Funds to Others	The resolution was passed and reported on the MOPS, and announced on the Company's website.	120,981,145 votes, 98.15% of total votes	12,178 votes, 0.00% of total votes	0 votes, 0.00% of total votes	2,267,338 votes, 1.83% of total votes
7	Approved the amendment to the Company's Procedure for Endorsements and Guarantees	The resolution was passed and reported on the MOPS, and announced on the Company's website.	120,984,084 votes, 98.15% of total votes	12,021 votes, 0.00% of total votes	0 votes, 0.00% of total votes	2,264,556 votes, 1.83% of total votes
8	Election of the board of Directors	Election is completed and reported on the MOPS and received approval from the Ministry of Economic Affairs on August 19, 2021.	Name/Account name		No. of votes	
			Chairman: Shenglin Andrew Tseng		124,145,833 votes	
			Director: UNI-PRESIDENT ENTERPRISES CORP. Representative: Kao Shiow Ling		119,991,452 votes	
			Director: Mei-Ching Tseng		107,073,624 votes	
			Director: Jue-Jia Chang		102,320,722 votes	
			Director: Chih-Wei Lai		100,411,149 votes	
			Director: Yen-Shiang Huang		97,386,075 votes	
			Director: Chih-Sheng Chang		96,274,385 votes	
			Director: Hsing-Chun Chen		95,154,449 votes	
			Independent Director: Feng-I Lin		55,034,067 votes	
			Independent Director: Ching-Pu Chen		49,204,601 votes	
			Independent Director: I-Fan Miao		43,211,245 votes	
Independent Director: CHEN Jing Ning		40,454,942 votes				
9	Lifting the business strife limitation for new Directors.	Effective after the resolution of the shareholders' meeting.	111,502,247 votes, 90.46% of total votes	38,345 votes, 0.03% of total votes	0 votes, 0.00% of total votes	11,720,069 votes, 9.50% of total votes

ii. Important resolutions of the Board of Directors:

Board of Directors	Resolution content and subsequent handling	Matters in §14-3of the Securities Exchange Act	Independent Directors' objection or reserved opinion
The 17 th board meeting of the 19 th -term Board of Directors January 14, 2021	1. Passed the amendments to the "Remuneration Committee Charters".	√	
	2. Passed the "2020 management bonus scheme" proposed by the Remuneration Committee.	√	
	3. Passed to establish the motion regarding the issue price of ordinary share in private placement and relevant motions.	√	
	4. Passed Risk Management Policies and Procedures and the operational situation of 2020 proposed by Sustainable Development & ESG Committee.	√	
	5. Passed the Company's business plan of 2021.	√	
	6. Passed the Evaluation of independent of External Certificate Auditor.	√	
	Independent Directors' opinions: For Motion 4, Independent Directors inquired about current methods for evaluating environmental change.		
	The Company's handling of Independent Directors' opinions: For Motion 4, ESG members explained the methods for identifying environmental change and contingency planning.		
	Result of the resolutions: For Motion 3, all Directors present approved the subscription price of \$170. For Motion 4, after ESG members explained the methods for identifying environmental change and strategic response planning, all attending Directors agreed to pass the resolutions as well as to other motions. Invest avoidance situation: For Motion 1, Shenglin Andrew Tseng, Mei-Ching Tseng, CFO Nick Hung, and Chief Auditor Yi Chun Lee who were eligible for transferee, avoided the voting due to the conflict of interests.		
	The 18 th board meeting of the 19 th -term Board of Directors February 25, 2021	1. Passed the 2020 remuneration distribution to employees, Directors and supervisors.	√
2. Passed the Company's 2020 business report and financial statements.		√	
3. Passed the Company's 2020 earnings distribution proposal.		√	
4. Passed the amendment to the "Articles of Incorporation".		√	
5. Passed the amendment to the Company's "Procedures for Election of Directors and Supervisors" (and renamed it as "Procedures for Election of Directors").		√	
6. Passed the amendment to the Company's Procedures for the Acquisition and Disposal of Assets.		√	
7. Passed the amendment to the Company's Procedures for Loaning Funds to Others.		√	
8. Passed the amendment to the Company's Procedures for Endorsements and Guarantees.		√	
9. Passed the election the Board of Directors		√	
10. Passed the list of Director and independent Director candidates nominated by the board of Directors.		√	
11. Passed the assignment of Company Director Representative for subsidiary, Pro-Partner Ltd.		√	
12. Passed the motion of lifting the business strife limitation for new Directors.		√	
13. Passed the Company's 2021 shareholders' meeting date, venue and agenda: (1) Date: 9 am on May 28, 2021 (Thursday) (2) Venue: Auditorium on the 8 th floor of the Company at No. 402, Section 2 Jinling Road, Pingzhen District, Zhongli District, Taoyuan City (8F of the Pingzhen headquarters) (3) Agenda of the shareholders' meeting: A. Report Items : 1. 2020 business report. 2. The Supervisors' review of the 2020 Financial Statements. 3. Report on Remuneration Distribution for Employees, Directors and Supervisors for the Year 2020. 4. The execution result of issuing new common shares for cash in private placement.		√	



Board of Directors	Resolution content and subsequent handling	Matters in §14-3of the Securities Exchange Act	Independent Directors' objection or reserved opinion
	<p>B. Matters for Ratification:</p> <ol style="list-style-type: none"> 1. Adoption of the 2020 Business Report and Financial Statements. 2. Adoption of the Proposal for Distribution of 2020 Profits. <p>C. Matters for discussion</p> <ol style="list-style-type: none"> 1. To amend the Company's Article of Incorporation. 2. To amend the Company's Procedures for Election of Directors and Supervisors. 3. To amend the Company's Procedures for the Acquisition and Disposal of Assets. 4. To amend the Company's Procedures for Loaning Funds to Others. 5. To amend the Company's Procedures for Endorsements and Guarantees. <p>D. Matters for Election:</p> <ol style="list-style-type: none"> 1. To elect the Board of Directors <p>E. Other matters:</p> <ol style="list-style-type: none"> 1. To release the Directors elected from non-competition restrictions. <p>F. Extempore motion:</p>		
	14. Passed the amendment to the "Audit Committee Charter"	V	
	15. Passed 2020 "Validity Assessment of Internal Control System" and "Statement of Internet Control System" of the Company.	V	
	16. Passed the amendment to the documents regarding the of internal control and internal audit systems of the "Salary-work Cycle" and "Information Cycle" of Grape King Biotechnology (Co.,) Ltd.	V	
	<p>Independent Directors' opinions: The opinions of Independent Directors about Motion 3 are as follows: (1) In terms of dividend allotment, although the current distribution value is less than that of the previous year, our performance has been acceptable to shareholders despite the effects of the pandemic. (2) Should the rate increase, it will have an impact on the Company or would not easily return to its original amount.</p>		
	<p>The Company's handling of Independent Directors' opinions: Regarding the Motion 3, some Directors believed that maintaining the dividend rate was more conservative. However, the Company performed well during the pandemic and was acceptable to shareholders. Some Directors pointed out that having a moderate increase in dividend rate amid the pandemic could have positive effects but greater expenditures. Other Directors asked about the impact of an increase in dividend rate on the Company and whether it would be difficult to revert to the original dividend rate in the future. The Chairman explained the possibility of a decline in dividend rate after the increase as well as the Company's intention to take care of shareholders who have been investing in the Company for a long time.</p>		
	<p>Results of the resolutions: The Motion 3 was approved by all Directors present as an amendment to increase the dividend per share from NT\$ 6.3 to NT\$ 6.4. For Motion 12, an acting Chairman was appointed by the Chairman to pass a resolution. 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. Invest avoidance situation: For Motion 11, since the Directors' remuneration belongs to the Company, recusal is no longer necessary. For Motion 12, Shenglin Andrew Tseng, Mei-Ching Tseng, Jue-Jia Chang, Yen-Shiang Huang and Chih-Sheng Chang who were eligible for transferee, avoided the voting due to the conflict of interests.</p>		
The 19 th board meeting of the 19 th -term Board of Directors May 5, 2021	1. Adopted the Remuneration Committee's proposal of the 2020 remuneration for managers.(2021 pay)	V	
	2. Passed the motion of the Director's remuneration of a functional committee.	V	
	3. Passed the remuneration distribution to the Directors and supervisors are based on their tenures.	V	
	4. Passed the motion of lifting the business strife limitation for the Vice General Manager of the R&D Division of the Company.	V	
	5. Passed the motion of appointing the Chairman and Directors for the reinvestment subsidiary – Grape King International Investment Inc.	V	
	6. Passed the motion of appointing the Chairman, Directors, and supervisors for the reinvestment subsidiary – Shanghai Grape King	V	

Board of Directors	Resolution content and subsequent handling	Matters in §14-3of the Securities Exchange Act	Independent Directors' objection or reserved opinion
	Enterprises Corp.		
	7. Passed the motion of appointing the Directors and supervisors for the reinvestment subsidiary – Rivershine Ltd.	√	
	8. Passed the motion of changes in manager of the Grape King Bio Ltd. Zhongli Plant.	√	
	9. Passed the motion of investment in building plants in Pingzhen Industrial Park, and authorized the Chairman to handle relevant matters.	√	
	10. Passed the Company's proposed credit line and credit line renewal application with Hua Nan Bank for its business operation's needs.	√	
	11. Passed the amendments to the documents regarding the internal control and internal audit systems of the "Sales and Collection Cycle", "Capital Acquisition and Repayment Cycle", "Investment Cycle", "Research and Development Cycle", "Salary-work Cycle", and "Production Cycle", "Purchase and Payment Cycle", and "Property, Plant, and Equipment Cycle" of Grape King Bio (Co.,) Ltd.	√	
	12. Passed to establish the motion of "Self-assessment and Internal Control System Statement" of Grape King Bio (Co.,) Ltd.	√	
	Independent Directors' opinions: For Motion 3, Independent Directors inquired about the difference and impact of the new and old Directors, and suggested to amend from the next tenure.		
	The Company's handling of Independent Directors' opinions: For Motion 3, explanation was made to Independent Directors and will amend from the next tenure.		
	Results of the resolutions: The Motion 3 was approved by all Directors present to make remuneration distribution based on months of the tenure after the 20th Board of Directors; The Motion 9 was approved by all Directors present and authorized to be defined as Yongfeng Plant Building Phase 1; All other motions were approved upon the consent of all attending Directors. Interest avoidance situation: For Motion 1, Shenglin Andrew Tseng, CFO Nick Hung, and Chief Auditor Yi Chun Lee have a stake in in a matter under discussion in the meeting, shall recuse themselves from the voting due to the conflict of interests. For Motion 5, 6, 7, and 8, the reappointment of Chairman, Directors, Supervisors, and new managers did not receive benefit from remuneration, thus no withdrawal from the voting session was required.		
The 20 th board meeting of the 19 th -term Board of Directors June 29, 2021	1. Passed the Company's 2021 shareholders' meeting date and venue.	√	
	2. Passed the motion of lifting the business strife limitation for the Vice General Manager of the Sales and Marketing Division of the Company.	√	
	3. Passed the Company's proposed credit line and credit line renewal application with Chang Hwa 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 Annual General Meeting of the 20 th term, July 15, 2021	Through the election of the 20th Chairman of the company	√	
	Independent Directors' opinions: Nil.		
	The Company's handling of Independent Directors' opinions: Nil.		
Result of the resolutions: All attending Directors agreed that Shenglin Andrew Tseng will act as Chairman for the Board of Directors.			
The 1 th board meeting of the 20 th -term Board of Directors August 2, 2021	1. Passed the motion to hire members for the Remuneration Committee.	√	
	2. Passed the amendment to the "Regulations for the Performance Evaluation of the Board of Directors and Remuneration Committee" and renamed to "Regulations for the Performance Evaluation of the Board of Directors and Functional Committee".	√	
	3. Passed the amendment to the documents regarding the internal control of the "Purchase and Payment Cycle" of Grape King Bio (Co.,) Ltd.	√	
	4. Passed the amendment to the "2021 Annual Audit Plan" in response to the establishment of the "Audit Committee".	√	
	5. Passed the annual purchase/redeem, the marketable securities has reached 10% of the capital.	√	
	Independent Directors' opinions: Nil.		
	The Company's handling of Independent Directors' opinions: Nil.		



Board of Directors	Resolution content and subsequent handling	Matters in §14-3of the Securities Exchange Act	Independent Directors' objection or reserved opinion	
	<p>Result of the resolutions: All attending Directors agreed to pass the resolutions. Interest avoidance situation: For Motion 1, Feng-Yi Lin, Ching-Pu Chen, and Yi-Fan Miao have a stake in in a matter under discussion in the meeting, shall recuse themselves from the voting due to the conflict of interests.</p>			
<p>The 2th board meeting of the 20th-term Board of Directors November 3, 2021</p>	1. Passed the establishment of Functional Committee – Digital Transformation Committee.	V		
	2. Passed the establishment motion of “Sustainable Development and ESG Committee Charters”.	V		
	3. Passed the real estate rental from stakeholder.	V		
	4. Passed the 2022 certification fee on financial statements by public accountants.	V		
	5. Passed 2022 Annual Audit Plan.	V		
	6. Passed the amendments on “Handling Material Inside Information Regulations”, “Shareholder Service Regulations”, and “Internal Audit System: IA-26 Handling Material Inside Information Regulations”.	V		
	7. Passed the annual disposal of marketable securities has reached 10% of the capital.	V		
	<p>Extempore motion: 1. Passed the motion to hire members for the Digital Transformation Committee.</p>	V		
	Independent Directors' opinions: Nil.			
	The Company's handling of Independent Directors' opinions: Nil.			
<p>Result of the resolutions: For Motion 3, the Directors suggested to obtain analysis report for evaluation before the contract renewal. The Directors except for the concerned party who had abstained have approved the proposal; Motion 4 was approved upon the consent of all attending Directors after the stakeholders have left; Extempore Motion 1 was approved upon the consent of all attending Directors except for the concerned party who had abstained; All other motions were approved upon the consent of all attending Directors. Interest avoidance situation: For Motion 3, Shenglin Andrew Tseng has a stake in in a matter under discussion in the meeting, shall recuse himself from the voting due to the conflict of interests; For Motion 4, CPA Yu Feng Huang has a stake in in a matter under discussion in the meeting, shall recuse himself from the voting due to the conflict of interests; For Extempore Motion 1, Shenglin Andrew Tseng, Feng-Yi Lin, and Ching-Pu Chen have a stake in in a matter under discussion in the meeting, shall recuse themselves from the voting due to the conflict of interests.</p>				
<p>The 3th board meeting of the 20th-term Board of Directors January 14, 2022</p>	1. Passed the “2021 management bonus scheme” proposed by the Remuneration Committee.	V		
	2. Passed the 2022 business plan.	V		
	3. Passed the 2022 assessment of the independence and the appointments of its certifying accountants.	V		
	4. Passed the amendments to “Rules of Procedures for the Board of Directors”, “Rules Governing the Scope of Powers of Independent Directors”, “Regulations Governing Halt of Dealings and Resumption of Exchange Applications”, “Code of Integrity Practice”, and “Procedures for Accusation and Complaint Management”.	V		
	5. Passed the amendment to “Corporate Social Responsibility Best Practice Principles” and renamed it as “Sustainable Development Best Practice Principles” and its clauses.	V		
	6. Passed the amendment to “Corporate Governance Best Practice Principles”.	V		
	7. Passed the Company's proposed credit line and credit line renewal application with Land Bank of Taiwan for its business operation's needs.	V		
	Independent Directors' opinions: Nil.			
	The Company's handling of Independent Directors' opinions: Nil.			
	<p>Result of the resolutions: Motion 1, after the Chairman explained the difference from last year, it was approved upon the consent of all attending Directors; All other motions were approved upon the consent of all attending Directors. Interest avoidance situation: For Motion 1, Shenglin Andrew Tseng, CFO Nick Hung, and Chief Auditor Yi Chun Lee have a stake in in a matter under discussion in the meeting, shall recuse themselves from the voting due to the conflict of interests.</p>			
The 4 th board	1. Passed the 2020 remuneration distribution to employees and	V		

Board of Directors	Resolution content and subsequent handling	Matters in §14-3of the Securities Exchange Act	Independent Directors' objection or reserved opinion
meeting of the 20 th -term Board of Directors February 23, 2022	Directors.		
	2. Passed the 2021 business report and financial statements.	V	
	3. Passed the Company's 2020 earnings distribution proposal.	V	
	4. Passed the amendment to the "Articles of Incorporation".	V	
	5. Passed the amendment to the "Procedures for the Acquisition and Disposal of Assets".	V	
	6. Passed the Company's 2022 shareholders' meeting date, venue and agenda: Date: 9am on May 27, 2022 (Friday) Venue: Auditorium on the 8th floor of the Company at No. 402, Section 2 Jinling Road, Pingzhen District, Zhongli District, Taoyuan City (Pingzhen headquarters) Agenda of the shareholders' meeting: (1) 2021 business report. (2) 2021 Audit report by the Audit Committee. (3) Report on 2021 remuneration distribution for employees and Directors. Matters for Ratification: (1) Adoption of the 2021 business report and financial statements. (2) Adoption of the proposal for distribution of 2021 profits. Matters for discussion: (1) Amendment to the "Articles of Incorporation". (2) Amendment to the "Procedures for the Acquisition and Disposal of Assets". Extempore motion	V	
	7. Passed the 2020 "Validity Assessment of Internal Control System" and "Statement of Internet Control System" of the Company.	V	
	8. Passed the investment amount for Yongfeng Plant Building Phase 1, and authorized the Chairman to handle relevant matters.	V	
	9. Passed the safe keeper of the stamps for endorsement and guarantee.	V	
	Independent Directors' opinions: Nil.		
The Company's handling of Independent Directors' opinions: Nil.			
Result of the resolutions: Motion 3 it was approved upon the consent of all attending Directors to increase the dividend per share from \$6.0 to \$6.1; All other motions were approved upon the consent of all attending Directors.			

(14) 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.

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

- i. Summary of the resignation and dismissal of personnel relevant to the financial report in 2020 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.): Nil.

5. Accountant Fees

Unit: NT\$ thousand

Accounting firm	CPA name		Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche	Yu Feng Huang	Ming Yuan Chung	Jan 1, 2021 - Dec. 31, 2021	3,540	601	4,141	

Please describe the service content of the non-audit fees: Assurance services for ESG report is NT\$358,000, transfer pricing report is NT\$161,000, business registration is NT\$72,000, and inventory for bonded goods is NT\$10,000.

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

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

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

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

March 29, 2022 Unit: share

Title (Note)	Name	2021		Current year as of March 29	
		Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)	Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)
Chairman and GM	Shenglin Andrew Tseng	160,000	-	-	-
Director	Mei-Ching Tseng	161,000	-	(2,200,000)	-
Director	UNI-PRESIDENT ENTERPRISES CORP.	- Note6	- Note6	-	-
Director (Legal representative)	Kao Shiow Ling	- Note6	- Note6	-	-
Director	Yen-Shiang Huang	-	-	-	-
Director	Jue-Jia Chang	-	-	-	-
Director (Note8)	Chih-Sheng Chang	-	-	-	-
Director (Note8)	Hsing-Chun Chen	208,000	-	69,000	-
Director	Chih-Wei Lai	-	-	-	-
Director	Ding Fu Investment Co., Ltd. (Note 2)(Note4)	Note4	Note4	Note4	Note4
Director (Legal representative)	Sheng-Bin Tseng (Note 2)(Note4)	Note4	Note4	Note4	Note4
Independent Director	Feng-I Lin	-	-	-	-
Independent Director	Ching-Pu Chen	-	-	-	-
Independent Director	I-Fan Miao	-	-	-	-
Independent Director	CHEN Jing Ning	- Note6	- Note6	-	-
Deputy GM, R&D Division	Jin-Chu Chen	-	-	-	-
Deputy GM, Business Division	Yuan-Tsung Lin	(10,000)	-	-	-
CFO and Corporate Governance Officer	Nick Hung	-	-	-	-
CLO	Chih-Lin Hung	Note5	Note5	Note5	Note5
CLO	Bing-Jyun Cuei	- Note7	- Note7	-	-
Director of Management	Du-Sheng Wang	- Note7	- Note7	(15,000)	-

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

Note 2: Ding Fu Investment Co., Ltd. was elected Director on May 29, 2018 and appointed Mr. Sheng-Bin Tseng as a legal representative on May 29, 2018.

Note 3: Uni-President Enterprises Corp. has appointed Shou-Lin Kao as the corporate shareholder representative on July 15, 2021, and was elected as a Director.

Note 4: Resigned on July 15, 2021, therefore the changes in shareholding and pledged share were not calculated.

Note 5: Resigned on June 30, 2021, therefore the changes in shareholding and pledged share were not calculated.

Note 6: Took office on July 15, 2021, the changes here was compared with the changes of shareholding as of December 31, 2021.

Note 7: Took office on July 1, 2021, the changes here was compared with the changes of shareholding as of December 31, 2021.

Note 8: Appointed as Director on July 15, 2021, was a former supervisor.

(2) Share Trading Information:

Name (Note1)	Reasons for transfer (Note 2)	Transaction date	Transaction counterpart	The relation between "Transaction counterpart" and "Company, Director and shareholding ratio exceed 10% shareholder"	Number of shares	Transaction price
Shenglin Andrew Tseng	Acquisition (Gift)	2021.04.15	Chang-Yeh Tseng	Mother-child relationship with Shenglin Andrew Tseng, Chairman of the Company	160,000	-
Mei-Ching Tseng	Acquisition (Gift)	2021.04.15	Chang-Yeh Tseng	Mother-child relationship with Mei-Ching Tseng, Director of the Company	159,000	-

Note 1: The name of Company, Director and shareholding ratio exceed 10% shareholder.

Note 2: Acquisition or Disposal.

(3) Share pledge Information: NA.

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

March 29, 2022 Unit: share; %

Name	Own shareholding		Shareholdings of the spouse and minor children		Shareholding in other people's names		Name and relationship of top 10 shareholder who has the interested-party relationship per the Financial Accounting Standards Bulletin No. 6		Remarks
	Shareholding	Shareholding %	Shareholding	Shareholding %	Shareholding	Shareholding %	Name	Relationship	
UNI-PRESIDENT ENTERPRISES CORP.	11,851,000	8.00	-	-	-	-	Nil	Nil	
Fubon Life Insurance	10,757,000	7.26	-	-	-	-	Nil	Nil	
Shenglin Andrew Tseng	6,511,244	4.40	-	-	898,000	0.61	Mei-Ching Tseng	Sister and brother	
Nanshan Life Insurance Co., Ltd.	4,448,000	3.00	-	-	-	-	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	
New Labor Retirement Fund	2,951,000	1.99	-	-	-	-	Nil	Nil	
Labor Insurance Fund	2,719,000	1.84	-	-	-	-	Nil	Nil	
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	

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, 2021 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
Dongpu Biotech Corporation	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.	900	30	-	-	900	30
Shanghai Biotechnology Co., Ltd.	No shareholding as it is a limited company	35.1	No shareholding as it is a limited company	-	No shareholding as it is a limited company	35.1
Shanghai Xinquan Biotechnology Co., Ltd.	No shareholding as it is a limited company	45	No shareholding as it is a limited company	-	No shareholding as it is a limited company	45
ELITE PROPARTNER HOLDINGS SDN. BHD.	Note1	100	-	-	Note1	100

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

Note1: ELITE PROPARTNER HOLDINGS SDN. BHD. has completed incorporation registration on December 13, 2021. Phase one of capital injection is completed. Share capital is RM\$1 for 1 share.



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

March 29, 2022 Unit: NT\$; share

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

March 29, 2022 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	
Common Stock	148,137,373 shares	31,862,627 shares	Listed shares (with 11,851,000 private placement shares, offering date (stock issue date) January 19, 2021)
		180,000,000 shares	

Summary reporting system related information: NA

(2) Status of Shareholders

March 29, 2022 Unit: person; share; %

Shareholder structure	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Foreigners	Total
Holding						
Number	4	7	236	43,041	182	43,470
Shareholding	7,184,000	18,483,000	26,018,540	80,569,189	15,882,644	148,137,373
%	4.85	12.48	17.56	54.39	10.72	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

March 29, 2022 Unit: person; share; %

Shareholding Tiers	No., of Shareholders	Shareholding	%
1 to 999	30,503	1,710,157	1.15
1,000 to 5,000	11,421	20,271,608	13.68
5,001 to 10,000	832	6,416,668	4.33
10,001 to 15,000	233	2,963,400	2.00
15,001 to 20,000	115	2,100,977	1.42
20,001 to 30,000	122	3,039,272	2.05
30,001 to 40,000	45	1,600,218	1.08
40,001 to 50,000	38	1,756,873	1.19
50,001 to 100,000	62	4,249,699	2.87
100,001 to 200,000	25	3,723,755	2.51
200,001 to 400,000	24	6,603,326	4.46
400,001 to 600,000	7	3,658,495	2.47
600,001 to 800,000	5	3,296,240	2.23
800,001 to 1,000,000	7	6,468,183	4.37
1,000,001 or more	31	80,278,502	54.19
Total	43,470	148,137,373	100.00

Preferred shares: NA

(4) Major Shareholders

March 29, 2022 Unit: share; %

Name	Shares	Shareholding	%
Uni-President Enterprises Corporation		11,851,000	8.00
Fubon Life Insurance		10,757,000	7.26
Shenglin Andrew Tseng		6,511,244	4.40
Nanshan Life Insurance Co., Ltd.		4,448,000	3.00
Ching Biao Biotech Co., Ltd		3,051,000	2.06
Mei-Ching Tseng		2,954,117	1.99
New Labor Retirement Fund		2,951,000	1.99
Labor Insurance Fund		2,719,000	1.84
BNP Paribas Wealth Management Taipei. Branch		2,200,000	1.49
Chih-Sheng Chang		2,093,957	1.41

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

Unit: NT\$; share; %

Item		Year	2020	2021	Current year as of March 29, 2022
		Market price per share (Note 1)	Highest		234.00
Lowest			162.00	159.00	138.00
Average			186.71	169.30	152.23
Net worth per share (Note 2)	Before distribution		45.30	44.72	(Note 6)
	After distribution		38.81	-	-
Earnings per share	Weighted average number of shares		136,132,307	147,552,940	148,137,373
	Earnings per share (Note 3)		9.34	8.1	(Note 6)
Dividend per share	Cash dividend		6.40	6.10 (Note 7)	-
	Bonus shares	By Retained earnings	-	-	-
		By Paid-in Capital	-	-	-
	Accumulated undistributed dividends		-	-	-
Investment return analysis	Price / Earnings ratio (Note 4)		19.99	19.22	-
	Price / Dividend ratio (Note 5)		29.17	27.75 (Note 7)	-
	Cash dividend yield rate (Note 6)		3.43	3.60 (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 2021 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 23, 2022, the Board of Directors adopted the proposed cash dividend of NT\$903,637,975 (NT\$6.1 per share) to shareholders, subject to the resolution of the 2022 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\$119,296,609; share distribution: Nil.
 - B. Bonus for Directors: NT\$29,824,152.
 - (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 2021 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

March 29, 2022

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. Please refer to p.120-122 for handling private placement securities.

A person in a suit is pointing at a bar chart on a clipboard. The background is a blurred office setting. An orange semi-transparent box is overlaid on the right side of the image, containing a white letter 'V' and the text 'Operations Profile'.

V

Operations Profile



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

1. Business Scope:**(1) Business scope****i. Main businesses:**

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

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

ii. Business weighting:

Unit: NT\$ thousand; %

Product Type	Amount	Percentage
Health food	8,112,795	83
OEM	1,137,230	12
Beverage	231,514	2
Others(Note)	316,707	3
Total	9,798,246	100

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

iii. The Company's current products:

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

iv. Development plan for new products in 2022:

Grape King Bio plans to launch 16 products under its own brand this year, including specific channel of distribution versions and upgrading other popular products, functional snacks, beverages with new flavors, and vitamin supplement, etc. to satisfies consumers with more nutrition supplement needs with a diverse types of healthcare product The company will also develop various channels of distribution to stay close to emerging market trends and healthcare needs such as: new flavor energy drinks that improve stamina, new flavor beverages that helps with digestive tract function, products that maintain beauty, regulate physique and physiological function, and stay healthy. We also continue to conduct further research on probiotics and expand product development and utilization.

Pro-Partner is planning to launch a variety of products in 2022. In addition to health foods products that improve stamina and nutrition supplement for a specific target group, maintain beauty, and delay aging. Healthcare products for pets to maintain their physical and physiological health will also be launched.

(2) Industry overview

i. Industry status and development

Countries worldwide are actively promoting the development of the biotechnology industry to seize business and market opportunities. With the global trend of commercialization of biotechnology, Taiwan has included biotechnology in its key development programs for emerging technologies. At present, pharmaceuticals, medical equipment, health and well-being are the mainstream targets for the development of the biotechnology industry, which maximizes various investment incentives and information to commercialize development achievements, promotes industry-academic-research cooperation, organizes alliances for the export of medical products, strengthens connections with advanced countries regarding technology, accelerates

internationalization, and improves the competitiveness of Taiwan's biotechnology industry.

With the efforts from the Government and private sector over the years, Taiwan's biotechnology industry continues to expand. In 2020, the turnover of the biotechnology industry reached NT\$601.1 billion, up 7.4% from 2019. There was a great demand of testing agents, forehead thermometers, and other medical devices due to epidemic prevention and control. The private sector's investment in biotechnology was more than NT\$69.7 billion. The sales volume of health and well-being was NT\$205.5 billion; NT\$192.4 billion for medical equipment, NT\$114.2 billion for the biotech applications, and NT\$89 billion for pharmaceuticals.

With the global pandemic outbreak, the industry was initially facing supply chain disruption risk that impacted the global economy because the transportation. Consumption decreased due less consumers going out, as well as those who were trying to save their money. Clinical trials were put on hold hence delayed pharmaceutical drug developments. Hospitals put the pandemic infected patients first and postponed any non-emergency or non-urgent medical procedures, which had some effect on biotechnology industry.

With the impact of COVID-19, consumers paid more attention to their personal health and become more willing to purchase health care products for immune system. International research institutes have raised the growth forecast of global market. According to the forecast from The Business Research Company, the pandemic had helped to activate the supply and demand of the health care and nutritional product market. The global compound annual growth rate is about 8% from 2021 to 2025. The reports from MAIA international research institute indicated the functional foods global market including breakfast cereal, dairy product, edible oil, energy bar, and other functional food products will reach US\$274.58 billion at the end of 2025. The compound annual growth rate is about 7.36% from 2021 to 2025. Asia-Pacific market, is the most promising market among different regions, and is estimated to reach US\$108.33 billion in 2025.

In response to the contactless needs of the pandemic, tele-care, stay-at-home economy, personalized health service or product are newly developed trends in the health and well-being industry. The health and well-being industrial value chain in product/service, system/platform, and distribution channel/brand shall connect its upstream and downstream suppliers in response to post-pandemic new life and develop new service model. If the service was only provided by manpower, it may need to extend to system/platform to make up the contactless service, while the distribution channel/brand may need to transform from offline to online mode. The corporate will need to find new coping strategies in the new lifestyle to satisfy consumers' needs in the health and well-being market.

Higher wages and living standards depend on a country's economic growth. Changing one's dietary habit could cause imbalanced nutrition. The rapid development of technology has led to faster communication, making life changes and work more stressful which are the factors that can be harmful people's health. Although seeking medical care is convenient in Taiwan, taking nutritional supplements has become widely accepted by many people. In recent years, the demand for nutritional supplements has been growing with various types and sources of nutritional supplements now available. Health requirements have accelerated the expansion of local nutritional supplements, which in turn attracted suppliers in the same industry and other industries, utilizing their core advantages as product focus, e.g. raw material selection, health care request, product type, physical or platform channel cooperation and marketing operation strategy. It emphasized on domestic and multinational companies such as Uni-President Enterprises Corp. therefore they became a shareholder by private placement to collaborate in expanding the future health foods market.

As health care products have high added values, and different health care products can be

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

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

On the multi-level marketing side, as of the end of 2020, the number of multi-level marketing companies reporting to the Fair Trade Commission was 314, of which local companies accounted for about 80.89%, and foreign companies accounted for only 19.11%. In 2020, the total number of participants in direct marketing in Taiwan was 3.49 million, the total turnover of the multi-level marketing industry was NT\$98.009 billion. The main products of the multi-level marketing industry are still nutrition and health care products and beauty care products, followed by cleaning products. With the development of community media and the popularity of smart phones, the multi-level marketing industry is gradually transitioning from physical sales to virtual network. Products sold through multi-level marketing and direct sales require evaluation to achieve market acceptance and generate sales, whether they are new or existing products. As for multi-level marketing and direct sales operations, social networking is an important channel and the core of their product and industry promotions. Combining the advantages of internet access, social media and mobile payment is beneficial to platform integration between direct selling within the organization and direct sellers, as well as between external customers and the direct selling industry.

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

Upstream: material development, formula development and upgrading.

Midstream: manufacturing.

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

The Company has a complete industry chain. The upstream is the core manufacturing technology of microbial fermentation which is used to develop key ingredients such as lactic acid

bacteria, *Ganoderma lucidum* and *Antrodia mycelium*. The midstream is the preparation and packaging capability and the downstream is the Company's own distribution channels and brands. Therefore, the Company can make a flexible response to the overall industry change and continue to win consumer favor and trust.

iii. Product development trends

- (i) Immunoregulation is the focus of the Company's development of health care products, and *Ganoderma lucidum* related products have obtained the health food certification of the Department of Health.
- (ii) Lactic acid bacteria products have become one of the most popular intestinal health products in recent years. The lactic acid bacteria products of the Company are not only rich in bacteria, but are very popular with consumers. They also obtained health food certification numbers, and have the two functions of gastrointestinal function improvement and allergy adjustment.
- (iii) For Taiwan's common liver diseases, the Company developed health care products such as *Antrodia King* and *Antrodia Aqua* has obtained a health food certification number from the Department of Health for liver protection and blood pressure regulation functions).
- (iv) For the aging society, the Company developed health care products for the silver-haired group for delay of aging and prevention of Alzheimer's disease.
- (v) The Company developed ergot sulfide beauty drinks and facial masks with a strong anti-oxidative ability.
- (vi) For the different health needs of men and women, the Company developed energy drinks for men and beauty drinks for women.
- (vii) Develop and add precious plant extracts that protect the eyes and provide essential healthcare foods for 3C users.
- (viii) Develop a series of unique "Grape King" style snack and beverages to be sold exclusively at the Company's tourist factory.

iv. Competition

(i) Product competition:

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

(ii) Channel competition:

With the change of market demand and consumption habits, health care products and beauty care products can be seen not only in the roadside open-shelf drug stores, suburban discount stores and existing multi-level marketing channels, but also in convenience stores around the corner. This accessibility has offered more options to consumers. Various industry groups have

increased their investments in health food products and actively promote them through online media and physical channels, enabling customers to enjoy the most convenient way to purchase. Therefore, how to enhance product uniqueness, attract the attention of consumers and provide better after-sales service are the matters which require careful consideration.

(3) Overview of Technology and R&D

- i. *Hericium mycelium* fermentation technology: The 40 ton-liquid fermentation technology is now in production.
- ii. Lactic acid bacteria recovery technology: The continuous centrifugal technology in the recovery of lactic acid bacteria was developed, and the first domestic liquid nitrogen process was completed.
- iii. The anti-aging *Hericium* health care product was developed and launched.
- iv. Grape King Biotech Research Institute was expanded and an automatic freeze-drying process was introduced in 2020. The Company's total fermentation capacity is 386 metric tons.
- v. Awards won
 - (i) "Compositions comprising an active compound for treating dementia and methods of use thereof " won a Gold Medal at 2021 World Genius Convention & Education Expo.
 - (ii) "Lactobacillus brevis GKJOY, composition containing the same and its use for improving psych ataxia and promoting nerve function" were highly praised with a Gold medal at Malaysia MTE 2021.
 - (iii) "Active substance of Cicada and its application for prevention, delay or treatment of Cataract " were highly praised with a Gold medal at Malaysia MTE 2021.
 - (iv) "Bifidobacterium lactic GKK2, compounds and methods to relieve asthma" won a Gold Medal at the IPITEX 2021.
 - (v) Use of *Antrodia Cinnamomea Mycelia* Active Substance for Ameliorating Chronic Obstructive Pulmonary Disease" won a Gold Medal at the IPITEX 2021.
 - (vi) "An active substance of *Lactobacillus paracasei* GKS6, a composition comprising thereof and its use for promoting longevity" won a Gold Medal at the IPITEX 2021.
 - (vii) "The invention related to a germ lactobacillus, its composition, its culture method and usage for lowering blood lipid, lowering liver function index, lowering uric acid and/or anti-inflammatory function" won a Gold Medal at the 2021 Shanghai International Exposition of Inventions.
 - (viii) "Lactobacillus rhamnosus GKLC1, compounds and methods to relieve alcoholic liver disease, injury of stomach and/or intestines" was rewarded Gold Medal and Special Prize at 13th European Exhibition of Creativity and Innovation 2021.
 - (ix) "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" was rewarded Gold Medal at 13th European Exhibition of Creativity and Innovation 2021.
 - (x) "Use of Lactobacillus, its pharmaceutical compositions and edible compositions applied for the treatment, prevention or improvement of bone diseases (Japan) " won a Gold Medal at World Genius Convention & Education Expo.
 - (xi) "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 (Japan) " won a Gold Medal at World Genius Convention & Education Expo.
 - (xii) "An active substance of *Bifidobacterium lactis* GKK2, a composition comprising thereof and its use for promoting longevity (USA)" won a Gold Medal at 2021 Innovation Week in

- AFRICA.
- (xiii) "Active substance of morel used for improving reproductive function, including its applications and compositions (USA) " won a Gold Medal at the 2021 Innovation Week in AFRICA.
 - (xiv) "Lactobacillus reuteri GKR1 compound for lower uric acid and methods of use thereof " won a Gold Medal and Special Prize at the iCAN 2021.
 - (xv) "Use of Lignosus Rhinocerus Mycelia active substance for manufacturing and antiviral composition" won a Gold Medal and Special Prize at the iCAN 2021.
 - (xvi) "An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity" won a Gold Medal and Special Prize at the ITE 2021.
 - (xvii) "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" won a Gold Medal and Special Prize at the ITE 2021.
 - (xviii) "Phellinus Linteus Extract Concentrate, its compound for improving sleep quality and methods of use thereof " was awarded a Gold Medal at the 17th Ukraine Innovation Awards 2021.
 - (xix) "Lactobacillus rhamnosus GKLC1, compounds and methods to relieve alcoholic liver disease, injury of stomach and/or intestines" was awarded a Gold Medal at the 17th Ukraine Innovation Awards 2021.
 - (xx) "Lactobacillus reuteri GKR1 compound for lower uric acid and methods of use thereof " was awarded a Gold Medal at the INOVA International Invention Show 2021 and Special Prize at the iCAN.
 - (xxi) "Compositions for preventing, delaying or treating eye tissue disease and methods of use thereof " was awarded a Gold Medal at the INOVA International Invention Show 2021.
 - (xxii) "Lactobacillus Fermentum GKF3, Composition Comprising the Strain and method for improving Psychotaxia using the same" won a Gold Medal at the All American DAVINCI International Innovation and Invention Expo 2021.
 - (xxiii) "Active substance for preventing hearing degradation, including its compositions and preparation method" won a Gold Medal at the All American DAVINCI International Innovation and Invention Expo 2021.
 - (xxiv) "Method for manufacturing and the use of Paecilomyces hepialid mycelia active substance for preventing and/or ameliorating acute lung injury" was awarded a Gold Medal from the 14th XV International Warsaw Invention Show 2021.
 - (xxv) "Bifidobacterium lactis GKK2, compounds and methods to relieve asthma" was awarded a Gold Medal from the 14th XV International Warsaw Invention Show 2021.
 - (xxvi) "An active substance of Bifidobacterium lactis GKK2, a composition comprising thereof and its use for promoting longevity" won a Gold Medal at the IIC International Invention Exhibition 2021.
 - (xxvii) "Compositions for preventing, delaying or treating eye tissue disease and methods of use thereof " won a Gold Medal at the IIC International Invention Exhibition 2021.
 - (xxviii) "Use of Lignosus Rhinocerus Mycelia active substance for Ameliorating Chronic Obstructive Pulmonary Disease" won a Gold Medal at the IIC International Invention Exhibition 2021.
 - (xxix) "Active substance of morel used for improving reproductive function, including its applications and compositions" won a Bronze Medal Award at the 2021 Taiwan Innotech

- Expo Invention Award.
- (xxx) "Lactobacillus Fermentum GKF3, Composition Comprising the Strain and method for improving Psychotaxia using the same" won a Silver Medal Award at the 2021 Taiwan Innotech Expo Invention Award.
 - (xxxi) "Grape King Cicada mycelium fermentation various eye protections" won the Innovation Award at the 2021 BIO Awards.
 - (xxxii) "Sliim Turmeric Complex " won the Innovation Award for Health Food from Health Food Society of Taiwan.
 - (xxxiii) "Kombucha, Qing Cai Xian Capsule" won the Innovation Product Award from TALAB.
 - (xxxiv) "Happy Probiotics" won the Innovation Award for Health Food from Health Food Society of Taiwan.
 - (xxxv) "Happy Probiotics" won the Innovation Award for Health Food from Health Food Society of Taiwan.
 - (xxxvi) "Ningkangfu, Happy Probiotics, and Beina Q10" were certified by SNQ.

vi. Patents obtained in the past three years:

Approving Country	Patent Name	Date	Patent No.
ROC	Preparation and application of lilac mushroom mycelium composition inhibiting melanin production	Jan. 21, 2019	I648055
ROC	Novel Lactobacillus paracasei GKS6 used for improving metabolic syndrome, including its culture medium, cultivation method, applications, pharmaceutical compositions and edible compositions	Feb. 21, 2019	I651412
China	Chocolate products containing probiotics	Apr. 30, 2019	8788235
ROC	Active substance of morel used for improving reproductive function, including its applications and compositions	Jun. 11, 2019	I661830
Japan	Active substance for preventing hearing degradation, including its compositions and preparation method	May. 31, 2019	6533834
America	Active substance of Cicada and its application for prevention, delay or treatment of cataract	Jul. 9, 2019	10342833
ROC	Active substance of Cicada applied to inhibit and / or reduce allergic reactions.	Jul. 1, 2019	I663980
ROC	Antrodia Cinnamomea mycelium fermentation agent and its application for heavy metal balance	Jul. 11, 2019	I664972
ROC	Use of Lactobacillus, its pharmaceutical compositions and edible compositions applied for the treatment, prevention or improvement of bone diseases (M3 S6)	Jul. 11, 2019	I664910
ROC	Cicada active substance and its application of relieving intraocular pressure	Jul. 21, 2019	I666324
America	Active substance for preventing hearing degradation, including its compositions and preparation method	Sep. 10, 2019	10405504
ROC	Pharmaceutical compositions for prevention and / or treatment of metabolic diseases and their applications	Sep. 21, 2019	I672145
ROC	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	Oct. 11, 2019	I674102
ROC	Cicada extracted using water or alcohol for preventing, delaying or treating cataract	Dec. 1, 2019	I678210
China	Cicada mycelia active essence and neuron-cell protective compounds	Apr. 10, 2020	ZL 2014 1 0738259.6
China	Antrodia Cinnamomea mycelium for reducing cancer cells,	Apr. 14, 2020	ZL 2015 1

	with active essence and compounds		0212041.1
China	Heridium Erinaceus for relieving pain, Heridium Erinaceus mycelium active essence; production methods, and medical compounds	May 15, 2020	ZL 2015 8 0000569.0
Japan	Cicada mycelium active essence for preventing, delaying or treating anterior and posterior chamber expansion, as well as vitreous humor expansion of the eyes and/or detachment of the retina	May 7, 2020	6700374
ROC	Antrodia Cinnamomea mycelium active essence for treating chronic lung disease	Jul. 11, 2020	I698243
ROC	Cicada mycelia active essence for preventing or treating acute lung injury; production methods and uses	Aug. 11, 2020	I701335
ROC	Antioxidant multi-layer embedded probiotic particles	Oct. 1, 2020	M602044
America	Cicada mycelium active essence for preventing, delaying or treating anterior and posterior chamber expansion, as well as vitreous humor expansion of the eyes and/or detachment of the retina	Nov. 17, 2020	US 10835563 B2
China	Antrodia Cinnamomea mycelium active essence and neuron-protective compounds	Oct. 13, 2020	ZL 2014 1 0735439.9
ROC	Bifidobacterium lactis GKK2, compounds and methods to relieve asthma	Nov. 11, 2020	I709408
Japan	Cicada mycelia active essence for preventing or treating acute lung injury; production methods and uses	Nov. 5, 2020	6789339
America	Cicada active essence for preventing or treating acute lung injury; production methods and uses	Dec. 15, 2020	US 10865377 B2
ROC	Lactobacillus rhamnosus GKLC1, compounds and methods to relieve alcoholic liver disease, injury of stomach and/or intestines	Jan. 1, 2021	I715177
ROC	Embedded probiotic particles structure	Jan. 1, 2021	M605965
ROC	Calcium particles structure	Jan. 1, 2021	M605957
Canada	Cicada mycelium active substance applied for preparation of compositions for preventing, delaying or treating anterior and posterior chamber expansion, vitreous fluid expansion and/or retinal detachment	Mar. 9, 2021	3032527
ROC	An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity	Feb. 11, 2021	I718402
ROC	Lactobacillus reuteri GKR1 compound for lower uric acid and methods of use thereof	Feb. 21, 2021	I719691
Singapore	Cicada mycelium active substance applied for preparation of compositions for preventing, delaying or treating anterior and posterior chamber expansion, vitreous fluid expansion and/or retinal detachment	Feb. 9, 2021	10201902959U
Korea	Cicada mycelia active essence for preventing or treating acute lung injury; production methods and uses	Feb. 26, 2021	10-2223608
China	Compositions comprising an active compound for treating dementia and methods of use thereof	Mar. 19, 2021	2016 1 0002997.3
ROC	Method for manufacturing and the use of Paecilomyces hepialid mycelia active substance for preventing and/or ameliorating acute lung injury	Apr. 1, 2021	I723368
Japan	Use of Lactobacillus, its pharmaceutical compositions and ROC edible compositions applied for the treatment, prevention or improvement of bone diseases	Mar. 12, 2021	6852111
ROC	Use of Lignosus 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 Psychataxia using the same	May. 12, 2021	6869312
ROC	Phellinus Linteus Extract Concentrate, its compound for improving sleep quality and methods of use thereof	Jun. 1, 2021	1729928
ROC	Lactobacillus Fermentum GKF3, Composition Comprising the Strain and method for improving Psychataxia using the same	Jun. 21, 2021	1731279
ROC	Lactobacillus plantarum, its compound for suppressing or reducing pathogenic bacterium and methods of use thereof	Jul. 11, 2021	1733207
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	1740057
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	1740199
Japan	An active substance of Lactobacillus plantarum GKM3, a composition comprising thereof and its use for promoting longevity	Sep. 27, 2021	6949906
Canada	Active substance of Cicada and its application for prevention, delay or treatment of cataract	Feb. 23, 2021	2986975
Japan	Hericium Erinaceus mycelium extracts, its pharmaceutical compositions and methods of use to improve myelination of the central nervous system	Sep. 30, 2021	6952812
ROC	Lactobacillus rhamnosus GKLC1, its compositions and methods of use for preventing or treating renal disorder	Nov. 1, 2021	1745003
America	Lactic acid bacteria GKM3/GKS6, its compositions and methods of use for promoting blood calcium and improving osteoporosis	Nov. 30, 2021	11,185,563
ROC	Isaria cicadae Miq extract and methods of use for relieving intraocular pressure	Dec. 11, 2021	1749362
China	Cicada mycelium active substance applied for preparation of compositions for preventing, delaying or treating eye disease	Dec. 7, 2021	ZL 201811103244.7
ROC	Lactobacillus brevis GKJOY, composition containing the same and its use for improving psychataxia and promoting nerve function	Dec. 21, 2021	1750788
America	Bifidobacterium lactis GKK2, compounds and methods for promoting longevity	Jul. 13, 2021	11,058,733 B2
America	An active substance of Lactobacillus paracasei GKS6, a composition comprising thereof and its use for promoting longevity	Dec. 14, 2021	11,197,901 B2
Japan	Bifidobacterium lactis GKK2, compounds and methods to relieve asthma	Nov. 29, 2021	1750788

vii. New products developed in the past five years:

Tian Qi Ling Zhi Essential Drink, Tian Qi Maca Essential Drink, Snow Brightening Essential Drink, Ling Zhi Anti-allergy, GoldCombest Energy Drink, Slim Turmeric Complex, Marigold Lutein QQ for Kids, Probiotic King Powder, Bone and Joint King, Sliim Probiotics King, Hericium Erinaceus King, Marigold Lutein Complex, Women's Probiotics, Cranberry Q10 Queen, Gold Maca King, Probiotics flavor cream roll, Blaze mushroom cookies, Versicolor health snack, Combest ice cream, Hot Grass Jelly, Antrodia Drip Coffee, Fu Ba Xin Capsule, Super 13 Pro & Prebiotics, Daily Light, Agaricus Blazei Murill Noodle, Agaricus Blazei Murill Capsule, LGG Probiotics, Pro-Partner Neuro-trition, Probiotics King, Super 13 Pro & Prebiotics(N), TANGLIJIA, CHANG,QIE-LI, Coriolus versicolor Noodle, Happy Probiotics, Night Sliim Turmeric Complex,

Deer Placenta Beauty Capsule, Essential QQ Collagen Drink, Kombucha, Probiotics Drink, Ling Zhi Essential Drink, Good Night Probiotics, Sliim Turmeric Complex Essence Drink, Chang Qie Li Capsule, Baby Drink, Qing Cai Xian Capsule, Tang Li Jia Capsule, Elderly Meal Supplement.
R&D Expenses in the past three years

Unit: NT\$ thousand

Year	2019	2020	2021
Amount	190,091	252,857	292,228

(4) Long-term and Short-term Development

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

i. Short-term business development

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

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

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 glucose regulating, blood pressure reducing, anti-fatigue and anti-allergy products, we will add weight management, age-delaying 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 120,000 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.

Reports from Forward Business and Intelligence Co., Ltd. in China indicate that health foods will penetrate and evolve in the direction of "from first and second-tier cities to third and fourth-tier cities", "from senior groups to young and middle-aged groups", and "nourishing healthcare to dietary supplement". Combined with forecast information from Euro monitor and the current industrial development trend, the industry is estimated to grow at least 4% in the next five years with and reach RMB517.8 billion in the healthcare market in 2026. The Company has been proactively deployed in the mainland healthcare product market. In addition, the ODM advantages of Shanghai Grape King Enterprise Co., Ltd. are consolidated with our R&D base in Taiwan. With its continual provision of competitive dietary supplement tailored for China's marketing groups, we are confident that we'll be experiencing a steady expansion of our operational scale.

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

2. Market and Sales Overview

(1) Market analysis

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

The Company's *Ganoderma lucidum* and *Antrodia camphorate* products have been the leading brands over the years with a market share of more than 50% respectively. While there are other competing products, with our brand name recognition we are able to maintain a substantial market share. On the direct marketing side, the sales volume of the Company's direct marketing affiliates reached NT\$7.719 billion in 2020, accounting for 7.88% of the total multi-level marketing market's NT\$98.009 billion.

- 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 40 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.

- 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>	<u>Health food industry:</u>

Favorable Factors	Unfavorable Factors
<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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. With the continuing economic downturn, non-daily necessities such as health food have been bearing the brunt, and people's willingness to purchase has declined. This has impacted sales.
<p><u>Food and beverage industry:</u></p> <ol style="list-style-type: none"> 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. 	<p><u>Food and beverage industry:</u></p> <ol style="list-style-type: none"> 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.
<p><u>Pharmaceutical Industry:</u></p> <ol style="list-style-type: none"> 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. 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. 	<p><u>Pharmaceutical Industry:</u></p> <ol style="list-style-type: none"> 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 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 adopts a self-sufficient development model in the short run to reduce costs, create differentiation and increase profitability, and a central concept of "continuous R&D" to constantly upgrade the manufacturing process, introduce academic resources, and apply for government subsidies to ensure a leading position in the industry. The Company also increases its R&D expenses year by year, uses technology transfer and industry-academia cooperation to actively develop new products and new effects, and enhances the added value of the products

by obtaining patents and health food certifications. The R&D focus is "going clinical and international", that means working with foreign scholars to publish journals and complete clinical trials to prove to foreign buyers the effectiveness of the Company's products or raw materials and raise their interest, so as to enter the international market.

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

i. Important usage of the main products

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

ii. The production process of the main products

(i) Super 13 Pro & Prebiotics

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

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

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

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

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

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

the increase or decrease.

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

(5) Production in the last two years

Unit: NT\$ thousand

Major product (or department)	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Health food	Note	Note	789,189	Note	Note	799,224
Beverage - General Liquid (L)	Note	Note	91,701	Note	Note	120,796
Other (ODM, cosmetics, etc.)	Note	Note	682,680	Note	Note	821,773
Total			1,563,570			1,741,793

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	2020				2021			
	Import		Export		Import		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Health food	Note	7,653,183			Note	8,112,795		
Beverage - General Liquid (L)	Note	211,868			Note	231,514		
Other (ODM, cosmetics, etc.)	Note	1,258,283	Note	44,861	Note	1,355,169	Note	98,768
Total		9,123,334		44,861		9,699,478		98,768

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		2020	2021	2022 as of the date of publication of the Annual Report (March 29, 2022)
Number of employees	Staff	479	404	498
	Technician	144	134	130
	Operator	130	133	128
	Total	753	771	756
Average age		36.17	37.85	38.17
Average service year		5.17	6.37	6.58
Academic distribution	Ph.D.	1.33	1.30	1.30
	Master's degree	15.14	14.92	15.00
	College	59.10	56.94	57.50
	High school	15.80	18.29	18.10
	Below high school	8.63	8.56	8.10

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 noise management 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 2021 are as follows:

Unit: NT\$ thousand

Environmental management	Zhongli plant	Pingzhen plant	Longtan branch	Total
Wastewater management	34,390	2,630	2,070	39,090
Waste management	1,203	1,270	3,502	5,975
Air pollution management	50	-	130	180
Noise management	28	-	-	28
Total	35,671	3,900	5,702	45,273

(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: None as of the date of publication of the 2020 and 2021 Annual Report.

5. Labor Relations:

(1) Employee welfare:

The Company adopts a dual welfare system (dual welfare from the Company itself and the Welfare Committee). In order to ensure the Company's compensation and welfare system is advantageously above the industry level, we actively introduced various management system, such as the performance and target management system to effectively distinguish between the superior and inferior employees, so as to make the performance assessment fair and transparent. The

Company also set up a merit and demerit bonus weighting system to effectively encourage employees to set high standards for themselves and exceed the goals set for them. The Company also introduced a reward and punishment system and a model employee system to create a positive influence through excellent employees and create a sense of honor. The welfare items are summarized as follows:

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

(2) Staff advanced study and training:

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

i. Training performance over the years:

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

ii. Analysis of training performance over the years:

Item \ Year	2020	2021	2022 as of the date of publication of the Annual Report (March 29, 2022)
Average no. of external training hours per month	263.58	190.9	111.8
Average no. of internal training hours per month	567.29	481.3	427.2

Average no. of employees receiving external training per month	29.92	23.4	15.7
Average no. of employees receiving internal training per month	230.08	176.5	158.7
Total annual training hours	9,971	8,066	1,617
Total no. of employees receiving training during the year	3,120	2,398	523
Annual training penetration rate (%)	92%	98%	58.7%

(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.

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

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

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

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

- i. Company structure:
 - (i) Establishment of a level-one unit: Work Safety Department and Environmental Protection Department.
 - (ii) Establishment of a cross-department disaster prevention unit: the Occupational Safety and Health Committee.
 - (iii) Establishment of the Employee Health Management Center: Employed full-time Registered Nurses and Occupational Physician (concurrent)

ii. Management policy:

- (i) Following the strategy, "Perform compliance obligation, reduce risk of danger, implement environmental protection policy, friendly environment for workplace, promote participation of all and cycle improvement for sustainability" to promote occupational safety, healthcare and management solution.
- (ii) Establishing occupational safety norms for employees to comply with: The Company has compiled a total of 36 procedures (i.e., occupational safety and health manuals, management of environmental safety and health risks and opportunities) and a total of 38 SOPs (i.e., code of conduct for occupational safety and health), that serve as operating guidelines to employees.
- (iii) Fire prevention and public safety: The Company annually reports the fire equipment maintenance status and conducts public building safety inspections, and regularly holds fire and emergency evacuation drills for the employees' prevention awareness.
- (iv) Education and training: Orientation training for new staff, fire prevention training (twice a year), vocational license annual re-training (for hazardous operation executives, stacker operators, crane operators, pressure vessel operators, etc.).
- (v) Health protection related operating rules: The Company has formulated the "Working Rules for the Protection of Maternal Labor's Health", "Operating Procedures for Prevention of Abnormal Workloads Which Trigger Diseases", "Management Procedures for Prevention of Hazards Due to Human Factors", "Operating Procedures for Prevention of Unlawful Infringement in the Execution of Duties", "Operating Procedures for Worker Selection and Assessment", "Operating Procedures for Work Resumption Assessment", "Operating Procedures for Worker Dispatch Assessment" and "Health Management Procedures", and has arranged regular health checks, special operation-related health checks, influenza vaccinations, etc. for the staff health protection.

iii. Implementation status:

- (i) Confined space: For the cleaning and maintenance of fermentation tanks and other confined spaces, the Company has established the "Management Approach for Confined Space Operation" and requires the operator to wear oxygen detection equipment, anti-fall equipment, a helmet and other personal safety equipment before the work.
- (ii) Chemicals and toxicants: The Company manages chemicals and toxicants for R&D and commodity inspection purposes in accordance with the requirements of the Occupational Safety and Health Ordinance and the Environmental Protection Regulations (on the storage of liquid ingredients and waste liquids, entry and exit registration, periodic filing and regular SDS updates).
- (iii) Health management: According to the "Employee Health Check Practices" and related regulations, the Company annually offers special-operation health checks to employees who are exposed to noises or chemicals or in contact with the products, and offers a general health check for employees over a certain age every 3 to 5 years. In both 2019 and 2021, 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
2019	387
2020	400
2021	416

For the prevention and handling of accidents in the plant, the plant is currently equipped with qualified nursing staff, nursing carts and the Health Management Center, and each production

unit (at the entrance) is equipped with a first-aid box and AED equipment for emergency use.

(iv) Occupational hazards: The Company did not have any major occupational hazards from 2019 to 2021.

iv. Relevant Certification :

- (i) AED Secure Places Certification from Taoyuan City Government in 2019.
- (ii) Sports Enterprise (Taiwan i Sports) certification from Sports Administration in 2019(Pingzhen Plant, Zhongli Plant).
- (iii) Won "Outstanding Healthy Workplace Award" from Ministry of Health and Welfare in 2019.
- (iv) The Company obtained ISO/CNS 45001(Occupational health and safety management systems) transitional certification in 2020.
- (v) Sports Enterprise (Taiwan i Sports) certification from Sports Administration in 2020(Longtan Plant).
- (vi) The Company obtained Smoke free & health promotion from Badge of Accredited Healthy Workplace- .
- (vii) Received "Corporate COVID-19 & Influenza Prevention Alliance" Gold Award in 2021.
- (viii) Recognized as Model Business Unit for 2021 Maternity Health Protection Alliance.
- (ix) Established a "Grape King Safety and Health Family" in cooperation with the Department of Labor, Taoyuan City Government.

(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 2021 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
2021/10/27	No. 1100272252 of Labor Inspection in 2021	Article 32-2 of Labor Standards Act	Extended working hours beyond the legal limit	Fine NT\$150,000

6. Cyber security management:

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

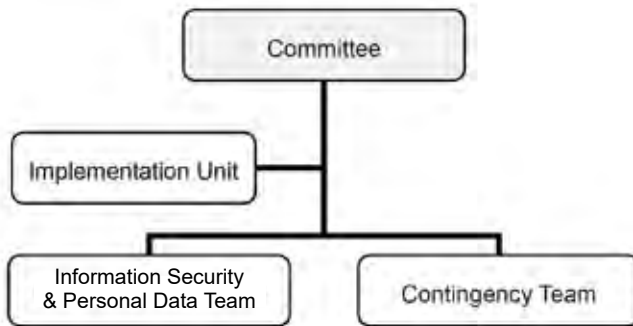
(i) Cyber security risk management framework

a. Corporate information security governance organization

In order to establish proper management structure to effectively promote and handle internal information security and personal data protection management, the Company has established "Information Security & Personal Data Protection Committee". The duties and responsibilities of the Committee include reviewing information security safety policy and personal data file security maintenance plan, assigning responsibility of information security and data protection, and coordinating implementation of each information security measure, so the information security and personal data protection management system can continue its steady operation.

The Company's "Information Security & Personal Data Protection Committee" is under the jurisdiction of "Information Security and Personal Information Team", which is formed by managers from each division in R&D Division, Manufacturing and SCM Division, Supply Chain, Sales and Marketing Division, Finance Division, and Management Division. It reports information security management performance and information security relevant matters and directions regularly at the Board of Directors meeting every year. The duties and responsibilities of the team include discussing information security management regulations, promoting information security event, conducting information security training, establishing risk management system, implementing risk management, establishing contingency and recovery plans for security incident, tracking the improvement item and corrective and preventive action after the internal and external audit on information security, analyzing incident frequency and make action plan for records of information security incident, summarizing applicable laws and regulations of the information security, establishing risk management system, and implementing risk management.

b. Information Security & Personal Data Protection Committee Organization



(ii) Information security policy

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

(iii) Management Plan

The Company grasps cyber security through four phases: In the "Planning Phase", it emphasizes on information security risk management and establishes a complete Information Security Management System (ISMS). The Company was certified by ISO 27001 on May 27, 2020 (validated until May 27, 2023) continue to keep the standard of ISO/IEC 27001 certification in all plants. It reduced corporate information security threat from the system, technology, and procedure aspects, and established a high standard protection service for confidential information that met the customers' needs. In the "Doing Phase", it constructs a multi-layer information security protection, continues to introduce new defensives technology for information security, and integrates the control mechanism of information security in daily operation procedures such as software and hardware operations and supplier information security management, while systematically monitoring

information security, maintaining the confidentiality, integrity, and availability of the Company's valuable assets. In the "Checking Phase", the Company actively monitors the information security management performance and measures information security indicator and quantitative analysis based on the checking result. It also evaluates information security through regular stimulation drill. In the "Acting Phase", it focuses on review and continuous improvement, implements supervision, and conducts audit to keep the information security regulation effective.

(iv) 2021 initiatives:

- a. The total amount invested in certification, authorization, and equipment were 1.72 million dollars in 2021.
- b. Conduct cyber security audit every month.
- c. Propaganda on Information security and one email social engineering drill to reinforce the employees' resilience and awareness on information security risk.
- d. Perform two offsite backup and restore tests.
- e. Hold two meetings of the Personal Data Committee.

(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:

The Company was hacked by ransom ware in June 2021. Some computer systems and file servers were affected, but no major impact on the Company's operation. The reason for this virus attack was because the employee accidentally clicked the unknown malware link while looking up some information online, which caused some of the files were encrypted. The affected scope and time were about 2 hour's information gap. The Company had adopted corrective measures such as adjusted antivirus software detecting mechanism and strengthened employees' perception on information security. We also have been taking improvement measures on malware protection. Appropriate budget has been additionally planned to strengthen information technology security, and the Company's risk to be attacked by malware has been reduced.

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	Construction contract	LI JIN ENGINEERING CO., LTD.	July 1, 2021 – December 5, 2022	Outsourcing construction for Pingzhen Yongfeng Plant
2	Construction contract	SUN-TAI SCIENCE AND TECHNOLOGY CO.	February 26, 2021 – August 31, 2022	Sewage system building for Pingzhen Yongfeng Plant
3	Machine and equipment purchase contract	KINGMECH SCIENTIFIC CO., LTD.	February 26, 2021 – August 31, 2022	Production machine and equipment purchase for Longtan Plant
4	Machine and equipment purchase	TAIWAN FILLER TECH. CO., LTD.	March 29, 2021 – November 30, 2022	Blending system purchase for Pingzhen Yongfeng Plant

	contract			
5	Machine and equipment purchase contract	SIG COMBIBLOC LTD.	February 26, 2021 – March 15, 2022	Machine and equipment purchase for Pingzhen Yongfeng Plant
6	Machine and equipment purchase contract	Topack Co., Ltd.	July 7, 2021 – March 31, 2022	Machine and equipment purchase for Pingzhen Yongfeng Plant
7	Construction and service contract	SUN RISE TOP INDUSTRIAL CORP.	Party B (Wei-Mao) officially informed Party A (Grape King) in written form that the contract is valid for ten (10) years from the official operation date of the treatment equipment	Construction of the wastewater treatment expansion project phase II of Zhongli Plant and wastewater treatment service of Zhongli Plant
8	Green power purchase	Southern Electricity Corporation	October 5, 2021 – October 4, 2023	Renewable energy power purchase for Pingzhen Jinling Plant



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				
		2017	2018	2019	2020	2021
Current assets		2,890,021	2,892,983	3,066,333	3,971,424	4,985,297
Property, plant and equipment		6,355,416	5,926,655	6,453,533	7,307,695	7,207,655
Intangible assets		22,442	20,141	34,786	38,341	33,340
Other assets		623,777	1,808,270	1,804,419	1,786,661	1,834,587
Total assets		9,891,656	10,648,049	11,359,071	13,104,121	14,060,879
Current liabilities	Before distribution	2,879,037	3,270,009	2,810,317	3,500,574	3,294,298
	After distribution	4,306,627	4,687,740	4,260,989	5,009,042	Not yet distributed
Non-current liabilities		684,647	444,770	1,077,902	1,625,093	337,166
Total liabilities	Before distribution	3,563,684	3,714,779	3,888,219	5,125,667	3,631,464
	After distribution	4,991,274	5,132,510	5,338,891	6,634,135	Not yet distributed
Interests attributable to parent company owner		5,195,246	5,730,295	6,173,421	6,624,474	8,988,294
Capital stock		1,352,211	1,362,864	1,362,864	1,362,864	1,481,374
Capital reserve		800,246	965,244	968,724	971,717	2,869,691
Retained earnings	Before distribution	3,168,454	3,561,343	3,988,115	4,376,358	4,729,434
	After distribution	2,265,255	2,678,784	3,103,905	3,428,279	Not yet distributed
Other interests		(34,603)	(68,094)	(100,752)	(86,465)	(92,205)
Treasury stock		(91,062)	(91,062)	(45,530)	-	-
Non-controlling interests	Before distribution	1,132,726	1,202,975	1,297,431	1,353,980	1,441,121
	After distribution	608,335	667,803	730,969	793,591	Not yet distributed
Total equity	Before distribution	6,327,972	6,933,270	7,470,852	7,978,454	10,429,415
	After distribution	4,900,382	5,515,539	6,020,180	6,469,986	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				
		2017	2018	2019	2020	2021
Current assets		939,927	969,355	1,129,566	1,305,798	1,782,914
Property, plant and equipment		2,565,903	3,088,696	3,622,360	4,481,146	4,461,666
Intangible assets		21,885	16,362	10,902	19,019	17,627
Other assets		2,828,394	3,100,454	3,292,978	3,441,022	3,705,660
Total assets		6,356,109	7,174,867	8,055,806	9,246,985	9,967,867
Current liabilities	Before distribution	1,075,882	1,364,218	1,019,453	1,222,269	766,826
	After distribution	1,979,081	2,246,777	1,903,663	2,170,348	Not yet distributed
Non-current liabilities		84,981	80,354	862,932	1,400,242	212,747
Total liabilities	Before distribution	1,160,863	1,444,572	1,882,385	2,622,511	979,573
	After distribution	2,064,062	2,327,131	2,766,595	3,570,590	Not yet distributed
Interests attributable to parent company owner		5,195,246	5,730,295	6,173,421	6,624,474	8,988,294
Capital stock		1,352,211	1,362,864	1,362,864	1,362,864	1,481,374
Capital reserve		800,246	965,244	968,724	971,717	2,869,691
Retained earnings	Before distribution	3,168,454	3,561,343	3,988,115	4,376,358	4,729,434
	After distribution	2,265,255	2,678,784	3,103,905	3,428,279	Not yet distributed
Other interests		(34,603)	(68,094)	(100,752)	(86,465)	(92,205)
Treasury stock		(91,062)	(91,062)	(45,530)	-	-
Non-controlling interests	Before distribution	-	-	-	-	-
	After distribution	-	-	-	-	-
Total equity	Before distribution	5,195,246	5,730,295	6,173,421	6,624,474	8,988,294
	After distribution	4,292,047	4,847,736	5,289,211	5,676,395	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				
		2017	2018	2019	2020	2021
Operating revenue		9,388,128	9,183,321	9,239,070	9,168,195	9,798,246
Gross profit		7,864,684	7,329,264	7,565,888	7,536,791	7,855,357
Operating income		2,254,295	2,349,837	2,335,001	2,304,782	2,311,584
Non-operating income and expenses		151,175	76,827	105,105	73,408	103,322
Income from continuing operations before income tax		2,405,470	2,426,664	2,440,106	2,378,190	2,414,906
Net income of continuing business units		1,934,732	1,890,072	1,938,566	1,895,095	1,947,989
Loss of suspended business unit		-	-	-	-	-
Net income		1,934,732	1,890,072	1,938,566	1,895,095	1,947,989
Other comprehensive income, net of tax		(12,740)	(23,194)	(32,265)	14,656	(5,044)
Total comprehensive income		1,921,992	1,866,878	1,906,301	1,909,751	1,942,945
Net income attributable to stockholders of the parent		1,351,941	1,295,394	1,309,020	1,272,025	1,300,423
Net income attributable to non-controlling interests		582,791	594,678	629,546	623,070	647,566
Total comprehensive income attributable to stockholders of the parent		1,339,322	1,272,238	1,276,673	1,286,740	1,295,415
Total comprehensive income attributable to non-controlling interests		582,670	594,640	629,628	623,011	647,530
Earnings per share		10.03	9.57	9.63	9.34	8.81

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				
		2017	2018	2019	2020	2021
Operating revenue		1,770,158	1,821,840	2,015,823	2,175,969	2,451,872
Gross profit		875,726	928,884	1,043,901	1,116,988	1,168,243
Operating income		272,045	193,808	248,406	234,316	171,079
Non-operating income and expenses		1,161,992	1,185,196	1,134,944	1,099,173	1,171,008
Income from continuing operations before income tax		1,434,037	1,379,004	1,383,350	1,333,489	1,342,087
Net income of continuing business units		1,351,941	1,295,394	1,309,020	1,272,025	1,300,423
Loss of suspended business unit		-	-	-	-	-
Net income		1,351,941	1,295,394	1,309,020	1,272,025	1,300,423
Other comprehensive income, net of tax		(12,619)	(23,156)	(32,347)	14,715	(5,008)
Total comprehensive income		1,339,322	1,272,238	1,276,673	1,286,740	1,295,415
Net income attributable to stockholders of the parent		1,351,941	1,295,394	1,309,020	1,272,025	1,300,423
Net income attributable to non-controlling interests		-	-	-	-	-
Total comprehensive income attributable to stockholders of the parent		1,339,322	1,272,238	1,276,673	1,286,740	1,295,415
Total comprehensive income attributable to non-controlling interests		-	-	-	-	-
Earnings per share		10.03	9.57	9.63	9.34	8.81

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
2017	Ernst & Young Certified Public Accountants	Mars Hung, Julia Lo	Unqualified opinion with emphasized paragraphs or other paragraphs
2018	Ernst & Young Certified Public Accountants	Mars Hung, Julia Lo	Unqualified opinion with emphasized paragraphs or other paragraphs
2019	Deloitte & Touche Certified Public Accountants	Yu Feng Huang, Ming Yuan Chung	Unqualified opinion with other paragraphs
2020	Deloitte & Touche Certified Public Accountants	Yu Feng Huang, Ming Yuan Chung	Unqualified opinion
2021	Deloitte & Touche Certified Public Accountants	Yu Feng Huang, Ming Yuan Chung	Unqualified opinion

2. Financial Analysis

(1) Consolidated Financial Analysis

Item (Note 2)		Year (Note 1)		Financial analysis for the past five years					Rate of change from 2020 to 2021
		2017	2018	2019	2020	2021			
Financial structure (%)	Debt to asset ratio	36.03	34.89	34.23	39.11	25.83	-34%		
	Long term capital to property, plant and equipment ratio	110.34	124.49	132.47	131.42	149.38	14%		
Solvency (%)	Current ratio	100.38	88.47	109.11	113.45	151.33	33%		
	Quick ratio	81.59	69.36	86.89	91.87	127.90	39%		
	Interest coverage ratio	137.84	172.95	138.94	166.83	603.07	261%		
Operating capacity	Receivable turnover rate (times)	50.52	54.28	48.63	44.69	38.52	-14%		
	Average cash recovery day	7.22	6.72	7.50	8.16	9.47	16%		
	Inventory turnover rate (times)	3.13	3.37	2.91	2.57	2.70	5%		
	Payable turnover rate (times)	5.84	6.33	6.90	6.83	7.41	8%		
	Days sales outstanding	116.61	108.30	125.42	142.02	135.18	-5%		
	Property, plant and equipment turnover rate (times)	1.51	1.50	1.49	1.33	1.35	2%		
	Total asset turnover rate (times)	0.97	0.89	0.84	0.75	0.72	-4%		
Profitability	Return on assets (%)	20.05	18.51	17.75	15.59	14.37	-8%		
	Return on equity (%)	31.95	28.51	26.92	24.53	21.16	-14%		
	Pre-tax net profit to paid-in capital ratio (%)	177.90	178.75	179.04	174.50	169.81	-3%		
	Net profit rate (%)	20.61	20.58	20.98	20.67	19.88	-4%		
	Earnings per share (NT\$)	10.03	9.57	9.63	9.34	8.81	-6%		
Cash flow	Cash flow ratio (%)	86.68	73.93	77.27	77.68	77.17	-1%		
	Cash flow adequacy ratio (%)	91.67	90.83	89.90	110.15	108.29	-2%		
	Cash reinvestment ratio (%)	13.81	10.28	7.10	10.59	7.67	-28%		
Leverage	Operating leverage	1.73	1.85	1.89	1.89	2.02	7%		
	Financial leverage	1.01	1.01	1.01	1.01	1.00	-1%		
Reasons for changes of over 20% in financial ratios over the past two years:									
1. Debt to asset ratio: Mainly caused by the funds raised in the private placement this year to repay bank loans and increase capital for operations.									
2. Current ratio: Mainly caused by the funds raised in the private placement this year to repay bank loans and increase capital for operations.									
3. Quick ratio: Mainly caused by the funds raised in the private placement this year to repay bank loans and increase capital for operations.									
4. Interest coverage ratio: Mainly caused by decreased interest expense due to bank loan repayment.									
5. Cash reinvestment ratio: Mainly caused by the funds raised in the private placement this year to repay bank loans and increase capital for operations.									

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 2020 to 2021
		2017	2018	2019	2020	2021			
Financial structure (%)	Debt to asset ratio	18.26	20.13	23.37	28.36	9.83	-65%		
	Long term capital to property, plant and equipment ratio	205.78	188.13	194.25	179.08	206.22	15%		
Solvency (%)	Current ratio	87.36	71.06	110.80	106.83	232.51	118%		
	Quick ratio	56.06	45.24	65.66	58.42	154.06	164%		
	Interest coverage ratio	284.57	216.47	119.88	122.99	1,011.61	723%		
Operating capacity	Receivable turnover rate (times)	7.53	7.56	7.04	7.29	7.54	3%		
	Average cash recovery day	48.47	48.28	51.85	50.07	48.41	-3%		
	Inventory turnover rate (times)	2.66	2.71	2.62	2.19	2.29	5%		
	Payable turnover rate (times)	8.66	7.67	6.76	6.28	7.01	12%		
	Days sales outstanding	137.22	134.69	139.31	166.67	159.39	-4%		
	Property, plant and equipment turnover rate (times)	0.73	0.64	0.60	0.54	0.55	2%		
	Total asset turnover rate (times)	0.29	0.27	0.26	0.25	0.26	4%		
Profitability	Return on assets (%)	22.07	19.22	17.31	14.80	13.55	-8%		
	Return on equity (%)	27.03	23.71	21.99	19.88	16.66	-16%		
	Pre-tax net profit to paid-in capital ratio (%)	106.05	101.58	101.50	97.84	94.37	-4%		
	Net profit rate (%)	76.37	71.10	64.94	58.46	53.04	-9%		
	Earnings per share (NT\$)	10.03	9.57	9.63	9.34	8.81	-6%		
Cash flow	Cash flow ratio (%)	67.61	24.07	35.60	36.14	58.34	61%		
	Cash flow adequacy ratio (%)	42.32	35.00	31.44	33.82	28.55	-16%		
	Cash reinvestment ratio (%)	(2.06)	(7.58)	(6.07)	(4.53)	(4.47)	-1%		
Leverage	Operating leverage	4.07	5.54	4.67	5.39	8.45	57%		
	Financial leverage	1.02	1.03	1.05	1.05	1.01	-4%		
<p>Reasons for changes of over 20% in financial ratios over the past two years:</p> <ol style="list-style-type: none"> 1. Debt to asset ratio: Mainly caused by the funds raised in the private placement this year to repay bank loans and increase capital for operations. 2. Current ratio: Mainly caused by the funds raised in the private placement this year to repay bank loans and increase capital for operations. 3. Quick ratio: Mainly caused by the funds raised in the private placement this year to repay bank loans and increase capital for operations. 4. Interest coverage ratio: Mainly caused by decreased interest expense due to bank loan repayment. 5. Cash reinvestment ratio: Mainly caused by the funds raised in the private placement this year to repay bank loans and increase capital for operations. 6. Operating leverage: Mainly caused by the increased revenue this year. 									

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 2021 Business Report, Parent Company Only and Consolidated Financial Statements and Profit Distribution Table, the CPA Yu Feng Huang and Ming Yuan Chung of Deloitte & Touche were retained to audit Grape King Bio Ltd.'s Financial Statements and have issued an audit report relating to the Financial Statements.

The Business Report, Parent Company Only and Consolidated Financial Statements and Profit Distribution Table 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 and the Company Law, we hereby submit this report.

For review

Sincerely,

Grape King Bio Ltd

2022 Annual Shareholders' Meetings

Chairman of the Audit Committee: Feng-I Lin

February 23, 2022

- 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, 2021	December 31, 2020	Difference	% of change
Current assets	4,985,297	3,971,424	1,013,873	25.53%
Property, plant and equipment	7,207,655	7,307,695	(100,040)	(1.37%)
Intangible assets	33,340	38,341	(5,001)	(13.04%)
Other assets	1,834,587	1,786,661	47,926	2.68%
Total assets	14,060,879	13,104,121	956,758	7.30%
Current liabilities	3,294,298	3,500,574	(206,276)	(5.89%)
Long-term liabilities	87,375	1,372,150	(1,284,775)	(93.63%)
Other liabilities	249,791	252,943	(3,152)	(1.25%)
Total liabilities	3,631,464	5,125,667	(1,494,203)	(29.15%)
Common stock	1,481,374	1,362,864	118,510	8.70%
Additional paid-in capital	2,869,691	971,717	1,897,974	195.32%
Retained earnings	4,729,434	4,376,358	353,076	8.07%
Other components of equity	(92,205)	(86,465)	(5,740)	6.64%
Non-controlling interests	1,441,121	1,353,980	87,141	6.44%
Total equity	10,429,415	7,978,454	2,450,961	30.72%

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

- i. Current assets: Mainly due to an increase in Cash and cash equivalents.
- ii. Long-term liabilities: Mainly due to repayment of long-term borrowing this year.
- iii. Total liabilities: Mainly due to repayment of long-term borrowing this year.
- iv. Capital surplus: Mainly due to 11,851,000 private placement shares and total of 201.467 billion dollars this year.
- v. Total equity: Mainly due to 11,851,000 private placement shares and total of 201.467 billion dollars this year.

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	2021	2020	Difference	% of change
Operating revenues		9,798,246	9,168,195	630,051	6.87%
Operating costs		(1,942,889)	(1,631,404)	(311,485)	19.09%
Gross profit		7,855,357	7,536,791	318,566	4.23%
Operating expenses		(5,543,773)	(5,232,009)	(311,764)	5.96%
Operating income		2,311,584	2,304,782	6,802	0.30%
Non-operating income and expenses		103,322	73,408	29,914	40.75%
Income from continuing operations before income tax		2,414,906	2,378,190	36,716	1.54%
Income tax expense		(466,917)	(483,095)	16,178	(3.35%)
Net income		1,947,989	1,895,095	52,894	2.79%
Other comprehensive income		(5,044)	14,656	(19,700)	(134.42%)
Total comprehensive income		1,942,945	1,909,751	33,194	1.74%
Net profit attributable to the Stockholders of the parent		1,300,423	1,272,025	28,398	2.23%
Net profit attributable to non-controlling interests		647,566	623,070	24,496	3.93%
Total comprehensive income (loss) attributable to the Stockholders of the parent		1,295,415	1,286,740	8,675	0.67%
Total comprehensive income (loss) attributable to non-controlling interests		647,530	623,011	24,519	3.94%

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

- i. Non-operating income and expense: Mainly due to an increase in other income, and the funds raised in the private placement this year to repay bank loans, which caused a decrease in financial cost.
- 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
2,927,029	2,542,204	(1,834,036)	3,635,197	-	-

- i. Analysis of changes in cash flow:

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

- ii. Remedy for a lack of liquidity: NA

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

Unit: NT\$ thousand

Beginning cash balance (1)	Net cash flow from operating activities throughout the year (2)	Net cash flow forecast for the year (3)	Cash surplus (Deficit) forecast (1)+(2)+(3)	Leverage of Cash Deficit	
				Investment plan	Financing plan
3,635,197	2,003,040	(2,905,973)	2,732,264	-	-

- i. Analysis of changes in cash flow:

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

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

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

The Company is building a new plant at the Pingzhen Industry Park in order to provide a more stable production capacity for market demand. The amount paid for purchasing real estate, plant, and equipment was NT\$275 million in 2021. 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\$1,618,914 thousand in 2021, and the Company holds 60% of its shares. The profit recognized was NT\$971,640 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\$104,542 thousand in 2021.
- (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 OEM 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\$5,825 thousand in 2021.
 - (ii) Rivershine Ltd. mainly sells the beverage and health care products of the Company. It is actively expanding its physical channels and through marketing partners to increase the sales amount.
- iv. Shanghai Rivershine Ltd. (100% owned by BVI GRAPE KING INTERNATIONAL INVESTMENT INC)
 - (i) The net income was NT\$570 thousand in 2021.
 - (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. Dongpu Biotech Corporation
 - (i) The net loss was NT\$1,266 thousand in 2021.
 - (ii) Dongpu Biotech Corporation had decided to liquidate by resolution of the shareholders' meeting on June 25, 2021, and the liquidation process is complete on March 2022.
- vi. GK BIO International SDN. BHD.
 - (i) The net loss was NT\$18,621 thousand in 2021, and the Company holds 30% of its shares. The loss recognized was NT\$5,723 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.
- vii. Shanghai Changhong Biotechnology Co., Ltd.
 - (i) The net loss was NT\$9,095 thousand in 2021, and the Company holds 35.1% of its shares. The loss recognized was NT\$3,192 thousand.
 - (ii) The Company re-invested US\$245.7 thousand in Shanghai Changhong Biotechnology Co., Ltd., and hold 35.1% of its shares. The major business item is technological development and consultancy in the professional field of biotechnology.
- viii. Shanghai Xinquan Biotechnology Co., Ltd.
 - (i) The net loss was NT\$669 thousand in 2021, and the Company holds 45% of its shares. The loss recognized was NT\$301 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.
- ix. ELITE PROPARTNER HOLDINGS SDN. BHD.
 - (i) It is a subsidiary of Pro-Partner Co., Ltd. with 100% shareholding to expand the market in Malaysia.

(3) Investment plan in the coming year:

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

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

- (1) The impact of interest and exchange rate changes and inflation on the Company's profit and loss and future counter measures:
 - i. Interest rate changes: The interest rate risk of the Company and its subsidiaries mainly comes from bank loans. The interest expense of bank loans in 2021 was 0.15% 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) COVID-19 was the global pandemic from 2020 to 2021 and made the health foods for boosting immunity in the top three rankings, which included Ganoderma lucidum series. Currently, the probiotic market is booming. We actively apply probiotic on products related to boosting immunity and see if probiotic could increase the performance of the antibody and the T cell after vaccination. In the future, we will continue to explore in the field of intestinal microorganisms in humans and pets after they took the lactic acid bacteria which would benefit the probiotic product development. Human clinical research cases include mushrooms for relieving premenstrual syndrome and improving Parkinson's disease, probiotics for relieving tobacco addiction and improving exercise fatigue, and mushrooms for building muscles and further improving sarcopenia. The Company also plans to step up in external material development for beauty product, such as suppressing allergic reaction on skin, suppressing oral bacteria reproduction, and healing wound. The estimated investment is 37,933 thousand dollars in 2022.
- (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 2021 that had impact on the operation and financial business of the Company.
- (6) The impact of corporate image change on the Company's crisis management and counter measures: Nil.
- (7) Expected benefits and possible risks of plant expansion: Nil.
- (8) Expected benefits and possible risks of plant expansion:
In response to the increasing demand for health foods at home and abroad, as well as for multi-dose products in the market, and the increase in existing PKL production lines, the Company plans to develop new production lines as part of its capacity expansion in the future. Moreover, it will construct a new plant in Pingzhen Industrial Park, which will commence operations in 2023. The capacity expansion will increase capital expenditure at the initial stage and the operating cost in subsequent

stages. Hence, the Company will evaluate industry changes to reduce operating risks.

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

Litigation start date	Party	Amount involved	Fact	Current status
July 4, 2017	The Company and Chairman Shenglin Andrew Tseng		The Complainant (The Company) accused the defendants (Sheng-Yang Tseng and Yi-Tien Hsieh) for published disinformation on the internet and was suspected of defamation of the Company and Chairman Shenglin Andrew Tseng.	The case was prosecuted by the Taipei District Prosecutors Office on January 10, 2022.
March 20, 2020	The Company		The Plaintiff (Fu Tsu Construction Co., Ltd.) demanded the return of payment reserve and warranty security certificate from the Company.	The case was reconciled on September 8, 2021.
June 12, 2020	The Company and Chairman Shenglin Andrew Tseng	Claimed payment of NT\$1.00 from each plaintiff (Sheng-Yang Tseng, Yi-Tien Hsieh and Ching-Yu Chen) and issued an Apology Statement	The Plaintiff (Sheng-Yang Tseng, Yi-Tien Hsieh and Ching-Yu Chen) filed a complaint against the Company and the Chairman, Shenglin Andrew Tseng for causing reputational damage and for violation of the Trade Secrets Act.	The case is on trial by Taipei District Court.
July 17, 2020	Chairman Shenglin Andrew Tseng, etc.		The agent (Yi-Tien Hsieh) filed a criminal complaint with the Prosecutors Office, Taoyuan District Court against the Company for trade secret infringement and against the Chairman, Shenglin Andrew Tseng for false accusation.	The case is on trial by Taipei District Court.

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

7. Other important matters: Nil



VIII

Special Notes

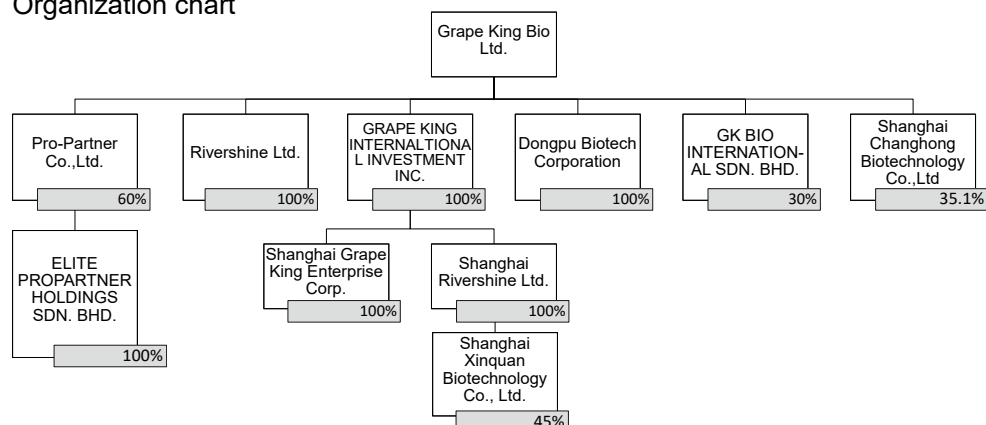




1. Information about the Company's Affiliates
2. Private Securities in the Past Year and as of the Date of Publication of the Annual Report
3. Holding or Disposal of the Company's Shares by Affiliates in the Past Year and as of the Date of Publication of the Annual Report
4. Other Necessary Supplementary 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



(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 216,775 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
Dongpu Biotech Corporation	Jun 28, 2018	Room 204 & 205, Building 9, Kejiyuan, Innovation, Dongwan Songshanhu New & Hi-Tech Industry Development Area, China	RMB 5,000 thousand	Wholesale and retail of biological products, food, beverage and daily necessities
GK BIO INTERNATIONAL SDN. BHD.	Oct. 11, 2019	12A, JALAN DEDAP 17, TAMAN JOHOR JAYA, 81100, JOHOR BAHRU JOHOR, MALAYSIA	MYD 3,000 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 1 dollar	Investment

Note 1 : Dongpu Biotech Corporation had decided to liquidate by resolution of the shareholders' meeting on June 25, 2021, and the liquidation process is complete on March 2022.

(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 2021 and as of December 31, 2021)

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	6,265,829	2,663,026	3,602,803	8,000,102	1,953,432	1,618,914	91.98
GRAPE KING INTERNATIONAL INVESTMENT INC.	791,983	1,084,870	-	1,084,870	-	(73)	102,981	-
Shanghai Grape King Enterprise Co., Ltd.	1,026,886	1,260,886	226,663	1,034,223	883,740	102,158	104,542	-
Rivershine Ltd.	30,000	181,764	142,423	39,341	298,005	7,129	5,825	1.94
Shanghai Rivershine Ltd.	18,790	22,272	4,496	17,776	4,700	(100)	(570)	-
Dongpu Biotech Corporation	23,200	27,024	-	27,024	-	(610)	(1,266)	-
GK BIO INTERNATIONAL SDN.BHD.	22,700	53,456	12,921	40,535	97,409	24,337	18,621	8.20
Shanghai Changhong Biotechnology Co., Ltd.	19,915	15,997	4,276	11,721	-	(9,095)	(9,095)	-
Shanghai Xinquan Biotechnology Co., Ltd.	21,545	21,381	332	21,049	1,940	(669)	(669)	-
ELITE PROPARTNER HOLDINGS SDN. BHD. (Note2)	Note2	-	-	-	-	-	-	-

Note : The exchange rate on December 31, 2021: RMB/NTD=4.344 ; USD/NTD=27.680 ; MYD/NTD=6.355

The average exchange rate in 2021: RMB/NTD=4.355 ; USD/NTD=27.756 ; MYD/NTD=6.317

Note 1 : Dongpu Biotech Corporation had decided to liquidate by resolution of the shareholders' meeting on June 25, 2021, and the liquidation process is complete on March 2022.

Note 2: ELITE PROPARTNER HOLDINGS SDN. BHD. has completed incorporation registration on December 13, 2021. Phase one of capital injection is completed. Share capital is RM\$1 for 1 share.

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

December 31, 2021 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 Director Director	Shenglin Andrew Tseng Mei-Ching Tseng Jue-Jia Chang	-	100
Shanghai Grape King Enterprise Co., Ltd.	Chairman Director Director Supervisor	Chang-Yeh Tseng Shenglin Andrew Tseng Yuan-Tsung Lin Yen-Sheng Huang	-	100
Rivershine Ltd.	Chairman Director Director	Grape King Bio Ltd. Representative: Shenglin Andrew Tseng Representative: Mei-Ching Tseng Representative: Jue-Jia Chang	3,000	100
	Supervisor	Grape King Bio Ltd. Representative: Chang-Yeh Tseng		
Shanghai Rivershine Ltd	Executive Director Supervisor	Chang-Yeh Tseng Mei-Ching Tseng	-	100
Dongpu Biotech Corporation	Executive Director Supervisor	Shenglin Andrew Tseng Jue-Jia Chang	-	100
GK BIO INTERNATIONAL SDN. BHD.	Director	Grape King Bio Ltd. Representative: Nick Hung Representative: Sheng-Chieh Hsu	900	30
Shanghai Changhong Biotechnology Co., Ltd	Director Supervisor	Grape King Bio Ltd. Representative: Yuan-Tsung Lin Representative: Tien-Yueh Lin	-	35.1
Shanghai Xinquan Biotechnology Co., Ltd.	Chairman	Shanghai Rivershine Ltd Representative: Yuan-Tsung Lin	-	45
ELITE PROPARTNER HOLDINGS SDN. BHD.	Director	Mei-Ching Tseng	Note	100

ELITE PROPARTNER HOLDINGS SDN. BHD. has completed incorporation registration on December 13, 2021. Share capital is 1 share.

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, 2021 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 23, 2022

2. Private Securities in the Past Year and as of the Date of Publication of the Annual Report:

Item	2021 1 st private placement Offering date(Stock issue date): March 5, 2021
The types of securities privately placed	Common Shares
The date and the quantity of the Shareholders' Meeting resolution	January 14, 2021, within the limit of 11,851,000 common shares.
The basis and reasonableness of the private placement price	<p>1. Pricing basis of private placement :</p> <p>(1) The issue price of the Private Placement Shares is accordance with the Security and Exchange Act and regulations governing public companies issuing securities in private placement. Reference price is accordance the simple average closing price of the Company's common shares for either 1, 3, or 5 trading days prior to the pricing date and the simple average closing price of the Company's common shares for 30 trading days prior to the pricing date, after adjustment for shares issued as stock reduction and the cash dividends. The higher price of the above two pricing is the reference price.</p> <p>(2) Amount of issuance is no less than 80% of the reference price.</p> <p>2. Reasonableness of private placement :</p> <p>The price determination date of the Private Placement Shares is January 14, 2021. The issue price of the Private Placement Shares is referred to the closing price NT\$180.5 of the Company's common shares for 1 trading day prior to the pricing date. Subscription price of the Private Placement Shares is NT\$170, 94.2% of reference price, no less than 80% of the reference price approved by 2021 1st Special Shareholders' Meeting . The price determination for the subject private placement shall be reasonable.</p>

The method for selecting the specific persons	The investor(s) to subscribe to the Private Placement Shares shall meet the qualification listed in Article 43-6 of the Security and Exchange Act, and Article reference number 0910003455 of the Securities and Futures Bureau under the Financial Supervisory R.O.C. (Taiwan). The Company proposes to introduce Uni-President Enterprises Corporation ("UPEC") as the strategic investor(s) of the private placement.				
The reasons for the necessity of conducting the private placement	The use of funds raised in the private placement will invest in capital expenditures, enrich working capital, and strengthen financial structure and/or support the Company's funding for long-term development. Meanwhile, compared to a public-offering, an investor(s) subscribed to the private placement is subject to a lock-up period of 3 years which would ensure a closer strategic collaboration with the investor(s). Issuance of the Private Placement Shares is also considered to be more efficient and suitable to accommodate the Company's development planning.				
The date of subscription has been paid up in full	January 18, 2021. The total amount of the private placement is NT\$2,014,670,000.				
Information for places	The places of the private placement	Qualification requirements	Subscription quantities	Relationship to the Company	involvement in company operations
	Uni-President Enterprises Corporation ("UPEC")	Article 43-6 (1)-2 of the Security and Exchange Act	11,851,000 shares	Non-related	Anticipated to acquire one seat of Directors at the general shareholder's meeting in 2021
Actual subscription price	NT\$ 170				
The discrepancy between the actual subscription price and the reference price	Actual subscription price is NT\$170, 94.2% of reference price NT\$180.5, no less than 80% of the reference price approved by 1 st Special Shareholders' Meeting.				
Any effect of the private placement on shareholder equity	The ratio of the private placement amount to the paid-in capital is 8%.				
The status of utilization of funds and plan implementation progress	Planned uses	The total amount required: NT\$	The actual amount spent (As of February 24, 2021)	implementation progress	
	Repay bank loans	1,701,461,112	1,701,461,112	100.00%	
	Enrich working capital	313,208,888	313,208,888	100.00%	
	Total	2,014,670,000	2,014,670,000	100.00%	
The status of realization of plan benefits	Use of the funds raised in this private placement is to repay bank loans and to enrich working capital to strength financial structure and benefit for shareholder equity.				

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

A hand holding a silver pen is pointing at a calendar grid. The pen is positioned over the number 24, which is circled. Other numbers like 27 and 28 are also circled. The background is a blurred calendar page with various dates and numbers.

Appendix I

Consolidated Financial Statements
with Report of Independent
Accountants for the Year
Ended Dec 31, 2021 and 2020



Grape King Bio Ltd. and Subsidiaries
Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 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, 2021 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 23, 2022

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, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. 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, 2021 is stated as follows:

Valuation of Inventory

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

consolidated financial statements for the details on the valuation of inventory. The net carrying amount of inventory as of December 31, 2021 for the Group amounted to NT\$719,257 thousand, which was significant to the consolidated financial statements, and the criteria to determine loss on inventory vary according to different categories of inventories which require critical accounting estimates. Consequently, the valuation of inventory was identified as a key audit matter.

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

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

Other Matter

We have also audited the parent company only financial statements of Grape King Bio Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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


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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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


Yu Feng Huang

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2022


Ming Yuan Chung

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 3,635,197	26	\$ 2,927,029	22
Financial assets at fair value through profit or loss (Note 7)	200,379	1	-	-
Financial assets at fair value through other comprehensive income (Note 8)	61,838	-	77,662	-
Financial assets at amortized cost (Note 9)	232,957	2	199,448	1
Notes and accounts receivable, net (Notes 10 and 24)	67,739	1	2,248	-
Accounts receivable from related parties (Notes 24 and 32)	13,125	-	3,533	-
Other receivables	-	-	-	-
Other receivables from related parties (Note 32)	719,257	5	689,464	5
Inventories (Note 11)	54,785	-	72,028	1
Other current assets (Note 18)	-	-	-	-
Total current assets	4,985,297	35	3,971,424	30
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 8)	11,390	-	9,338	-
Financial assets at fair value through profit or loss (Notes 9 and 33)	13,320	-	13,320	-
Investments accounted for using the equity method (Note 13)	25,353	-	7,115	-
Property, plant and equipment (Notes 14, 33 and 34)	7,207,655	51	7,307,695	56
Right-of-use assets (Note 15)	209,768	2	202,113	2
Investment properties (Note 16)	1,459,577	11	1,467,018	11
Intangible assets (Note 17)	33,349	-	38,341	-
Deferred tax assets (Note 26)	8,705	-	10,872	-
Other non-current assets (Notes 18, 22 and 32)	106,474	1	76,885	1
Total non-current assets	9,075,582	65	9,132,697	70
TOTAL	\$ 14,060,879	100	\$ 13,104,121	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 33)	\$ -	-	\$ -	-
Contract liabilities (Note 24)	129,174	1	96,240	1
Notes and accounts payable	1,817,560	13	255,318	2
Other payables to related parties (Note 32)	66,810	1	1,753,884	14
Current tax liabilities (Note 26)	925,723	7	37,641	-
Lease liabilities (Notes 15 and 32)	48,311	-	723,261	6
Other current liabilities (Notes 20 and 32)	30,766	-	41,796	-
Current portion of long-term borrowings (Notes 19 and 33)	6,990	-	43,323	-
Total current liabilities	3,294,298	24	49,111	-
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 33)	87,375	1	3,500,574	27
Provisions (Note 21)	7,362	-	1,372,150	10
Deferred tax liabilities (Note 26)	69,001	-	7,322	-
Lease liabilities (Notes 15 and 32)	129,082	1	68,804	-
Other non-current liabilities (Notes 20 and 32)	44,346	-	120,693	1
Total non-current liabilities	337,166	2	55,884	-
Total liabilities	3,631,464	26	1,625,093	12
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital	1,481,374	11	1,362,864	11
Capital surplus	2,869,691	20	971,717	8
Retained earnings	1,198,125	9	1,070,880	8
Legal reserve	86,465	1	100,752	1
Special reserve	3,444,844	24	3,204,726	24
Unappropriated earnings	4,729,434	34	4,376,338	33
Total retained earnings	(92,205)	(1)	(86,465)	(1)
Other equity	8,988,294	64	6,624,474	51
Total equity attributable to owners of the Company	1,441,121	10	1,353,980	10
NON-CONTROLLING INTERESTS (Notes 12 and 23)				
Total equity	10,429,415	74	7,978,454	61
TOTAL	\$ 14,060,879	100	\$ 13,104,121	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, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
NET REVENUE (Notes 24 and 32)	\$ 9,798,246	100	\$ 9,168,195	100
COST OF GOODS SOLD (Notes 11 and 25)	(1,942,319)	(20)	(1,631,457)	(18)
GROSS PROFIT	7,855,927	80	7,536,738	82
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATE	(570)	-	53	-
ADJUSTED GROSS PROFIT	7,855,357	80	7,536,791	82
OPERATING EXPENSES (Notes 22, 25 and 32)	(4,650,569)	(47)	(4,424,840)	(48)
Selling and marketing	(600,976)	(6)	(554,312)	(6)
General and administrative	(292,228)	(3)	(252,857)	(3)
Research and development				
Total operating expenses	(5,543,773)	(56)	(5,232,009)	(57)
INCOME FROM OPERATIONS	2,311,584	24	2,304,782	25
NON-OPERATING INCOME AND EXPENSES (Notes 13, 25 and 32)				
Interest income	6,287	-	4,633	-
Other income	99,847	1	88,365	1
Other gains and losses	(1,031)	-	(6,930)	-
Finance costs	(4,011)	-	(14,341)	-
Share of profit of associate	2,230	-	1,681	-
Total non-operating income	103,322	1	73,408	1
PROFIT BEFORE INCOME TAX	2,414,906	25	2,378,190	26
INCOME TAX EXPENSE (Note 26)	(466,917)	(5)	(483,095)	(5)
NET PROFIT FOR THE YEAR	1,947,989	20	1,895,095	21
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	870	-	462	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	2,052	-	(2,444)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(174)	-	(93)	-

(Continued)

GRAPE KING BIO LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (7,325)	-	\$ 16,941	-
Exchange differences on translating the financial statements of foreign operations of associate	(467)	-	(210)	-
Other comprehensive income (loss) for the year, net of income tax	(5,044)	-	14,656	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,942,945	20	1,909,751	21
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	1,300,423	13	1,272,025	14
Non-controlling interests	647,566	7	623,070	7
	1,947,989	20	1,895,095	21
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	1,295,415	13	1,286,740	14
Non-controlling interests	647,530	7	623,011	7
	1,942,945	20	1,909,751	21
EARNINGS PER SHARE (Note 27)				
Basic earnings per share	8.81		9.34	
Diluted earnings per share	8.76		9.29	

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Share Capital – Ordinary Shares (In Thousands) Number of Share	Amount	Capital Surplus	Legal Reserve	Retained Earnings			Unappropriated Earnings	Others			Total Equity
					Special Reserve	Legal 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	Treasury Shares	
BALANCE AT JANUARY 1, 2020	136,286	\$ 1,362,864	\$ 968,724	\$ 939,947	\$ 74,671	\$ 2,973,497	\$ (84,506)	\$ (16,246)	\$ (45,530)	\$ 6,173,421	\$ 1,297,431	\$ 7,470,852
Appropriation of 2019 earnings	-	-	-	130,933	-	(130,933)	-	-	-	-	-	-
Legal reserve	-	-	-	130,933	-	(130,933)	-	-	-	-	-	-
Special reserve	-	-	-	(26,081)	26,081	(26,081)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(884,210)	(884,210)	(884,210)	-	-	-	(884,210)	-	(884,210)
Share-based payment arrangements	-	-	1,578	-	-	-	-	-	45,530	47,108	-	47,108
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	(566,462)	(566,462)
Change in other capital surplus	-	-	1,415	-	-	-	-	-	-	1,415	-	1,415
Net profit for the year ended December 31, 2020	-	-	-	-	-	1,272,025	-	-	-	1,272,025	623,070	1,895,095
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	428	16,731	(2,444)	-	14,715	(59)	14,656
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,272,453	16,731	(2,444)	-	1,286,740	623,011	1,909,751
BALANCE AT DECEMBER 31, 2020	136,286	1,362,864	971,717	1,070,880	100,752	3,204,726	(67,775)	(18,690)	-	6,624,474	1,353,980	7,978,454
Appropriation of 2020 earnings	-	-	-	127,245	(14,287)	(127,245)	-	-	-	-	-	-
Legal reserve	-	-	-	127,245	(14,287)	(127,245)	-	-	-	-	-	-
Special reserve	-	-	-	(14,287)	14,287	(14,287)	-	-	-	(948,079)	-	(948,079)
Cash dividends distributed by the Company	-	-	-	-	-	(948,079)	-	-	-	-	-	(948,079)
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	(560,389)	(560,389)
Change in other capital surplus	-	-	1,814	-	-	-	-	-	-	1,814	-	1,814
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,300,423	-	-	-	1,300,423	647,566	1,947,989
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	732	(7,792)	2,052	-	(5,008)	(36)	(5,044)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,301,155	(7,792)	2,052	-	1,295,415	647,530	1,942,945
Issuance of ordinary shares for cash	11,851	118,510	1,896,160	-	-	-	-	-	-	2,014,670	-	2,014,670
BALANCE AT DECEMBER 31, 2021	148,137	\$ 1,481,374	\$ 2,869,691	\$ 1,198,125	\$ 86,465	\$ 3,444,844	\$ (75,567)	\$ (16,638)	\$ -	\$ 8,988,294	\$ 1,441,121	\$ 10,429,415

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,414,906	\$ 2,378,190
Adjustments for:		
Depreciation expenses	416,401	403,854
Amortization expenses	11,052	11,151
Expected credit loss	373	4,841
Net gain on financial assets at fair value through profit or loss	(799)	-
Finance costs	4,011	14,341
Interest income	(6,287)	(4,633)
Dividend income	(2)	(2)
Compensation costs of share-based payment agreements	-	2,489
Share of profit of associate	(2,230)	(1,681)
Loss on disposal of property, plant and equipment, net	437	484
Gain on disposal of investment property	(1,261)	-
Realized (unrealized) gain on transactions with associate	570	(53)
Reversal of provisions	-	(267)
Changes in operating assets and liabilities		
Notes and accounts receivable, net	(33,882)	14
Accounts receivable from related parties	(65,491)	355
Other receivables	(9,537)	(1,254)
Other receivables from related parties	12	(12)
Inventories	(29,793)	(143,020)
Other current assets	17,243	11,639
Contract liabilities	32,934	31,226
Notes and accounts payable	13,646	32,692
Other payables	30,127	38,124
Other payables to related parties	29,169	(489)
Provisions	(40)	(490)
Other current liabilities	(18,093)	(6,753)
Net defined benefit liabilities	(2,565)	(5,209)
Cash generated from operations	2,800,901	2,765,537
Interest received	6,232	4,495
Interest paid	(2,641)	(11,736)
Income tax paid	(262,288)	(39,106)
Net cash generated from operating activities	<u>2,542,204</u>	<u>2,719,190</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(5,000)	(3,720)
Proceeds from sale of financial assets at amortized cost	19,926	5,900
Repayment of financial assets at amortized cost	-	1,860
Acquisition of financial assets at fair value through profit or loss	(1,200,000)	-
Proceeds from sale of financial assets at fair value through profit or loss	1,000,420	-
Acquisition of investments accounted for using the equity method	(9,722)	-

(Continued)

GRAPE KING BIO LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
Acquisition of property, plant and equipment	\$ (275,198)	\$ (1,213,735)
Proceeds from disposal of property, plant and equipment	10	964
Increase in refundable deposits	(4,822)	(9,476)
Decrease in refundable deposits	11,011	10,287
Acquisition of intangible assets	(3,203)	(12,382)
Acquisition of investment property	(724)	-
Proceeds from disposal of investment properties	1,382	-
Decrease (increase) in other non-current assets	3,574	(7,067)
Dividends received	<u>2</u>	<u>2</u>
Net cash used in investing activities	<u>(462,344)</u>	<u>(1,227,367)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	2,350,000
Repayments of short-term borrowings	(500,000)	(2,200,000)
Proceeds from long-term borrowings	-	873,000
Repayments of long-term borrowings	(1,326,896)	(278,284)
Proceeds from guarantee deposits received	2,369	5,890
Refund of guarantee deposits received	(8,384)	(19,810)
Repayment of the principal portion of lease liabilities	(44,118)	(48,957)
Dividends paid to owners of the Company	(948,079)	(884,210)
Proceeds from issuance of ordinary shares	2,014,670	-
Proceeds from reissuance of treasury shares	-	44,619
Dividends paid to non-controlling interests	(560,389)	(566,462)
Other financing activities	<u>1,814</u>	<u>1,415</u>
Net cash used in financing activities	<u>(1,369,013)</u>	<u>(722,799)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(2,679)</u>	<u>11,798</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>708,168</u>	<u>780,822</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,927,029</u>	<u>2,146,207</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,635,197</u>	<u>\$ 2,927,029</u>

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

GRAPE KING BIO LTD. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(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 23, 2022.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2022

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

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

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

c. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

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

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

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

Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

See Note 12, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Investments in associates

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

1. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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 FVOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

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

n. Revenue recognition

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

1) Revenue from the sale of goods

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

2) Revenue from the rendering of services

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

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

o. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

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

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

r. Share-based payment arrangements - employee share options

Employee share options granted

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the Board of Directors approves the transaction.

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the

foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Accounting Judgements

a. Lease terms

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

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

b. Write-down of inventories

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

c. Recognition and measurement of defined benefit plans

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

d. Lessee's incremental borrowing rates

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

6. CASH AND CASH EQUIVALENTS

	2021	December 31 2020
Cash on hand	\$ 3,028	\$ 1,887
Checking accounts and demand deposits	1,858,713	1,595,306
Cash equivalents (investments with original maturities of less than 3 months or less)	1,508,038	1,167,799
Repurchase agreements collateralized by commercial paper	265,418	162,037
Repurchase agreements collateralized by bonds	\$ 3,635,197	\$ 2,927,029

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	2020
	2021	
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
- Mutual funds	\$ 200,379	\$ -
Financial assets at fair value through profit or loss were not pledged.		

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	2020
	2021	
<u>Non-current - investments in equity instruments at FVTOCI</u>		
Unlisted shares		
FU-Sheng International Inc. (Samoa)	\$ 11,380	\$ 9,350
Hsin Tung Yang Co., Ltd.	10	8
	<u>\$ 11,390</u>	<u>\$ 9,358</u>

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	2020
	2021	
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 61,858	\$ 77,662
<u>Non-current</u>		
Pledged time deposits	\$ 13,320	\$ 13,320

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

	December 31	2020
	2021	
<u>Notes receivable</u>		
Notes receivable - operating	\$ 14,808	\$ 17,732
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	221,328	184,895
Less: Loss allowance	(3,179)	(3,179)
	<u>218,149</u>	<u>181,716</u>
	\$ 232,957	\$ 199,448

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:

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 3,179	\$ 3,331
Add: Allowance for impairment loss	373	-
Less: Amount written off	(373)	(143)
Less: Net remeasurement of loss allowance	-	(9)
Balance at December 31	<u>\$ 3,179</u>	<u>\$ 3,179</u>

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

	Neither Past Due nor Impaired	Past Due but not Impaired			Total
		Within 90 Days	91 to 180 Days	Over 180 Days	
December 31, 2021	\$ 219,795	\$ 13,162	\$ -	\$ -	\$ 232,957
December 31, 2020	189,899	9,074	475	-	199,448

Notes and accounts receivable were not pledged.

11. INVENTORIES

	December 31	December 31
	2021	2020
Finished goods	\$ 217,620	\$ 206,040
Semi-finished goods and work in progress	263,448	276,903
Raw materials	198,266	162,529
Supplies	39,766	43,865
Merchandise	<u>157</u>	<u>127</u>
	<u>\$ 719,257</u>	<u>\$ 689,464</u>

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

	For the Year Ended December 31	For the Year Ended December 31
	2021	2020
Cost of inventories sold	<u>\$ 1,942,319</u>	<u>\$ 1,631,457</u>
Loss on retirement	<u>14,311</u>	<u>10,342</u>
Gain from physical counts	<u>(2,501)</u>	<u>(2,543)</u>

Inventories were not pledged.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership	
			2021	2020
The Company The Company	Pro-partner Inc. (Pro-partner) GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI)	Sales Investment	60% 100%	60% 100%
The Company The Company	Rivershine Ltd. (Rivershine) Dongpu Biotech Corporation	Sales Sales	100% 100%	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%

Note: On June 25, 2021, the Company resolved to liquidate Dongpu Biotech Corporation, which is currently undergoing its liquidation procedures.

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		2021	2020
Pro-partner	Taiwan, Republic of China	40%	40%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended		Accumulated Non-controlling Interests	
	2021	2020	2021	2020
Pro-partner	<u>\$ 647,566</u>	<u>\$ 623,070</u>	<u>\$ 1,441,121</u>	<u>\$ 1,353,980</u>

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.

	2021	2020
Pro-partner		
Current assets	\$ 2,591,126	\$ 2,133,273
Non-current assets	3,674,703	3,729,824
Current liabilities	<u>(2,560,262)</u>	<u>(2,292,051)</u>
Non-current liabilities	<u>(102,764)</u>	<u>(186,095)</u>
Equity	<u>\$ 3,602,803</u>	<u>\$ 3,384,951</u>
Equity attributable to: Owners of the Company	\$ 2,161,682	\$ 2,030,971
Non-controlling interests of Pro-partner	<u>1,441,121</u>	<u>1,353,980</u>
	<u>\$ 3,602,803</u>	<u>\$ 3,384,951</u>

	For the Year Ended December 31	For the Year Ended December 31
	2021	2020
Revenue	<u>\$ 8,000,102</u>	<u>\$ 7,718,865</u>
Profit for the year	\$ 1,618,914	\$ 1,556,783
Other comprehensive loss for the year	<u>(90)</u>	<u>(147)</u>
Total comprehensive income for the year	<u>\$ 1,618,824</u>	<u>\$ 1,556,636</u>

(Continued)

For the Year Ended December 31

	<u>2021</u>	<u>2020</u>
Profit and total comprehensive income attributable to:		
Owners of the Company	\$ 971,348	\$ 933,713
Non-controlling interests of Pro-partner	<u>647,566</u>	<u>623,070</u>
	<u>\$ 1,618,914</u>	<u>\$ 1,556,783</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 971,294	\$ 933,625
Non-controlling interests of Pro-partner	<u>647,530</u>	<u>623,011</u>
	<u>\$ 1,618,824</u>	<u>\$ 1,556,636</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 1,983,219	\$ 2,141,579
Investing activities	(1,693)	(48,952)
Financing activities	<u>(1,550,576)</u>	<u>(1,469,948)</u>
Net cash inflow	<u>\$ 430,950</u>	<u>\$ 622,679</u>
Dividends paid to non-controlling interests of:		
Pro-partner	<u>\$ 560,389</u>	<u>\$ 566,462</u>
		(Concluded)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates that are not individually material

GK BIO INTERNATIONAL SDN. BHD.
Shanghai Changhong Biotechnology Co., Ltd.
Shanghai Xinqun Biotechnology Co., Ltd.
ELITE PROPARTNER HOLDINGS SDN. BHD.

Aggregate information of associates that are not individually material.

For the Year Ended December 31

	<u>2021</u>	<u>2020</u>
The Company's share of:		
Net income (loss)	\$ 2,093	\$ 1,694
Other comprehensive loss	<u>(417)</u>	<u>(210)</u>
Total comprehensive income (loss)	<u>\$ 1,676</u>	<u>\$ 1,484</u>

The Company had neither contingent liabilities nor capital commitments to the associates as of December 31, 2021 and 2020.

Investments in associates were not pledged.

14. PROPERTY, PLANT AND EQUIPMENT

December 31

	<u>2021</u>	<u>2020</u>
Assets used by the Group	<u>\$ 7,207,655</u>	<u>\$ 7,307,695</u>
a. Assets used by the Group		
Cost		
Balance at January 1, 2021	\$ 2,964,613	\$ 3,264
Additions	4,321,132	10,982
Disposals	(1,059)	(6,542)
Reclassifications	86,068	-
Effects of foreign currency exchange differences	(3,349)	-
Balance at December 31, 2021	<u>4,413,064</u>	<u>3,264</u>
Accumulated depreciation		
Balance at January 1, 2021	942,910	13,422
Depreciation expenses	172,533	2,086
Disposals	(6,493)	-
Effects of foreign currency exchange differences	(986)	(16)
Balance at December 31, 2021	<u>1,113,608</u>	<u>15,492</u>
Carrying amount at December 31, 2021	<u>\$ 3,299,456</u>	<u>\$ 558</u>
Cost		
Balance at January 1, 2020	\$ 3,179,557	\$ 18,714
Additions	24,203	1,467
Disposals	(19,028)	(525)
Reclassifications	1,125,867	1,175
Effects of foreign currency exchange differences	7,023	38
Balance at December 31, 2020	<u>4,331,322</u>	<u>20,889</u>
Accumulated depreciation		
Balance at January 1, 2020	791,071	11,166
Depreciation expenses	166,592	2,492
Disposals	(18,980)	(272)
Effects of foreign currency exchange differences	2,227	36
Balance at December 31, 2020	<u>919,910</u>	<u>13,422</u>
Carrying amount at December 31, 2020	<u>\$ 3,411,412</u>	<u>\$ 7,467</u>
	<u>\$ 3,329,456</u>	<u>\$ 558</u>
	<u>\$ 140,490</u>	<u>\$ 104,070</u>
	<u>\$ 424,351</u>	<u>\$ 1,496,235</u>
	<u>27,770</u>	<u>66,686</u>
	<u>(7,651)</u>	<u>(41,138)</u>
	<u>46,876</u>	<u>(1,455,435)</u>
	<u>327</u>	<u>248</u>
	<u>85,529</u>	<u>493,673</u>
	<u>107,734</u>	<u>9,685,047</u>
	<u>314,493</u>	<u>2,069,516</u>
	<u>44,515</u>	<u>342,765</u>
	<u>(7,543)</u>	<u>(39,690)</u>
	<u>286</u>	<u>4,761</u>
	<u>351,751</u>	<u>2,377,352</u>
	<u>141,422</u>	<u>52,307,695</u>

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

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

No impairment assessment was performed for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amounts</u>		
Land	\$ 81,121	\$ 84,382
Buildings	117,490	107,418
Transportation equipment	9,148	8,008
Other equipment	<u>2,009</u>	<u>2,305</u>
	\$ <u>209,768</u>	\$ <u>202,113</u>
	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>

Additions to right-of-use assets

Depreciation charge for right-of-use assets		
Land	\$ 3,420	\$ 3,239
Buildings	38,854	42,138
Transportation equipment	6,032	6,256
Other equipment	<u>640</u>	<u>606</u>
	\$ <u>48,946</u>	\$ <u>52,239</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amounts</u>		
Current	\$ 48,311	\$ 41,796
Non-current	<u>129,082</u>	<u>120,933</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Land	1.02% to 4.75%	1.02% to 4.75%
Buildings	1.00% to 1.44%	1.00% to 4.75%
Transportation equipment	1.00% to 1.35%	1.00% to 1.35%
Other equipment	1.00% to 1.02%	1.00%

c. Material lease-in activities and terms

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

d. Subleases

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

Sublease of right-of-use assets

Shanghai Grape King entered into an operating lease agreement for a term from June 2014 to May 2034 with a non-related party. As of December 31, 2021 and 2020, Shanghai Grape King had received prepaid rents, recorded under the advances received for the period of eight years and one month and nine years and one month. The movement schedule of prepaid rents is listed as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Beginning balance of prepaid rent	\$ 41,603	\$ 45,423
Rental income recognized in current year	(4,543)	(4,480)
Effects of foreign currency exchange differences	<u>(317)</u>	<u>660</u>
Ending balance of prepaid rent	\$ <u>36,743</u>	\$ <u>41,603</u>

Advances received for operating leases are as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Other current liabilities	\$ 4,545	\$ 4,580
Other non-current liabilities	<u>32,198</u>	<u>37,023</u>
Ending balance of prepaid rent	\$ <u>36,743</u>	\$ <u>41,603</u>

e. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Expenses relating to short-term and low-value asset leases	\$ <u>16,801</u>	\$ <u>14,258</u>
Total cash outflow for leases	\$ <u>(60,919)</u>	\$ <u>(63,215)</u>

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

16. INVESTMENT PROPERTIES

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of investment properties during the years ended December 31, 2021 and 2020. 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.

	2021	December 31 2020
<u>Cost</u>		
Balance at January 1, 2021	\$ 1,173,942	\$ 1,568,441
Additions	724	724
Disposals	(121)	(121)
Balance at September 30, 2021	<u>\$ 1,173,821</u>	<u>\$ 1,569,044</u>
<u>Accumulated depreciation</u>		
Balance at January 1, 2021	\$ -	\$ 101,423
Depreciation expenses	8,044	8,044
Balance at December 31, 2021	<u>\$ 8,044</u>	<u>\$ 109,467</u>
Carrying amount at December 31, 2021	<u>\$ 1,173,821</u>	<u>\$ 1,459,577</u>
<u>Cost</u>		
Balance at January 1 and December 31, 2020	<u>\$ 1,173,942</u>	<u>\$ 1,568,441</u>
<u>Accumulated depreciation</u>		
Balance at January 1, 2020	\$ -	\$ 92,573
Depreciation expenses	8,850	8,850
Balance at December 31, 2020	<u>\$ 101,423</u>	<u>\$ 101,423</u>
Carrying amount at December 31, 2020	<u>\$ 1,173,942</u>	<u>\$ 1,467,018</u>

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

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2021 and 2020 was as follows:

	2021	December 31 2020
Year 1	\$ 15,753	\$ 13,921
Year 2	12,476	13,253
Year 3	1,690	9,966
Year 4	948	108
Year 5	948	108
Later than 5 years	<u>3,290</u>	<u>-</u>
	<u>\$ 35,105</u>	<u>\$ 37,356</u>

17. INTANGIBLE ASSETS

	Computer Software	Trademark	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 62,698	\$ 16,070	\$ 78,768
Additions	3,138	65	3,203
Reclassifications	2,869	-	2,869
Effects of foreign currency exchange differences	(25)	-	(25)
Balance at December 31, 2021	<u>\$ 68,680</u>	<u>\$ 16,135</u>	<u>\$ 84,815</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 25,211	\$ 15,216	\$ 40,427
Amortization expenses	10,825	227	11,052
Effects of foreign currency exchange differences	(4)	-	(4)
Balance at December 31, 2021	<u>\$ 36,032</u>	<u>\$ 15,443</u>	<u>\$ 51,475</u>
Carrying amount at December 31, 2021	<u>\$ 32,648</u>	<u>\$ 692</u>	<u>\$ 33,340</u>

(Continued)

	December 31 2021	2020
<u>Non-current assets</u>		
Prepayments for equipment	\$ 65,213	\$ 22,044
Refundable deposits	18,846	25,050
Net defined benefit assets	15,631	12,160
Overdue receivables	-	2,244
Less: Loss allowance	-	(2,244)
Other non-current assets	6,784	17,631
	<u>\$ 106,474</u>	<u>\$ 76,885</u>
		(Concluded)

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

19. BORROWINGS

a. Short-term borrowings

	December 31 2021	2020
<u>Interest rate (%)</u>		
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ -	\$ 262,000
	1.00	
<u>Secured borrowings</u>		
Bank loans	-	238,000
	1.00	
	-	500,000

Refer to Note 33 for property, plant and equipment pledged as collateral for short-term borrowings.

b. Long-term borrowings

Details of long-term borrowings are as follows:

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

	Computer Software	Trademark	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 49,002	\$ 15,049	\$ 64,051
Additions	11,361	1,021	12,382
Reclassifications	2,290	-	2,290
Effects of foreign currency exchange differences	45	-	45
Balance at December 31, 2020	<u>\$ 62,698</u>	<u>\$ 16,070</u>	<u>\$ 78,768</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2020	\$ 15,197	\$ 14,068	\$ 29,265
Amortization expenses	10,003	1,148	11,151
Effects of foreign currency exchange differences	11	-	11
Balance at December 31, 2020	<u>\$ 25,211</u>	<u>\$ 15,216</u>	<u>\$ 40,427</u>
Carrying amount at December 31, 2020	<u>\$ 37,487</u>	<u>\$ 854</u>	<u>\$ 38,341</u>
			(Concluded)

Except for the aforementioned addition and recognized amortization, the Group did not have disposal or impairment of other intangible assets during the year ended December 31, 2021 and 2020. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Computer software		3-10 years
Trademark		4-10 years
An analysis of depreciation by function		
Operating costs	\$ 168	\$ -
Selling and marketing expenses	5,410	5,243
General and administrative expenses	5,474	5,908
	<u>\$ 11,052</u>	<u>\$ 11,151</u>

18. OTHER ASSETS

	December 31 2021	2020
<u>Current assets</u>		
Prepayments for purchases	\$ 21,107	\$ 30,314
Office supplies	3,101	1,274
Other prepaid expenses	28,382	34,270
Other current assets	2,195	6,170
	<u>\$ 54,785</u>	<u>\$ 72,028</u>
		(Continued)

Lender	December 31		Maturity and terms
	2020	2021	
<u>Unsecured borrowings</u>			
Credit loans from Hua Nan Commercial Bank	\$ 250,000		Effective from July 27, 2020 to July 27, 2023. Interest is repayable monthly; principal is repayable at maturity.
<u>Secured borrowings</u>			
Secured Long-Term Loan from Hua Nan Commercial Bank	602,233		Effective from June 8, 2020 to June 8, 2035. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Hua Nan Commercial Bank	350,000		Effective from July 22, 2019 to July 22, 2022. Interest is repayable monthly; principal is repayable at maturity.
Secured Long-Term Loan from Taiwan Cooperative Bank	119,028		Effective from May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Hua Nan Commercial Bank	100,000		Effective from May 10, 2019 to May 10, 2022. Interest is repayable monthly; principal is repayable at maturity.
Less: Current portions	1,421,261 (49,111)		
		<u>\$ 1,372,150</u>	

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

20. OTHER LIABILITIES

	December 31	
	2021	2020
<u>Current</u>		
Other payables		
Bonus to direct sellers	\$ 1,058,365	\$ 1,043,099
Bonus to employees	208,321	204,120
Salaries and incentive bonus	156,128	140,903
Accrued VAT payable	79,242	82,255
Payables for purchases of equipment	52,571	18,426
Bonus to directors and supervisors	29,824	29,633
Other accrued expenses	228,569	232,284
Others	4,540	3,164
	<u>\$ 1,817,560</u>	<u>\$ 1,753,884</u>

(Continued)

	December 31	
	2021	2020
<u>Other liabilities</u>		
Unearned rent	\$ 5,996	\$ 6,006
Guarantee deposits received	2,454	1,743
Other current liabilities	22,316	35,574
	<u>\$ 30,766</u>	<u>\$ 43,323</u>
<u>Non-current</u>		
Guarantee deposits received	\$ 10,557	\$ 17,283
Net defined benefit liabilities	1,591	1,578
Other non-current liabilities - others	32,198	37,023
	<u>\$ 44,346</u>	<u>\$ 55,884</u>

(Concluded)

21. PROVISIONS

	December 31	
	2021	2020
<u>Non-current</u>		
Decommissioning, restoration and rehabilitation	<u>\$ 7,362</u>	<u>\$ 7,322</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 7,322	\$ 5,317
Additional provisions recognized	-	2,660
Amount used	(40)	(490)
Reversal of unused balance	-	(267)
Discount rate adjustment and unwinding of discount from the passage of time	80	102
Balance at December 31	<u>\$ 7,362</u>	<u>\$ 7,322</u>

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

22. RETIREMENT BENEFIT PLANS

- 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, 2021 and 2020 were NT\$32,003 thousand and NT\$21,519 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:

	2021	2020		2021	2020
Present value of defined benefit obligation	\$ 20,305	\$ 23,635	Present Value of the Defined Benefit Obligation	\$ 20,305	\$ 23,635
Fair value of plan assets	<u>(34,345)</u>	<u>(34,217)</u>	Fair Value of the Plan Assets	<u>(34,345)</u>	<u>(34,217)</u>
Net defined benefit liabilities (assets)	<u>\$ (14,040)</u>	<u>\$ (10,582)</u>	Net Defined Benefit Liabilities (Assets)	<u>\$ (14,040)</u>	<u>\$ (10,582)</u>
Movements in net defined benefit liabilities (assets) were as follows:					
	2021	2020		2021	2020
Balance at January 1, 2021	\$ 23,635	-	Balance at January 1, 2021	\$ 23,635	-
Service cost	129	414	Service cost	129	414
Current service cost	414	-	Current service cost	414	-
Past service cost	-	-	Past service cost	-	-
Net interest expense (income)	122	(43)	Net interest expense (income)	122	(43)
Recognized in profit or loss	665	500	Recognized in profit or loss	665	500
Remeasurement	-	-	Remeasurement	-	-
Return on plan assets (excluding amounts included in net interest)	-	-	Return on plan assets (excluding amounts included in net interest)	-	-
Actuarial (gain) loss	53	(497)	Actuarial (gain) loss	53	(497)
Changes in demographic assumptions	(497)	10	Changes in demographic assumptions	(497)	10
Changes in financial assumptions	10	(870)	Changes in financial assumptions	10	(870)
Experience adjustments	(434)	(2,520)	Experience adjustments	(434)	(2,520)
Recognized in other comprehensive income	-	-	Recognized in other comprehensive income	-	-
Contributions from the employer	(2,993)	-	Contributions from the employer	(2,993)	-
Benefits paid	(568)	-	Benefits paid	(568)	-
Curtailment	-	-	Curtailment	-	-
Balance at December 31, 2021	<u>\$ 20,305</u>	<u>\$ (14,040)</u>	Balance at December 31, 2021	<u>\$ 20,305</u>	<u>\$ (14,040)</u>

(Continued)

	2021	2020		2021	2020
Balance at January 1, 2020	\$ 27,751	-	Balance at January 1, 2020	\$ 27,751	-
Service cost	233	-	Service cost	233	-
Current service cost	1,061	-	Current service cost	1,061	-
Past service cost	231	-	Past service cost	231	-
Net interest expense (income)	1,525	-	Net interest expense (income)	1,525	-
Recognized in profit or loss	-	-	Recognized in profit or loss	-	-
Remeasurement	-	-	Remeasurement	-	-
Return on plan assets (excluding amounts included in net interest)	-	-	Return on plan assets (excluding amounts included in net interest)	-	-
Actuarial (gain) loss	830	-	Actuarial (gain) loss	830	-
Changes in financial assumptions	(573)	-	Changes in financial assumptions	(573)	-
Experience adjustments	257	-	Experience adjustments	257	-
Recognized in other comprehensive income	-	-	Recognized in other comprehensive income	-	-
Contributions from the employer	(4,837)	-	Contributions from the employer	(4,837)	-
Benefits paid	(1,061)	-	Benefits paid	(1,061)	-
Curtailment	-	-	Curtailment	-	-
Balance at December 31, 2020	<u>\$ 23,635</u>	<u>\$ (34,217)</u>	Balance at December 31, 2020	<u>\$ 23,635</u>	<u>\$ (34,217)</u>

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:

	2021	2020
Discount rate	0.70%-0.75%	0.40%-0.80%
Expected rate of salary increase	1.50%-2.00%	1.50%-2.00%

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

	December 31	2021	2020
Discount rate		\$ (565)	\$ (676)
0.25% increase		<u>\$ 589</u>	<u>\$ 706</u>
0.25% decrease			
Expected rate of salary increase/decrease		\$ 1,057	\$ 1,302
0.25%-1.00% increase		<u>\$ (985)</u>	<u>\$ (1,188)</u>
0.25%-1.00% decrease			

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

	December 31	2021	2020
Expected contributions to the plans for the next year		\$ 2,613	\$ 2,972
Average duration of the defined benefit obligation		13 years-13.5 years	14 years-14.8 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, 2021 and 2020 were NT\$500 thousand and NT\$1,248 thousand, respectively.

23. EQUITY

a. Share capital

1) Ordinary shares

	December 31	2021	2020
Shares authorized (in thousands of shares)		180,000	180,000
Shares authorized, par value \$10 (in thousands of dollars)		<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Shares issued and fully paid (in thousands of shares)		<u>148,137</u>	<u>136,286</u>
Shares issued through public issue		\$ 1,362,864	\$ 1,362,864
Shares issued through private placement		<u>118,510</u>	<u>-</u>
Shares issued and fully paid (in thousands of dollars)		<u>\$ 1,481,374</u>	<u>\$ 1,362,864</u>

Each share possesses one voting right and a right to receive dividends.

On January 14, 2021, the Company held the first extraordinary shareholders' meeting and a resolution was passed to increase cash capital by issuing ordinary shares through private placement with Uni-President Enterprise Co., Ltd., a strategic investor, as the subscriber. The purpose of the capital increase is to raise funds for capital expenditures, to enrich working capital and help

strengthen the capital structure. On January 14, 2021, the Company resolved to offer for subscription and issued 11,851 thousand ordinary shares of the Company. The subscription price was \$170 per share, and a total of \$2,014,670 thousand in cash was received. The record date of the cash capital increase was January 19, 2021. The rights and obligations of the shareholders of the 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

	2021	December 31	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Additional paid-in capital	\$ 2,850,440	\$ 954,280	
Treasury share transactions	<u>2,672</u>	<u>2,672</u>	
May only be used to offset a deficit			
Convertible bonds - expired share options	150	150	
Treasury share transactions - share options	6,749	6,749	
Others (2)	<u>9,680</u>	<u>7,866</u>	
	<u>\$ 2,869,691</u>	<u>\$ 971,717</u>	

May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)

Additional paid-in capital
Treasury share transactions

May only be used to offset a deficit

Convertible bonds - expired share options
Treasury share transactions - share options
Others (2)

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

2) Other is unclaimed dividend.

c. Retained earnings and dividends policy

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

- 1) Paying taxes;
- 2) Offsetting losses of previous years;
- 3) Setting aside as legal reserve 10% of the remaining profit;
- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations; and
- 5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 25-h.

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

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

The appropriations of earnings for 2020 and 2019 that were approved in the shareholders' meetings on July 15, 2021 and May 28, 2020 were as follows:

	For the Year Ended December 31 2020	2019
Legal reserve	\$ 127,245	\$ 130,933
Special reserve	<u>\$ (14,287)</u>	<u>\$ 26,081</u>
Cash dividends	\$ 948,079	\$ 884,210
Cash dividends per share (NT\$)	\$ 6.4	\$ 6.5

The appropriation of earnings for 2021 that had been proposed by the Company's Board of Directors on February 23, 2022 was as follows:

	For the Year Ended December 31, 2021
Legal reserve	\$ 130,115
Special reserve	<u>\$ 5,740</u>
Cash dividends	<u>\$ 903,638</u>
Cash dividends per share (NT\$)	\$ 6.1

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on May 27, 2022.

Pro-Partner's appropriations of earnings for 2020 and 2019 that were approved in the shareholders' meetings on April 20, 2021 and April 14, 2020, respectively, were as follows:

	For the Year Ended December 31 2020	2019
Legal reserve	\$ 155,664	\$ 157,328
Cash dividends	<u>\$ 1,400,972</u>	<u>\$ 1,416,153</u>
Cash dividends per share (NT\$)	\$ 79.60	\$ 80.463

Pro-partner's appropriation of earnings for 2021 that had been proposed by the Pro-partner's Board of Directors on February 17, 2022 was as follows:

	For the Year Ended December 31, 2021
Legal reserve	\$ 161,882
Cash dividends	<u>\$ 1,456,942</u>
Cash dividends per share (NT\$)	\$ 82.78

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on April 19, 2022.

d. Other equity items

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

	For the Year Ended December 31 2021	2020
Balance at beginning of year Recognized for the year	\$ (67,775)	\$ (84,506)
Exchange differences on translating the financial statements of foreign operations	<u>(7,792)</u>	<u>16,731</u>
Balance at end of year	<u>\$ (75,567)</u>	<u>\$ (67,775)</u>

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

	For the Year Ended December 31 2021	2020
Balance at beginning of year Recognized for the year	\$ (18,690)	\$ (16,246)
Unrealized gain (loss) - equity instruments	<u>2,052</u>	<u>(2,444)</u>
Balance at end of year	<u>\$ (16,638)</u>	<u>\$ (18,690)</u>

e. Non-controlling interests

	For the Year Ended December 31 2021	2020
Balance at beginning of year	\$ 1,353,980	\$ 1,297,431
Profit for the year	647,566	623,070
Comprehensive income (loss) for the year	<u>(560,389)</u>	<u>(566,462)</u>
Dividends paid to non-controlling interests	<u>(36)</u>	<u>(59)</u>
Remeasurement of defined benefit plans	<u>1,441,121</u>	<u>1,353,980</u>
Balance at end of year	<u>\$ 1,441,121</u>	<u>\$ 1,353,980</u>

f. Treasury shares

On January 3, 2017, the Company's Board of Directors resolved to repurchase its own shares as treasury shares for transferring to its employees. The repurchase period was from January 4, 2017 to March 3, 2017 and the number of shares to be repurchased was 3,000,000 shares with the unit price interval of \$118 to \$349.5. As of the end of the repurchase period, the number of shares repurchased was 508,000 shares with the average repurchase unit price of \$179.26. The carrying value of treasury shares was \$0 as of December 31, 2021 and 2020.

	Shares Transferred to Employees
Number of shares at December 31 and January 1, 2021	=
Number of shares at January 1, 2020	254,000
Transferred during the year	<u>(254,000)</u>
Number of shares at December 31, 2020	=

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

24. REVENUE

Revenue from contracts with customers
Revenue from the sale of goods
Revenue from the rendering of services

	For the Year Ended December 31
	2021
	<u>\$ 8,916,424</u>
	<u>881,822</u>
	<u>\$ 9,798,246</u>

a. Disaggregation of revenue

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

For the year ended December 31, 2021

Type of goods or services	Reportable Segments		Total
	MLM	ODM/OEM	
Sale of goods	\$ 8,000,102	\$ 660,914	\$ 8,916,424
Rendering of services	-	<u>881,822</u>	<u>881,822</u>
	<u>\$ 8,000,102</u>	<u>\$ 660,914</u>	<u>\$ 9,798,246</u>
<u>Timing of revenue recognition</u>			
Satisfied at a point in time	<u>\$ 8,000,102</u>	<u>\$ 660,914</u>	<u>\$ 9,798,246</u>

For the year ended December 31, 2020

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

2) Type of goods

For the Year Ended December 31

Type of goods	For the Year Ended December 31	
	2021	2020
Health food	\$ 8,112,795	\$ 7,653,183
ODM/OEM	1,137,230	916,891
Beverage	231,514	211,868
Others (Note)	<u>316,707</u>	<u>386,253</u>
	<u>\$ 9,798,246</u>	<u>\$ 9,168,195</u>

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

b. Contract balances

	December 31,		January 1,	
	2021	2020	2020	2020
Notes and accounts receivable, net	<u>\$ 232,957</u>	<u>\$ 199,448</u>	<u>\$ 199,453</u>	<u>\$ 199,453</u>
Accounts receivable from related parties	<u>\$ 67,739</u>	<u>\$ 2,248</u>	<u>\$ 2,248</u>	<u>\$ 2,603</u>
Contract liabilities - current				
Sale of goods	\$ 55,966	\$ 4,801	\$ 9,503	\$ 9,503
Rendering of services	<u>73,208</u>	<u>91,439</u>	<u>91,439</u>	<u>55,511</u>
	<u>\$ 129,174</u>	<u>\$ 96,240</u>	<u>\$ 96,240</u>	<u>\$ 65,014</u>

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

25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31
	2021
Financial assets at amortized cost	\$ <u>6,287</u>
	\$ <u>4,633</u>

b. Other income

	For the Year Ended December 31
	2021
Rental income	\$ 30,221
Others	<u>58,470</u>
	\$ <u>99,847</u>
	\$ <u>88,365</u>

c. Other gains and losses

	For the Year Ended December 31
	2021
Fair value changes of financial assets and financial liabilities	\$ 799
Financial assets mandatorily classified as at FVTPL	1,261
Gain on disposal of investment property	-
Net foreign exchange loss	(2,241)
Loss on disposal of property, plant and equipment	(437)
Others	<u>(413)</u>
	\$ <u>(1,031)</u>
	\$ <u>(6,930)</u>

d. Finance costs

	For the Year Ended December 31
	2021
Interest on bank loans	\$ 3,571
Interest on lease liabilities	1,886
Imputed interest on deposit	65
Unwinding of discount on provisions	80
Less: Amounts included in the cost of qualifying assets	<u>(1,591)</u>
	\$ 4,011
	\$ <u>14,341</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31
	2021
Capitalized interest amount	\$ 1,591
Capitalization rate	1.03%
	\$ 5,613
	1.06%

e. Depreciation and amortization

	For the Year Ended December 31
	2021
An analysis of depreciation by function	
Operating costs	\$ 210,562
Operating expenses	<u>205,839</u>
	\$ <u>416,401</u>
	\$ <u>403,854</u>

An analysis of amortization by function

Operating costs	\$ 168
Operating expenses	<u>11,151</u>
	\$ -
	\$ <u>11,151</u>

Note: The aforementioned depreciation included the depreciation of investment properties, which separately amounted to NT\$266 thousand for both of the years ended December 31, 2021 and 2020, and was recognized by the Company in other gains and losses

f. Operating expenses directly related to investment properties

	For the Year Ended December 31
	2021
Direct operating expenses from investment properties generating rental income	\$ 3,663
Direct operating expenses from investment properties not generating rental income	<u>4,381</u>
	\$ <u>8,044</u>
	\$ <u>8,849</u>

g. Employee benefits expense

	For the Year Ended December 31
	2021
Short-term benefits	\$ 1,085,864
Post-employment benefits (Note 22)	-
Defined contribution plan	32,003
Defined benefit plans	<u>500</u>
	\$ <u>1,117,367</u>
Share-based payments	-
Equity-settled	<u>17,398</u>
Other employee benefits	<u>17,256</u>
	\$ <u>1,135,765</u>
Total employee benefits expense	\$ <u>1,066,503</u>
An analysis of employee benefits expense by function	
Operating costs	\$ 266,987
Operating expenses	<u>868,778</u>
	\$ <u>1,135,765</u>
	\$ <u>1,066,503</u>

h. Compensation of employees and remuneration of directors and supervisors

According to the resolution of the Board of Directors, 6%-8% of profit of the current year is distributable as compensation of employees and no higher than 2% of profit of the current year is distributable as remuneration of directors and supervisors. However, the Company has to first offset accumulated losses, if any. For the years ended December 31, 2021 and 2020, the compensation of employees and the remuneration of directors and supervisors are as follows:

<u>Accrual rate</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Compensation of employees	8%	8%
Remuneration of directors and supervisors	2%	2%

<u>Amount</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Compensation of employees	\$ 119,297	\$ 118,532
Remuneration of directors and supervisors	29,824	29,633

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

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Compensation of employees	\$ 119,297	\$ 118,532
Remuneration of directors and supervisors	29,824	29,633

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	<u>2021</u>	<u>2020</u>
Current tax			
In respect of the current year	\$ 478,240	\$ 484,735	
Income tax on unappropriated earnings	10,571	13,405	
Adjustments for prior years	(24,084)	(13,546)	
	<u>464,727</u>	<u>484,594</u>	
Deferred tax			
In respect of the current year	2,190	(1,499)	
	<u>\$ 466,917</u>	<u>\$ 483,095</u>	

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Profit before tax from continuing operations	\$ 2,414,905	\$ 2,378,190
Income tax expense calculated at the statutory rate	\$ 706,906	\$ 687,200
Income tax on unappropriated earnings	10,571	13,405
Others	(226,476)	(203,964)
Adjustments for prior years' tax	<u>(24,084)</u>	<u>(13,546)</u>
	<u>\$ 466,917</u>	<u>\$ 483,095</u>

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Deferred tax</u>		
In respect of the current year	\$ 174	\$ 93
Remeasurement of defined benefit plans		
Total income tax recognized in other comprehensive income	<u>\$ 174</u>	<u>\$ 93</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, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance	Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences					Temporary differences				
Employee benefits payable	\$ 284	\$ -	\$ -	\$ 284	Unrealized revaluation	\$ (68,463)	\$ -	\$ -	\$ (68,463)
Allowance for uncollectible accounts	501	(501)	-	-	Defined benefit liabilities (assets) - the Company	(212)	-	(129)	(341)
Employee benefits	242	(121)	-	121					
Unrealized scrap value of inventory	5	(5)	-	-					
Right-of-use assets	739	295	-	1,034					
Defined benefit liabilities (assets) - subsidiary	309	(18)	23	314					
Unrealized intragroup profits and losses	8,792	(1,840)	-	6,952					
	<u>\$ 10,872</u>	<u>\$ (2,190)</u>	<u>\$ 23</u>	<u>\$ 8,705</u>					

d. Income tax assessments

The tax authorities have assessed the income tax returns of the Company through 2019.

27. EARNINGS PER SHARE

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Basic earnings per share	\$ 8.81	\$ 9.34
Diluted earnings per share	\$ 8.76	\$ 9.29

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

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Net profit for the year	\$ 1,300,423	\$ 1,272,025
Earnings used in the computation of basic earnings and diluted earnings per share	\$ 1,300,423	\$ 1,272,025

Weighted average number of ordinary shares outstanding

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	147,553	136,132
Effect of potentially dilutive ordinary shares		
Compensation of employees	847	755
Weighted average number of ordinary shares used in the computation of diluted earnings per share	148,400	136,887

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, 2021 and 2020:

	For the Year Ended December 31	
	2021	2020
Additions of property, plant and equipment	\$ (176,464)	\$ (1,096,234)
Changes in prepayments for purchases	(132,879)	(88,551)
Changes in payables for purchases of equipment	34,145	(29,910)
Changes in other financial assets	-	960
Payments for acquisition of property, plant and equipment	<u>\$ (275,198)</u>	<u>\$ (1,213,735)</u>

- b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	January 1, 2021	Cash Flows	Lease Change	Non-cash Changes		December 31, 2021
				Finance Costs	Exchange Rate Impact	
Short-term borrowings	\$ 500,000	\$ (500,000)	-	-	-	-
Long-term borrowings	1,421,261	(1,326,896)	-	-	-	94,365
Guarantee deposits received	19,026	(6,015)	-	-	-	13,011
Lease liabilities	162,729	(44,118)	56,901	1,886	(5)	177,393
	<u>\$ 2,103,016</u>	<u>\$ 1,877,029</u>	<u>\$ 56,901</u>	<u>\$ 1,886</u>	<u>\$ (5)</u>	<u>\$ 284,769</u>

For the year ended December 31, 2020

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

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

28. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

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

Information on employee share options is as follows:

	For the Nine Months Ended September 30, 2020	
	Number of Options	Weighted -average Exercise Price (Share/\$)
Employee share options		
Balance at January 1	-	\$ -
Options granted	254	176.19
Options exercised	(254)	176.19
Balance at December 31	-	-
Options exercisable, end of period	-	-
Weighted-average fair value of options granted (share/\$)	<u>\$ 9.8</u>	

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

	August 2020
Grant-date share price	\$ 186.00
Exercise price per share	\$ 176.19
Expected volatility	2.14%
Expected life	0.0384 year
Expected dividend yield	0.00%
Risk-free interest rate	0.2679%

Compensation costs recognized were NT\$2,489 thousand for the years ended December 31, 2020.

31. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 200,379	\$ -	\$ -	\$ 200,379
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments - unlisted shares	\$ -	\$ -	\$ 11,390	\$ 11,390

December 31, 2020

<u>Financial assets at FVTPL</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in equity instruments - unlisted shares	\$ -	\$ -	\$ 9,338	\$ 9,338

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, 2021

Financial Assets

Balance at beginning of year
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)

Balance at end of year

<u>Financial Assets at FVTOCI</u>	<u>Equity Instruments</u>
\$ 9,338	\$ 9,338
2,052	2,052
<u>\$ 11,390</u>	<u>\$ 11,390</u>

For the year ended December 31, 2020

Financial Assets

Balance at beginning of year
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)

Balance at end of year

<u>Financial Assets at FVTOCI</u>	<u>Equity Instruments</u>
\$ 11,782	\$ 11,782
(2,444)	(2,444)
<u>\$ 9,338</u>	<u>\$ 9,338</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach. The market approach is used to arrive at their fair values, for which the recent financing activities of investees, the market transaction prices of the similar companies and market conditions are considered. The significant unobservable inputs are as follows. The lower the discount for lack of marketability, the higher the fair value of the shares.

<u>Discount for lack of marketability</u>	<u>December 31</u>
	<u>2021</u>
	<u>2020</u>
	30%

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

<u>Discount for lack of marketability</u>	<u>December 31</u>
	<u>2021</u>
	<u>2020</u>
1% increase	\$ (163)
1% decrease	\$ 163
	<u>\$ (133)</u>
	<u>\$ 133</u>

c. Categories of financial instruments

Financial assets

Financial assets at FVTPL
Mandatorily classified as at FVTPL
Financial assets at amortized cost
Cash and cash equivalents
Financial assets at amortized cost
Notes and accounts receivable, net
Accounts receivable from related parties
Other receivables
Other receivables from related parties
Financial assets at FVTOCI
Equity instruments

<u>Financial Assets at FVTOCI</u>	<u>Equity Instruments</u>
\$ 200,379	\$ -
3,635,197	2,927,029
75,178	90,982
232,957	199,448
67,739	2,248
13,125	3,533
-	12
<u>11,390</u>	<u>9,338</u>
<u>\$ 4,235,965</u>	<u>\$ 3,232,590</u>

(Continued)

	<u>December 31</u>	<u>2020</u>
	<u>2021</u>	
Financial liabilities at amortized cost		
Short-term borrowings	\$ -	\$ 500,000
Notes and accounts payable	268,964	255,318
Other payables	1,817,560	1,753,884
Other payables to related parties	66,810	37,641
Long-term borrowings (current portion included)	<u>94,365</u>	<u>1,421,261</u>
	<u>\$ 2,247,699</u>	<u>\$ 3,968,104</u>
		(Concluded)

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

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

a) Foreign currency risk

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

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

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

	<u>Currency USD Impact</u>
	<u>For the Year Ended December 31</u>
	<u>2021</u>

Profit or loss \$ 13,580 \$ 13,702

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:

	<u>December 31</u>	<u>2020</u>
	<u>2021</u>	
Fair value interest rate risk		
Financial assets	\$ 75,178	\$ 90,982
Financial liabilities	271,758	2,083,989
Cash flow interest rate risk		
Financial assets	3,627,219	2,921,465

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, 2021 and 2020 would change by NT\$3,627 thousand and NT\$2,921 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. The Group also uses certain credit enhancement instruments such as contractual liabilities at appropriate times to reduce the credit risk of specific customers.

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, 2021 and 2020, 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, 2021

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

Additional information about the maturity analysis for lease liabilities:

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

December 31, 2020

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Notes and accounts payable	\$ 255,318	\$ -	\$ -	\$ -	\$ -	\$ 255,318
Other payables (related parties included)	1,591,625	199,900	29,702	-	-	1,791,525
Lease liabilities	25,700	17,780	-	45,576	54,761	173,519
Variable interest rate liabilities	23,794	23,688	503,997	395,829	413,851	1,361,159
Fixed interest rate liabilities	504,888	4,579	9,158	27,474	86,238	632,337
	<u>\$ 2,401,325</u>	<u>\$ 245,947</u>	<u>\$ 542,857</u>	<u>\$ 468,879</u>	<u>\$ 554,850</u>	<u>\$ 4,213,858</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 43,480	\$ 75,278	\$ 18,966	\$ 8,802	\$ 8,802	\$ 18,191
Variable interest rate liabilities	47,482	899,826	222,582	191,269	-	-
Fixed interest rate liabilities	509,467	36,652	45,790	40,448	-	-
	<u>\$ 600,429</u>	<u>\$ 1,001,756</u>	<u>\$ 287,338</u>	<u>\$ 240,519</u>	<u>\$ 8,802</u>	<u>\$ 18,191</u>

b) Financing facilities

December 31

Short-term borrowings amount	\$ 1,738,000
Amount unused	<u>\$ 1,188,000</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
Pu Hsing Enterprise Co., Ltd. (Pu Hsing)	Other related party	A director of Pro-partner
Taipei City Pro-partner Technology and Human Development Foundation (Pro-partner Foundation)	Other related party	Pro-partner is its sole founder

(Continued)

Related Party Name	Related Party Category	Relationship with the Group	Related Party Name	Related Party Category	Relationship with the Group
Gongju Co., Ltd. (Gongju)	Other related party	Supervisor of Pro-partner (from June 3, 2018 to June 2, 2021)	President (Shanghai) Trading Co., Ltd. (President (Shanghai) Trading)	Other related party	Subsidiary of a director of the Company
Laser Solution Technology Co., Ltd. (Laser Solution)	Other related party	Supervisor of Pro-partner (from June 3, 2021 to June 2, 2024)	GK BIO INTERNATIONAL SDN. BHD.	Associate	Investee of the Company accounted for using the equity method (Concluded)
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 Hsiung Co., Ltd. (Tung Hsiung)	Other related party	Subsidiary of a director of the Company			
Uni-President Vender Corp. (Uni-President Vender)	Other related party	Subsidiary of a director of the Company			
Tong-Yo Co., Ltd. (Tong-Yo)	Other related party	Subsidiary of a director of the Company			
RSI, Retail Support International Corp. (Retail Support)	Other related party	Subsidiary of a director of the Company			
Sheng-Miao Industrial Corp. (Sheng-Miao)	Other related party	Subsidiary of a director of the Company			
Tung-Bo Enterprise Corp. (Tung-Bo)	Other related party	Subsidiary of a director of the Company			
Xin-Tung Enterprise Corp. (Xin-Tung)	Other related party	Subsidiary of a director of the Company			
Tong-Yeen Enterprises Corp. (Tong-Yeen)	Other related party	Subsidiary of a director of the Company			
Wei-Tong Enterprise Corp. (Wei-Tong)	Other related party	Subsidiary of a director of the Company			
President 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			
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			
					(Continued)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Sales	Other related party Associate	\$ 79,245 23,075	\$ 1,503 11,877
		<u>\$ 102,320</u>	<u>\$ 13,380</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	
		2021	2020
Purchases of goods	Other related party	\$ 1,126	\$ -
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	
		2021	2020
Contract liabilities	Other related party	\$ 564	\$ -
e. Receivables from related parties			
Line Item	Related Party Category/Name	December 31	
		2021	2020
Accounts receivable from related parties	Tung Hsiung Tung-Ju GK BIO INTERNATIONAL SDN. BHD. Other related party	\$ 33,663 19,076 8,908 6,092	\$ - - 2,248 -
Other receivables from related parties			
	Xinlin Investment	\$ 67,739	\$ 2,248
		<u>\$ -</u>	<u>\$ 12</u>

f. Payables to related parties

Line Item	December 31		Related Party Category/Name	For the Year Ended December 31	
	2021	2020		2021	2020
Other payables to related parties	\$ 19,170	\$ 17,848	Tung Hsying	\$ 10	\$ -
	18,563	-	Pu Hsing		
	18,532	-	Laser Solution	\$ 45	\$ -
	-	19,793	Gongju		
	10,545	-	Other related party	\$ 10,256	\$ -
	<u>\$ 66,810</u>	<u>\$ 37,641</u>			

g. Prepayments

Line Item	December 31		Related Party Category/Name	For the Year Ended December 31	
	2021	2020		2021	2020
Prepayments	\$ 110	\$ -	Other related party	\$ 9,793	\$ 5,595

h. Lease arrangements

Line Item	December 31		Related Party Category/Name	For the Year Ended December 31	
	2021	2020		2021	2020
Lease liabilities	\$ 29,866	\$ 29,466	Other related party	\$ 450	\$ 650
			Pu-Lin		

Related Party Category

Interest expense

Line Item	December 31		Related Party Category/Name	For the Year Ended December 31	
	2021	2020		2021	2020
Other related party	\$ 400	\$ 454	Other related party	\$ 53	\$ -

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

i. Other transactions with related parties

Line Item	December 31		Related Party Category/Name	For the Year Ended December 31	
	2021	2020		2021	2020
Refundable deposits	\$ 1,619	\$ 1,068	Other related party	\$ 11	\$ 17
Guarantee deposits received	\$ 2	\$ 2	Other related party	\$ 36	\$ 31
Advance receipts (classified as other current liabilities)	\$ 25	\$ 29	Other related party		

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 234,214	\$ 228,883
Post-employment benefits	<u>225</u>	<u>363</u>
	<u>\$ 234,439</u>	<u>\$ 229,246</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:

	<u>December 31</u>	<u>2020</u>
Property, plant and equipment - land	\$ 3,004,629	\$ 3,004,629
Property, plant and equipment - buildings	1,014,043	1,050,018
Pledged time deposits (classified as financial assets at amortized cost - non-current)	<u>13,320</u>	<u>13,320</u>
	<u>\$ 4,031,992</u>	<u>\$ 4,067,967</u>

Secured bank facilities used in response to operating funds by the Group's property, plant and equipment - land/building as of December 31, 2021 and 2020 are as follows:

	<u>December 31</u>	<u>2020</u>
Short-term financing facilities	\$ 1,238,000	\$ 1,238,000
Medium and long-term financing facilities	<u>1,000,000</u>	<u>1,219,028</u>
	<u>\$ 2,238,000</u>	<u>\$ 2,457,028</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. The Company's guarantee notes issued to banks for credit lines amounted to NT\$400,000 thousand as of December 31, 2021.

b. Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2021 were as follows:

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Outstanding Balance</u>
Plant and machinery	\$ 433,800	\$ 22,292	\$ 411,508

c. For operational needs, Pro-partner established operational bases in Taoyuan, Hsinchu, Fengyuan, Taichung, Hualien, Tainan and Kaohsiung. The information concerning the operating leases as of December 31, 2021 is listed below:

<u>Operating Location</u>	<u>Lessor</u>	<u>Lease Periods</u>	<u>Monthly Rental</u>
Taoyuan City	Taoyuan Irrigation Association	2020.02.01-2025.01.31	\$ 360
Taoyuan City	Passion Technology Co., Ltd.	2020.05.01-2025.04.30	280
Hsinchu City	Lin, Zhuang-Long, Wu, Yi-Wan	2016.11.01-2021.10.31	350
Fengyuan Dist.	Lin, Fen-Ling	2020.06.01-2023.05.31	70
Taichung City	Pu-Lin Ltd.	2007.11.01-2027.11.01	220
Taichung City	Pu-Lin Ltd.	2010.04.01-2030.03.31	129
Hualien City	Liou, Chuen-Hou, Liou, Chuen-Lung	2019.09.01-2021.08.31	130
Tainan City	Cathy Life Insurance Co., Ltd.	2016.03.21-2021.07.31	418
Kaohsiung City	Kazu Kuwae Trading Co., Ltd.	2021.12.01-2025.03.31	71

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:

	<u>December 31, 2021</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,493	27.68(USD:NTD)	\$ 96,686
USD	1,938	6.367(USD:CNY)	<u>\$ 53,644</u>
<u>Financial liabilities</u>			
Monetary items			
USD	42	27.68(USD:NTD)	\$ 1,163
USD	483	6.367(USD:CNY)	<u>\$ 13,369</u>

December 31, 2020

Financial assets

	Foreign Currency	Exchange Rate	Carrying Amount
Monetary items			
USD	\$ 3,276	28.48 (USD:NTD)	\$ 93,300
USD	1,896	6.525 (USD:CNY)	<u>\$ 53,998</u>

Financial liabilities

Monetary items	361	6.525 (USD:CNY)	<u>\$ 10,281</u>
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For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were NTS(2,241) thousand and NTS(6,166) 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 joint ventures):
Table 1;
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 2;
 - 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 amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3;
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4;
 - 9) Trading in derivative instruments: None;
 - 10) Intercompany relationships and significant intercompany transactions: Table 5;
- b. Information on investees: Table 6;

c. Information on investments in mainland China

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, net income (losses) of the investee, investment income (losses), ending balance, amount received as dividends from the investee, and the limitation on investee: Table 7.
 - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment and unrealized gain or loss: None;
- d. Information on major shareholders:
- List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8;

37. SEGMENTS INFORMATION

The Group determined its operating segments based on business activities with discrete financial information regularly reported through the Group's internal reporting protocols to the Group's chief operating decision maker. The Group is organized into several business units based on its marketing channels and services. As of December 31, 2021 and 2020, the Group had the following segments: MLM (Multi-Level Marketing), Distributors, and ODM/OEM (Original Design Manufacturer/Original Equipment Manufacturer).

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

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

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

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

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

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

a. Segment revenue and results

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

For the year ended December 31, 2021

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Revenue from external customers	\$ 8,000,102	\$ 660,914	\$ 1,137,230 (Note)	\$ -	\$ 9,798,246
Inter-segment revenue	1,596,461	230,055	161,102	(1,987,618)	-
Segment revenue	<u>\$ 9,596,563</u>	<u>\$ 890,969</u>	<u>\$ 1,298,332</u>	<u>\$ (1,987,618)</u>	<u>\$ 9,798,246</u>
Segment income	<u>\$ 2,047,129</u>	<u>\$ 26,146</u>	<u>\$ 159,740</u>	<u>\$ 78,569</u>	<u>\$ 2,311,584</u>

Note: ODM/OEM revenues from external customers in Taiwan and Shanghai amounted to NT\$255,408 thousand and NT\$881,822 thousand, respectively.

For the year ended December 31, 2020

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

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

b. Total segment assets and liabilities

December 31, 2021

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Segment assets	\$ 15,209,320	\$ 969,912	\$ 2,631,282	\$ (4,749,635)	\$ 14,060,879
Segment liabilities	<u>\$ 3,541,931</u>	<u>\$ 219,528</u>	<u>\$ 254,723</u>	<u>\$ (384,718)</u>	<u>\$ 3,631,464</u>

December 31, 2020

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

c. Other segment information

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

For the year ended December 31, 2021

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Depreciation and amortization	\$ 365,978	\$ 21,019	\$ 42,924	\$ (2,468)	\$ 427,453
Interest expense	<u>\$ 4,005</u>	<u>\$ 134</u>	<u>\$ 48</u>	<u>\$ (176)</u>	<u>\$ 4,011</u>
Amounts of additions to non-current assets (Note)	<u>\$ 219,119</u>	<u>\$ 18,054</u>	<u>\$ 37,654</u>	<u>\$ -</u>	<u>\$ 274,827</u>

For the year ended December 31, 2020

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

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:

	2021	2020
Health food	\$ 8,112,795	\$ 7,653,183
ODM/OEM	1,137,230	916,891
Beverage	231,514	211,868
Others (Note)	<u>316,707</u>	<u>386,253</u>
	<u>\$ 9,798,246</u>	<u>\$ 9,168,195</u>

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

e. Geographical information

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

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended		December 31	
	2021	2020	2021	2020
Taiwan	\$ 8,881,217	\$ 8,335,001	\$ 8,504,988	\$ 8,572,421
China	895,987	821,317	496,195	507,471
Others	<u>21,042</u>	<u>11,877</u>	-	-
	<u>\$ 9,798,246</u>	<u>\$ 9,168,195</u>	<u>\$ 9,001,183</u>	<u>\$ 9,079,892</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, 2021.

TABLE 1

GRAPE KING BIO LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021

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

Held Company Name	Marketable Securities Type And Name	Relationship with the Company	Financial Statement Account	December 31, 2021			Note	
				Shares	Carrying Amount	Percentage of Ownership (%)		Fair Value
Grape King Bio Ltd.	Stock FU-Sheng International Inc. (SAMOA)	-	Financial assets at fair value through other comprehensive income - non-current	917,700	\$ 11,380	18.77	\$ 11,380	-
	Hsin Tung Yang Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	10	-	10	-
	Mutual funds Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,101,392,90	100,182	-	100,182	-
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,584,833.14	100,197	-	100,197	-

TABLE 2

GRAPE KING BIO LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition (Note 1)		Disposal (Note 1)		Carrying Amount (Note 1)		Gain (Loss) on Disposal		Ending Balance (Note 3)	
					Number of Units (In Thousands)	Amount	Number of Units (In Thousands)	Amount	Number of Units (In Thousands)	Amount	Number of Units (In Thousands)	Amount	Number of Units (In Thousands)	Amount	Number of Units (In Thousands)	Amount
Grape King Bio Ltd.	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	24,391	\$ 400,000	18,290	\$ 300,115	300,000	\$ 115	6,101	\$ 100,182		
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	28,988	350,000	28,988	350,175	350,000	175	-	-		
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	21,498	350,000	21,498	350,130	350,000	130	-	-		

Note 1: The cumulative amount of securities acquired or disposed of should be calculated separately, based on the market price, whether it reaches NT\$300 million or 20% of the paid-in capital.

Note 2: Paid-in capital refers to the paid-in capital of Grape King Bio Ltd.

Note 3: The amount of ending balance includes the amount of unrealized gains and losses.

TABLE 3

GRAPE KING BIO LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details		Abnormal Transaction (Note 1) Unit Price	Payment Terms	Notes/Accounts Payable or Receivable Ending Balance	% to Total	Note
			Purchases/Sales	Amount					
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Sales	\$ 1,596,461	65.11	30 days after monthly closing	\$ 196,673	54.99	Note 2
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	227,782	9.29	120 days after monthly closing	92,188	25.77	Note 2
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,596,461	98.43	30 days after monthly closing	(196,673)	97.85	Note 2
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	227,782	100.00	120 days after monthly closing	(92,188)	100.00	Note 2

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

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

TABLE 4

GRAPE KING BIO LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	\$ 196,673	8.30	\$ -	-	\$ 196,673	\$ -

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

TABLE 5

GRAPE KING BIO LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Net revenue from sale of goods	\$ 1,596,461	By contract	16.29%
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts receivable	196,673	By contract	1.40%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Net revenue from sale of goods	227,782	By contract	2.32%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Accounts receivable	92,188	By contract	0.66%

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

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

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

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

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

TABLE 6

GRAPE KING BIO LTD. AND SUBSIDIARIES

**INFORMATIONS ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021**
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021		Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				December 31, 2021	December 31, 2020	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	\$ 102,981	\$ 100,929	Notes 1, 2 and 3
	Rivershine Ltd.	Taoyuan, Taiwan	Import and selling of health food, drinks, cosmetics, sports apparatus, cleaning products, etc.	15,000	15,000	10,560,000	60	1,618,914	971,640	Notes 1 and 2
		Taoyuan, Taiwan	Import and selling of health food, drinks, daily cosmetics, appliances, etc.	30,000	30,000	3,000,000	100	5,825	5,825	Note 2
	GK BIO INTERNATIONAL SDN. BHD.	Malaysia	Import and selling of health products	6,810	6,810	900,000	30	18,621	5,723	Note 1

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT\$(1,703) 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.

TABLE 7

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated 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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsule, tablet, related products and services.	USD 27,900	Note 1(2) Note 3	\$ 847,672 (USD 27,350)	\$ -	\$ -	\$ 847,672 (USD 27,350)	\$ 104,542 Note 2(2)B	100%	\$ 102,490 Note 2(2)B	\$ 1,034,223	\$ -
Shanghai Yusong Co., Ltd.	Stock management and related services of the thermostatic fresh freezing warehouse.	USD 4,890	Note 1(2) Note 4	26,794 (USD 878)	-	-	26,794 (USD 878)	- Note 2(3)	18.77%	- Note 2(3)	11,380 Note 2(3)	-
Shanghai Rivershine Ltd.	Food distribution (except gram), food packaging materials, cosmetics wholesale, import and export, commission agents (except auction), related products and services.	USD 650	Note 1(2) Note 5	4,060 (USD 150)	14,230 (USD 500) Note 8	-	18,290 (USD 650)	(570) Note 2(2)B	100%	(570) Note 2(2)B	17,776	-
Dongpu Biotech Corporation	Biotechnology R&D and transfer; sales of biological products, special foods (health foods), food materials, food packaging materials, cosmetics, daily necessities; commission agents (excluding auctions); import and export of goods.	RMB 5,000	Note 1(1) Note 6	23,200 (RMB 5,000)	-	-	23,200 (RMB 5,000)	(1,266) Note 2(2)B	100%	(1,266) Note 2(2)B	27,024	-

(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Shanghai Changhong Biotechnology Co., Ltd.	Biotechnology consultation, biotechnology R&D and transfer, import and export of goods or transfers of technology, brand planning, corporate image and marketing planning, conference services, social and economic consulting services, business information consulting, self-owned equipment leasing, domestic cargo transportation agent, sales and online retail of knitted textiles, etc.	USD 700	Note 1(1) Note 7	\$ 7,273 (USD 246)	\$ -	\$ -	\$ 7,273 (USD 246)	\$ (9,095) Note 2(2)B	35.1%	\$ (3,192) Note 2(2)B	\$ 4,114	\$ -
Shanghai Xinquan Biotechnology Co., Ltd.	Biotechnology technical consultation, service and transfer, sales of cosmetic and daily necessities, etc.	RMB 5,000	Note 1(2) Note 9	-	-	-	-	(669) Note 2(2)B	45%	(301) Note 2(2)B	9,472	-

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOE, A	Upper Limit on Investment
\$ 923,229	\$ 923,229	\$ 6,257,649

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

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

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

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

(Continued)

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

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

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

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

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

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

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

Note 6: The Company directly invested in Dongpu Biotech Corporation. On June 25, 2021, the Company resolved to liquidate Dongpu Biotech Corporation, which is currently undergoing its liquidation procedures.

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

Note 8: The Company invested Shanghai Rivershine Ltd. with cash by increasing capital NT\$14,230 thousand (US\$500 thousand) through its subsidiary GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI).

Note 9: The Company invested in Shanghai Xinquan Biotechnology Co., Ltd. through subsidiary Shanghai Rivershine Ltd.

(Concluded)

TABLE 8**GRAPE KING BIO LTD.****INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

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

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

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

A hand holding a silver pen is pointing at a calendar grid. The pen is positioned over the date '24', which is circled. Other dates like '27' and '28' are also circled. The background is a blurred calendar page with a blue ruler at the bottom.

Appendix II

Parent Company Only
Financial Statements
with Report of Independent
Accountants for the Year
Ended Dec 31, 2021 and 2020



Grape King Bio Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2021 and 2020 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, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2021. 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, 2021 is described as follows:

Valuation of Inventory

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

inventory. Refer to Notes 4, 5, and 11 to the parent company only financial statements for the details on the valuation of inventory. The net carrying amount of inventory as of December 31, 2021 for the Company amounted to NT\$568,177 thousand, which was significant to the parent company only financial statements, and the criteria to determine loss on inventory vary according to different categories of inventories which require critical accounting estimates. Consequently, the valuation of inventory was identified as a key audit matter.

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

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

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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




Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS								
Cash and cash equivalents (Note 6)	\$ 531,713	5	\$ 341,406	4	\$ 500,000	-	\$ 500,000	5
Financial assets at fair value through profit or loss (Note 7)	200,379	2	-	-	-	-	-	-
Financial assets at amortized cost (Note 9)	13,940	-	8,940	-	175,949	2	175,949	2
Notes and accounts receivable, net (Notes 10 and 22)	53,822	1	46,816	-	362,380	4	362,380	4
Accounts receivable from related parties (Notes 22 and 30)	303,853	3	239,622	3	1,322	-	1,322	-
Other receivables	1,315	-	1,073	-	110,639	2	110,639	1
Other receivables from related parties (Note 30)	74,151	1	72,185	1	13,695	-	13,695	-
Inventories (Note 11)	568,177	6	545,301	6	16,751	-	16,751	-
Other current assets (Note 17)	35,564	-	50,455	-	2,856	-	2,856	-
Total current assets	1,782,914	18	1,305,798	14	41,533	-	41,533	1
NON-CURRENT ASSETS								
Financial assets at fair value through other comprehensive income (Note 8)	11,390	-	9,338	-	766,826	8	1,222,269	13
Financial assets at amortized cost (Notes 9 and 31)	9,600	-	9,600	-	87,375	1	1,260,700	13
Investments accounted for using the equity method (Note 12)	3,302,366	33	3,062,199	33	69,001	1	68,804	1
Property, plant and equipment (Notes 13, 31 and 32)	4,461,666	45	4,481,146	48	50,883	-	61,521	1
Right-of-use assets (Note 14)	63,452	1	73,571	1	5,488	-	9,217	-
Investment properties (Note 15)	234,169	2	234,556	3	212,747	2	1,400,242	15
Intangible assets (Note 16)	17,627	-	19,019	-	979,573	10	2,622,511	28
Deferred tax assets (Note 24)	84,405	-	1,027	-	-	-	-	-
Other non-current assets (Notes 17 and 20)	84,278	-	50,731	-	-	-	-	-
Total non-current assets	8,184,953	82	7,941,187	86	1,481,374	15	1,362,864	15
TOTAL	<u>\$ 9,967,867</u>	<u>100</u>	<u>\$ 9,246,985</u>	<u>100</u>	<u>\$ 9,967,867</u>	<u>100</u>	<u>\$ 9,246,985</u>	<u>100</u>
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Short-term borrowings (Notes 18 and 31)	-	-	-	-	-	-	-	-
Contract liabilities (Note 22)	18,284	-	-	-	18,284	-	-	-
Notes and accounts payable	192,060	2	8,940	-	192,060	2	175,949	2
Other payables to related parties (Note 30)	402,321	4	46,816	-	402,321	4	362,380	4
Current tax liabilities (Note 24)	1,102	-	1,073	-	1,102	-	1,322	-
Lease liabilities (Note 14)	129,135	2	72,185	1	129,135	2	110,639	1
Other current liabilities (Note 19)	14,078	-	13,151	-	14,078	-	13,695	-
Current portion of long-term borrowings (Notes 18 and 31)	2,856	-	545,301	6	2,856	-	16,751	-
Total current liabilities	6,990	-	1,305,798	14	6,990	-	41,533	1
NON-CURRENT LIABILITIES								
Long-term borrowings (Notes 18 and 31)	-	-	-	-	-	-	-	-
Deferred tax liabilities (Note 24)	87,375	1	9,338	-	87,375	1	1,260,700	13
Lease liabilities (Note 14)	69,001	1	9,600	-	69,001	1	68,804	1
Other non-current liabilities (Notes 19 and 30)	50,883	-	3,062,199	33	50,883	-	61,521	1
Total non-current liabilities	5,488	-	4,481,146	48	5,488	-	9,217	-
Total liabilities	<u>2,12,747</u>	<u>2</u>	<u>234,556</u>	<u>3</u>	<u>2,12,747</u>	<u>2</u>	<u>1,400,242</u>	<u>15</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)	<u>979,573</u>	<u>10</u>	<u>7,941,187</u>	<u>86</u>	<u>979,573</u>	<u>10</u>	<u>2,622,511</u>	<u>28</u>
Share capital	1,481,374	15	1,481,374	15	1,481,374	15	1,362,864	15
Capital surplus	2,869,691	29	2,869,691	29	2,869,691	29	971,717	11
Retained earnings	1,198,125	12	86,465	1	1,198,125	12	1,070,880	11
Legal reserve	86,465	1	86,465	1	86,465	1	100,752	1
Special reserve	3,444,844	34	3,444,844	34	3,444,844	34	3,204,726	35
Unappropriated earnings	4,729,434	47	4,729,434	47	4,729,434	47	4,376,358	47
Total retained earnings	(92,202)	(1)	8,988,294	90	(92,202)	(1)	(86,465)	(1)
Other equity	8,988,294	90	8,988,294	90	8,988,294	90	6,624,474	72
TOTAL	<u>\$ 9,967,867</u>	<u>100</u>	<u>\$ 9,246,985</u>	<u>100</u>	<u>\$ 9,967,867</u>	<u>100</u>	<u>\$ 9,246,985</u>	<u>100</u>

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021	%	2020	%
	Amount		Amount	
NET REVENUE (Notes 22 and 30)	\$ 2,451,872	100	\$ 2,175,969	100
COST OF GOODS SOLD (Notes 11 and 23)	<u>(1,290,204)</u>	<u>(52)</u>	<u>(1,051,819)</u>	<u>(49)</u>
GROSS PROFIT	1,161,668	48	1,124,150	51
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	<u>6,575</u>	<u>-</u>	<u>(7,162)</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>1,168,243</u>	<u>48</u>	<u>1,116,988</u>	<u>51</u>
OPERATING EXPENSES (Notes 20, 23 and 30)	<u>(433,269)</u>	<u>(18)</u>	<u>(374,549)</u>	<u>(17)</u>
Selling and marketing	<u>(318,850)</u>	<u>(13)</u>	<u>(290,508)</u>	<u>(13)</u>
General and administrative	<u>(245,045)</u>	<u>(10)</u>	<u>(217,615)</u>	<u>(10)</u>
Research and development	<u>(997,164)</u>	<u>(41)</u>	<u>(882,672)</u>	<u>(40)</u>
Total operating expenses	<u>1,171,079</u>	<u>7</u>	<u>234,316</u>	<u>11</u>
INCOME FROM OPERATIONS	<u>279</u>	<u>-</u>	<u>279</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Notes 12, 23 and 30)	<u>90,730</u>	<u>4</u>	<u>79,857</u>	<u>4</u>
Interest income	<u>1,675</u>	<u>-</u>	<u>(947)</u>	<u>-</u>
Other income	<u>(1,328)</u>	<u>-</u>	<u>(10,931)</u>	<u>(1)</u>
Other gains and losses	<u>1,079,659</u>	<u>44</u>	<u>1,030,915</u>	<u>47</u>
Finance costs	<u>1,171,008</u>	<u>48</u>	<u>1,099,173</u>	<u>50</u>
Share of profit of subsidiaries and associates	<u>1,342,087</u>	<u>55</u>	<u>1,333,489</u>	<u>61</u>
Total non-operating income	<u>(41,664)</u>	<u>(2)</u>	<u>(61,464)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	<u>1,300,423</u>	<u>53</u>	<u>1,272,025</u>	<u>58</u>
INCOME TAX EXPENSE (Note 24)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,300,423</u>	<u>53</u>	<u>1,272,025</u>	<u>58</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21)	<u>983</u>	<u>-</u>	<u>646</u>	<u>-</u>
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	<u>2,052</u>	<u>-</u>	<u>(2,444)</u>	<u>-</u>
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	<u>(67)</u>	<u>-</u>	<u>(111)</u>	<u>-</u>
Remeasurement of defined benefit plans for subsidiaries recognized using the equity method	<u>(184)</u>	<u>-</u>	<u>(107)</u>	<u>-</u>
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

GRAPE KING BIO LTD.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021	%	2020	%
	Amount		Amount	
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>\$ (7,325)</u>	<u>-</u>	<u>\$ 16,941</u>	<u>1</u>
Exchange differences on translating the financial statements of foreign operations of associate	<u>(467)</u>	<u>-</u>	<u>(210)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(5,008)</u>	<u>-</u>	<u>14,715</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,295,415</u>	<u>53</u>	<u>\$ 1,286,740</u>	<u>59</u>
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	<u>\$ 8.81</u>		<u>\$ 9.34</u>	
Diluted earnings per share	<u>\$ 8.76</u>		<u>\$ 9.29</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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Share Capital - Ordinary Shares		Retained Earnings			Others				Total Equity
	Number of Share (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	Treasury Shares	
BALANCE AT JANUARY 1, 2020	136,286	\$ 1,362,864	\$ 968,724	\$ 939,947	\$ 74,671	\$ 2,973,497	\$ (84,506)	\$ (16,246)	\$ (45,530)	\$ 6,173,421
Appropriation of 2019 earnings	-	-	-	-	-	(130,933)	-	-	-	-
Legal reserve	-	-	-	130,933	-	(130,933)	-	-	-	-
Special reserve	-	-	-	-	26,081	(26,081)	-	-	-	-
Cash dividends	-	-	-	-	-	(884,210)	-	-	-	(884,210)
Share-based payment arrangements	-	-	1,578	-	-	-	-	-	45,530	47,108
Change in other capital surplus	-	-	1,415	-	-	-	-	-	-	1,415
Net profit for the year ended December 31, 2020	-	-	-	-	-	1,272,025	-	-	-	1,272,025
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	428	16,731	(2,444)	-	14,715
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,272,453	16,731	(2,444)	-	1,286,740
BALANCE AT DECEMBER 31, 2020	136,286	1,362,864	971,717	1,070,880	100,752	3,204,726	(67,775)	(18,690)	-	6,624,474
Appropriation of 2020 earnings	-	-	-	-	-	(127,245)	-	-	-	-
Legal reserve	-	-	-	127,245	-	(127,245)	-	-	-	-
Special reserve	-	-	-	-	(14,287)	14,287	-	-	-	-
Cash dividends	-	-	-	-	-	(948,079)	-	-	-	(948,079)
Change in other capital surplus	-	-	1,814	-	-	-	-	-	-	1,814
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,300,423	-	-	-	1,300,423
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	732	(7,792)	2,052	-	(5,008)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,301,155	(7,792)	2,052	-	1,295,415
Issuance of ordinary shares for cash	11,851	118,510	1,896,160	-	-	-	-	-	-	2,014,670
BALANCE AT DECEMBER 31, 2021	148,137	\$ 1,481,374	\$ 2,869,691	\$ 1,198,125	\$ 86,465	\$ 3,444,844	\$ (75,567)	\$ (16,638)	\$ -	\$ 8,988,294

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,342,087	\$ 1,333,489
Adjustments for:		
Depreciation expenses	271,311	257,572
Amortization expenses	5,367	5,422
Expected credit loss	-	4,841
Net gain on financial assets at fair value through profit or loss	(799)	-
Finance costs	1,328	10,931
Interest income	(272)	(279)
Dividend income	(2)	(2)
Compensation costs of share-based payment agreements	-	1,597
Share of profit of subsidiaries and associates	(1,079,659)	(1,030,915)
Loss on disposal of property, plant and equipment, net	-	29
Gain on disposal of investment properties	(1,261)	-
(Realized) unrealized gain on transactions with subsidiaries and associates	(6,575)	7,162
Changes in operating assets and liabilities		
Notes and accounts receivable, net	(7,006)	(4,918)
Accounts receivable from related parties	(64,231)	22,269
Other receivables	(242)	(401)
Other receivables from related parties	(1,966)	3,512
Inventories	(22,876)	(141,119)
Other current assets	14,891	9,109
Contract liabilities	18,284	(323)
Notes and accounts payable	16,111	16,671
Other payables	2,959	(26,613)
Other payables to related parties	(220)	(65)
Other current liabilities	(13,895)	(4,393)
Net defined benefit liabilities	(2,488)	(5,010)
Cash generated from operations	470,846	458,566
Interest received	272	279
Interest paid	(1,204)	(9,828)
Income tax paid	(22,546)	(7,322)
Net cash generated from operating activities	447,368	441,695
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(5,000)	-
Acquisition of financial assets at fair value through profit or loss	(1,200,000)	-
Proceeds from sale of financial assets at fair value through profit or loss	1,000,420	-
Acquisition of property, plant and equipment	(241,412)	(1,125,349)
Proceeds from disposal of property, plant and equipment	-	18
Increase in refundable deposits	(1,514)	(407)
Decrease in refundable deposits	3,122	1,001
		(Continued)

GRAPE KING BIO LTD.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
Acquisition of intangible assets	\$ (1,106)	\$ (11,249)
Proceeds from disposal of investment properties	1,382	-
Increase in other non-current assets	(151)	(7,272)
Interest received	845,496	869,018
Net cash generated from (used in) investing activities	401,237	(274,240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	2,350,000
Repayments of short-term borrowings	(500,000)	(2,200,000)
Proceeds from long-term borrowings	-	873,000
Repayments of long-term borrowings	(1,207,868)	(270,767)
Proceeds from guarantee deposits received	794	-
Refund of guarantee deposits received	(4,523)	(2,185)
Repayment of the principal portion of lease liabilities	(15,106)	(14,652)
Dividends paid to owners of the Company	(948,079)	(884,210)
Proceeds from issuance of ordinary shares	2,014,670	-
Proceeds from reissuance of treasury shares	-	44,619
Other financing activities	1,814	1,415
Net cash used in financing activities	(658,298)	(102,780)
NET INCREASE IN CASH AND CASH EQUIVALENTS	190,307	64,675
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	341,406	276,731
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 531,713	\$ 341,406

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, 2021 AND 2020 (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, Jinfeng Rd., Pingzhen Dist., Taoyuan City 324, Taiwan, Republic of China.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's Board of Directors and issued on February 23, 2022.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

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

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

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

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

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

Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, remeasurement of defined benefit plans for subsidiaries recognized using the equity method and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

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

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

- d. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange

differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

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

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to

that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

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

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

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

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.

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

l. Financial instruments

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

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

attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

2) Revenue from the rendering of services

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

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

o. Leases

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

1) The Company as lessor

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

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

2) The Company as lessee

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

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

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

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

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

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

r. Share-based payment arrangement - employee share options

1) Employee share options granted

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

2) Equity-settled share-based payment arrangements granted to the employees of a subsidiary

The grant by the Company of its equity instruments to the employees of a subsidiary under equity-settled share-based payment arrangements is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Accounting Judgements

a. Lease terms

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

Key Sources of Estimation Uncertainty

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

- b. Write-down of inventories

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

- c. Recognition and measurement of defined benefit plans

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

- d. Lessee's incremental borrowing rates

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 270	\$ 234
Deposits in banks		
Demand deposits	531,435	341,164
Checking accounts	<u>8</u>	<u>8</u>
	<u>\$ 531,713</u>	<u>\$ 341,406</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Financial assets at fair value through profit or loss (FVTPL) - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
- Mutual funds	<u>\$ 200,379</u>	<u>\$ -</u>

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Non-current - investments in equity instruments at FVTOCI		
Unlisted shares		
FU-Sheng International Inc. (Samoa)	\$ 11,380	\$ 9,330
Hsin Tung Yang Co., Ltd.	<u>10</u>	<u>8</u>
	<u>\$ 11,390</u>	<u>\$ 9,338</u>

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Current		
Time deposits with original maturities of more than 3 months	<u>\$ 13,940</u>	<u>\$ 8,940</u>
Non-current		
Pledged time deposits	<u>\$ 9,600</u>	<u>\$ 9,600</u>

Refer to Note 29 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Notes receivable		
Notes receivable - operating	\$ 324	\$ 1,405
Accounts receivable		
At amortized cost		
Gross carrying amount	56,677	48,590
Less: Loss allowance	<u>(3,179)</u>	<u>(3,179)</u>
	53,498	45,411
	<u>\$ 53,822</u>	<u>\$ 46,816</u>

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

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

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

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 3,179	\$ 3,266
Less: Net remeasurement of loss allowance	-	(9)
Less: Amount written off	-	(78)
Balance at December 31	<u>\$ 3,179</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			Total
		Within 90 Days	91 to 180 Days	Over 180 Days	
December 31, 2021	\$ 47,480	\$ 6,342	\$ -	\$ -	\$ 53,822
December 31, 2020	44,068	2,748	-	-	46,816

Notes and accounts receivable were not pledged.

11. INVENTORIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Finished goods	\$ 144,435	\$ 150,741
Semi-finished goods and work in progress	241,461	260,034
Raw materials	142,370	90,546
Supplies	39,754	43,853
Merchandise	<u>157</u>	<u>127</u>
	<u>\$ 568,177</u>	<u>\$ 545,301</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Cost of inventories sold	<u>\$ 1,290,204</u>	<u>\$ 1,051,819</u>
Loss on retirement	<u>11,944</u>	<u>6,275</u>
Gain from physical counts	<u>(2,501)</u>	<u>(2,540)</u>

Inventories were not pledged.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Investments in subsidiaries	\$ 3,286,485	\$ 3,055,084
Investments in associates	<u>15,881</u>	<u>7,115</u>
	<u>\$ 3,302,366</u>	<u>\$ 3,062,199</u>

a. Investments in subsidiaries

	December 31	2020
Pro-partner Inc. (Pro-partner)	\$ 2,139,143	\$ 2,009,206
GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI) (GKBVI)	1,080,976	978,947
Rivershine Ltd. (Rivershine)	39,342	38,428
Dongpu Biotech Corporation (Dongpu)	<u>27,024</u>	<u>28,503</u>
	<u>\$ 3,286,485</u>	<u>\$ 3,055,084</u>

Proportion of Ownership and Voting Rights

	December 31	2020
Pro-partner	60%	60%
GKBVI	100%	100%
Rivershine	100%	100%
Dongpu (Note)	100%	100%

Note: On June 25, 2021, the Company resolved to liquidate Dongpu Biotech Corporation, which is currently undergoing its liquidation procedures.

Investments accounted for using the equity method were not pledged.

b. Investments in associates

	December 31	2020
Associate that are not individually material	\$ 11,767	\$ 7,115
GK BIO INTERNATIONAL SDN. BHD. Shanghai Changhong Biotechnology Co., Ltd.	<u>4,114</u>	<u>-</u>
	<u>\$ 15,881</u>	<u>\$ 7,115</u>

Aggregate information of associates that are not individually material.

	December 31	2020
The Company's share of:		
Net income	\$ 2,394	\$ 1,694
Other comprehensive loss	<u>(467)</u>	<u>(210)</u>
Total comprehensive income (loss)	<u>\$ 1,927</u>	<u>\$ 1,484</u>

The Company had neither contingent liabilities nor capital commitments to the associate as of December 31, 2021 and 2020.

Investments in associates were not pledged.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	2020
Assets used by the Company	<u>\$ 4,461,666</u>	<u>\$ 4,481,146</u>

a. Assets used by the Company

Cost	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Balance at January 1, 2021	\$ 1,522,590	\$ 3,264	\$ 2,845,657	\$ 1,425,713	\$ 15,886	\$ 17,998	\$ 295,429	\$ 99,990	\$ 6,226,527
Additions	-	6,111	13,981	(6,238)	-	-	18,023	105,811	144,987
Disposals	-	-	86,068	36,003	-	-	(2,347)	-	(8,585)
Reclassifications	-	-	-	-	-	-	23,282	(103,060)	-91,778
Balance at December 31, 2021	<u>1,522,590</u>	<u>3,264</u>	<u>2,977,836</u>	<u>1,520,359</u>	<u>16,057</u>	<u>17,998</u>	<u>334,392</u>	<u>102,741</u>	<u>6,453,337</u>
Accumulated depreciation									
Balance at January 1, 2021	-	1,695	632,549	902,709	10,936	8,423	188,989	-	1,746,331
Depreciation expenses	-	272	114,465	10,652	1,289	3,669	(2,347)	-	129,798
Disposals	-	-	(1,405)	(6,238)	-	-	(2,347)	-	(8,585)
Balance at December 31, 2021	-	1,967	747,034	1,000,903	12,224	12,032	219,411	-	1,995,571
Carrying amount at December 31, 2021	<u>\$ 1,522,590</u>	<u>\$ 1,297</u>	<u>\$ 2,190,802</u>	<u>\$ 519,456</u>	<u>\$ 3,833</u>	<u>\$ 5,966</u>	<u>\$ 114,981</u>	<u>\$ 102,741</u>	<u>\$ 4,461,666</u>
Cost									
Balance at January 1, 2020	\$ 625,935	\$ 3,264	\$ 1,729,002	\$ 1,048,238	\$ 14,204	\$ 17,998	\$ 229,453	\$ 1,481,414	\$ 3,199,508
Depreciation expenses	896,625	-	(1,025)	(4,837)	297	-	(1,312)	6,606	1,894,782
Disposals	-	-	(19,028)	(4,823)	-	-	(1,312)	-	(25,163)
Reclassifications	-	-	1,129,568	371,240	1,175	-	-88,76	(1,448,110)	102,749
Balance at December 31, 2020	<u>1,522,590</u>	<u>3,264</u>	<u>2,845,657</u>	<u>1,485,713</u>	<u>15,886</u>	<u>17,998</u>	<u>295,429</u>	<u>99,990</u>	<u>6,326,527</u>
Accumulated depreciation									
Balance at January 1, 2020	-	1,340	540,649	809,837	9,230	4,683	161,409	-	1,527,148
Depreciation expenses	-	355	110,880	97,805	1,706	3,740	28,892	-	243,378
Disposals	-	-	(18,920)	(4,823)	-	-	(1,312)	-	(25,145)
Balance at December 31, 2020	-	1,695	632,549	902,789	10,936	8,423	188,989	-	1,746,331
Carrying amount at December 31, 2020	<u>\$ 1,522,590</u>	<u>\$ 1,569</u>	<u>\$ 2,213,108</u>	<u>\$ 522,924</u>	<u>\$ 4,950</u>	<u>\$ 9,575</u>	<u>\$ 106,440</u>	<u>\$ 99,990</u>	<u>\$ 4,481,146</u>

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

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

No impairment assessment was performed for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 3.1.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ 43,977	\$ 45,281
Buildings	13,162	22,452
Transportation equipment	4,304	3,533
Other equipment	<u>2,009</u>	<u>2,305</u>
	<u>\$ 63,452</u>	<u>\$ 73,571</u>

For the Year Ended December 31

	2021	2020
Additions to right-of-use assets	<u>\$ 4,151</u>	<u>\$ 4,225</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,758	\$ 1,599
Buildings	9,290	9,291
Transportation equipment	2,581	2,433
Other equipment	<u>641</u>	<u>605</u>
	<u>\$ 14,270</u>	<u>\$ 13,928</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 14,078</u>	<u>\$ 13,695</u>
Non-current	<u>\$ 50,883</u>	<u>\$ 61,521</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.02%	1.02%
Buildings	1.00%	1.00%
Transportation equipment	1.00% to 1.02%	1.00% to 1.02%
Other equipment	1.00% to 1.02%	1.00%

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

	2021	2020
Expenses relating to short-term and low-value asset leases	<u>\$ 2,114</u>	<u>\$ 502</u>
Total cash outflow for leases	<u>\$ (17,220)</u>	<u>\$ (15,154)</u>

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

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 225,109	\$ 12,250	\$ 237,359
Disposals	<u>(121)</u>	<u>-</u>	<u>(121)</u>
Balance at December 31, 2021	<u>\$ 224,988</u>	<u>\$ 12,250</u>	<u>\$ 237,238</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 2,803	\$ 2,803
Depreciation expenses	<u>-</u>	<u>266</u>	<u>266</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 3,069</u>	<u>\$ 3,069</u>
Carrying amount at December 31, 2021	<u>\$ 224,988</u>	<u>\$ 9,181</u>	<u>\$ 234,169</u>

Cost

Balance at January 1 and December 31, 2020	<u>\$ 225,109</u>	<u>\$ 12,250</u>	<u>\$ 237,359</u>
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Accumulated depreciation

Balance at January 1, 2020	\$ -	\$ 2,537	\$ 2,537
Depreciation expenses	<u>-</u>	<u>266</u>	<u>266</u>

Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 2,803</u>	<u>\$ 2,803</u>
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Carrying amount at December 31, 2020	<u>\$ 225,109</u>	<u>\$ 9,447</u>	<u>\$ 234,556</u>
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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, 2021 and 2020 is as follows:

	December 31	2020
Year 1	\$ 2,832	\$ 2,832
Year 2	2,832	2,832
Year 3	2,832	2,832
Year 4	2,832	2,832
Year 5	-	<u>2,832</u>
	<u>\$ 11,328</u>	<u>\$ 14,160</u>

Except for depreciation recognized, the Company did not have significant addition, disposal, or impairment of investment properties during the years ended December 31, 2021 and 2020. 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	2020
Fair value	<u>\$ 298,530</u>	<u>\$ 307,227</u>

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

Investment properties were not pledged.

16. INTANGIBLE ASSETS

	Computer Software	Trademarks	Total
Cost			
Balance at January 1, 2021	\$ 33,193	\$ 16,070	\$ 49,263
Additions	1,106	-	1,106
Reclassifications	2,869	-	<u>2,869</u>
Balance at December 31, 2021	<u>\$ 37,168</u>	<u>\$ 16,070</u>	<u>\$ 53,238</u>
Accumulated amortization			
Balance at January 1, 2021	\$ 15,028	\$ 15,216	\$ 30,244
Amortization expenses	5,144	<u>223</u>	<u>5,367</u>
Balance at December 31, 2021	<u>\$ 20,172</u>	<u>\$ 15,439</u>	<u>\$ 35,611</u>
Carrying amount at December 31, 2021	<u>\$ 16,966</u>	<u>\$ 631</u>	<u>\$ 17,627</u>

(Continued)

	Computer Software	Trademarks	Total
Cost			
Balance at January 1, 2020	\$ 20,675	\$ 15,049	\$ 35,724
Additions	10,228	1,021	11,249
Reclassifications	<u>2,290</u>	-	<u>2,290</u>
Balance at December 31, 2020	<u>\$ 33,193</u>	<u>\$ 16,070</u>	<u>\$ 49,263</u>
Accumulated amortization			
Balance at January 1, 2020	\$ 10,755	\$ 14,067	\$ 24,822
Amortization expenses	4,273	<u>1,149</u>	<u>5,422</u>
Balance at December 31, 2020	<u>\$ 15,028</u>	<u>\$ 15,216</u>	<u>\$ 30,244</u>
Carrying amount at December 31, 2020	<u>\$ 18,165</u>	<u>\$ 854</u>	<u>\$ 19,019</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, 2021 and 2020. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-8 years
Trademarks	4-5 years
	For the Year Ended December 31
	2021
	2020

An analysis of depreciation by function

Operating costs	\$ 168	\$ -
Selling and marketing expenses	850	695
General and administrative expenses	<u>4,349</u>	<u>4,727</u>
	<u>\$ 5,367</u>	<u>\$ 5,422</u>

17. OTHER ASSETS

	December 31	2020
Current assets		
Prepayments for purchases	\$ 10,329	\$ 19,840
Other prepaid expenses	23,061	26,659
Other current assets	<u>2,174</u>	<u>3,956</u>
	<u>\$ 35,564</u>	<u>\$ 50,455</u>

(Continued)

	December 31 2021	December 31 2020
<u>Non-current assets</u>		
Prepayments for equipment	\$ 59,315	\$ 20,509
Net defined benefit assets	15,631	12,160
Refundable deposits	9,182	10,790
Overdue receivable	-	2,244
Less: Loss allowance	150	(2,244)
Other	<u>84,278</u>	<u>7,272</u>
	<u>\$ 50,731</u>	<u>(Concluded)</u>

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

18. BORROWINGS

a. Short-term borrowings

	December 31 2021	December 31 2020
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ -	\$ 262,000
<u>Secured borrowings</u>		
Bank loans	<u>-</u>	<u>238,000</u>
	<u>\$ -</u>	<u>\$ 500,000</u>

Refer to Note 31 for property, plant and equipment pledged as collateral for short-term borrowings.

b. Long-term borrowings

Details of long-term borrowings are as follows:

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

Lender	December 31, 2020	Interest rates (%)	Maturity and terms
<u>Unsecured borrowings</u>			
Credit loans from Hua Nan Commercial Bank	\$ 250,000	1.12	Effective from July 27, 2020 to July 27, 2023. Interest is repayable monthly; principal is repayable at maturity.
<u>Secured borrowings</u>			
Secured Long-Term Loan from Hua Nan Commercial Bank	602,233	1.02	Effective from June 8, 2020 to June 8, 2035. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Hua Nan Commercial Bank	350,000	1.02	Effective from July 22, 2019 to July 22, 2022. Interest is repayable monthly; principal is repayable at maturity.
Secured Long-Term Loan from Hua Nan Commercial Bank	<u>100,000</u>	1.02	Effective from May 10, 2019 to May 10, 2022. Interest is repayable monthly; principal is repayable at maturity.
Less: Current portion	1,302,233		
	<u>(41,533)</u>		
	<u>\$ 1,260,700</u>		

Certain land and buildings were pledged as collateral for secured bank loans. Refer to Note 31 for the details.

19. OTHER LIABILITIES

	December 31 2021	December 31 2020
<u>Current</u>		
Other payables		
Bonus to employees	\$ 119,297	\$ 118,532
Salaries and incentive bonus	87,908	85,872
Payables for purchases of equipment	46,754	9,196
Bonus to directors and supervisors	29,824	29,633
Accrued VAT payable	10,188	13,610
Other accrued expenses	106,768	103,341
Others	<u>1,582</u>	<u>2,196</u>
	<u>\$ 402,321</u>	<u>\$ 362,380</u>
Other liabilities		
Other current liabilities	<u>\$ 2,856</u>	<u>\$ 16,751</u>
<u>Non-current</u>		
Guarantee deposits received	<u>\$ 5,488</u>	<u>\$ 9,217</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2021 and 2020 were NT\$12,982 thousand and NT\$12,351 thousand, respectively.

b. Defined benefit plans

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

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans are as follows:

	2021	2020
Present value of defined benefit obligation	\$ 13,038	\$ 13,760
Fair value of plan assets	<u>(28,669)</u>	<u>(25,920)</u>
Net defined benefit liabilities (assets)	<u>\$ (15,631)</u>	<u>\$ (12,160)</u>

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

	2021	2020
Balance at January 1, 2021	\$ 13,760	\$ (12,160)
Service cost	414	414
Past service cost	55	(54)
Net interest expense (income)	<u>(109)</u>	<u>(109)</u>
Recognized in profit or loss	<u>469</u>	<u>360</u>
Remeasurement	-	-
Return on plan assets (excluding amounts included in net interest)	-	-
Actuarial (gain) loss	(360)	(360)
Changes in demographic assumptions	53	53
Changes in financial assumptions	<u>(527)</u>	<u>(527)</u>
Experience adjustments	<u>(149)</u>	<u>(149)</u>
Recognized in other comprehensive income	<u>(623)</u>	<u>(983)</u>
	<u>(360)</u>	<u>(983)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Contributions from the employer	\$ -	\$ (2,280)	\$ (2,280)
Curtailement	<u>(568)</u>	-	<u>(568)</u>
Balance at December 31, 2021	<u>\$ 13,038</u>	<u>\$ (28,669)</u>	<u>\$ (15,631)</u>
Balance at January 1, 2020	\$ 13,760	\$ (24,742)	\$ (6,504)
Service cost	108	-	108
Current service cost	1,061	-	1,061
Past service cost	136	(196)	(60)
Net interest expense (income)	<u>1,305</u>	<u>(196)</u>	<u>1,109</u>
Recognized in profit or loss	-	-	-
Remeasurement	-	(761)	(761)
Return on plan assets (excluding amounts included in net interest)	681	-	681
Actuarial (gain) loss	(566)	-	(566)
Changes in financial assumptions	115	(761)	(646)
Experience adjustments	-	(2,533)	(2,533)
Recognized in other comprehensive income	<u>(4,837)</u>	<u>2,312</u>	<u>(2,525)</u>
Contributions from the employer	<u>(1,061)</u>	-	<u>(1,061)</u>
Benefits paid	<u>13,760</u>	<u>(25,920)</u>	<u>(12,160)</u>
Curtailement	<u>13,760</u>	<u>(25,920)</u>	<u>(12,160)</u>
Balance at December 31, 2020	<u>\$ 13,760</u>	<u>\$ (25,920)</u>	<u>\$ (12,160)</u>

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:

	2021	2020
Discount rate	0.70%	0.40%
Expected rate of salary increase	2.00%	2.00%

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

	December 31 2021	2020
Discount rate		
0.25% increase	\$ (417)	\$ (491)
0.25% decrease	\$ 436	\$ 514
Expected rate of salary increase/decrease		
0.25% increase	\$ 429	\$ 504
0.25% decrease	\$ (413)	\$ (484)

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

	December 31 2021	2020
Expected contributions to the plans for the next year	\$ 2,386	\$ 2,598
Average duration of the defined benefit obligation	13 years	14 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, 2021 and 2020 were NT\$360 thousand and NT\$1,109 thousand, respectively.

21. EQUITY

a. Ordinary shares

1) Common stock

	December 31 2021	2020
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	136,286
Shares issued through public issue	\$ 1,362,864	\$ 1,362,864
Shares issued through private placement	118,510	-
Shares issued and fully paid (in thousands of dollars)	\$ 1,481,374	\$ 1,362,864

Each share possesses one voting right and a right to receive dividends.

On January 14, 2021, the Company held the first extraordinary shareholders' meeting and a resolution was passed to increase cash capital by issuing ordinary shares through private placement with Uni-President Enterprise Co., Ltd., a strategic investor, as the subscriber. The purpose of the capital increase is to raise funds for capital expenditures, to enrich working capital and help strengthen the capital structure. On January 14, 2021, the Company's s resolved to offer for

subscription and issued 11,851 thousand ordinary shares of the Company. The subscription price was \$170 per share, and a total of \$2,014,670 thousand in cash was received. The record date of cash capital increase was January 19, 2021. The rights and obligations of the shareholders of the Company's issued through this private placement are the same as those of the shareholders of ordinary shares issued through Article 43-8 of the Securities and Exchange Act, 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

	2021	December 31 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)	\$ 2,850,440	\$ 954,280
Additional paid-in capital	2,672	2,672
Treasury share transactions		
May only be used to offset a deficit		
Convertible bonds - expired share options	150	150
Treasury share transactions - share options	6,749	6,749
Others (2)	9,680	7,866
	<u>\$ 2,869,691</u>	<u>\$ 971,717</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 and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 23-g.

The Company's dividend policy shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment, current and future business development plan, as well as shareholders' interests. The distribution of shareholders dividend shall not be lower than 60% of the unappropriated earnings of the current year. However, the shareholders may resolve not to distribute dividends if the accumulated earnings were lower than 10% of the paid-in capital. Dividends can be distributed in the form of cash or stock 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 2020 and 2019 that were approved in the shareholders' meetings on July 15, 2021 and May 28, 2020 were as follows:

	<u>For the Year Ended December 31</u>	<u>2019</u>
	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 127,245	\$ 130,933
Special reserve	<u>\$ (14,287)</u>	<u>\$ 26,081</u>
Cash dividends	\$ 948,079	\$ 884,210
Cash dividends per share (NT\$)	\$ 6.4	\$ 6.5

The appropriation of earnings for 2021 that had been proposed by the Company's Board of Directors on February 23, 2022 was as follows:

	<u>For the Year Ended December 31,</u>
	<u>2021</u>
Legal reserve	\$ 130,115
Special reserve	<u>\$ 5,740</u>
Cash dividends	\$ 903,638
Cash dividends per share (NT\$)	\$ 6.1

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on May 27, 2022.

d. Other equity items

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

	<u>For the Year Ended December 31</u>	<u>2020</u>
	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ (67,775)	\$ (84,506)
Recognized for the year	<u>(7,792)</u>	<u>16,731</u>
Exchange differences on translating the financial statements of foreign operations	\$ (75,567)	\$ (67,775)
Balance at end of year		

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

	<u>For the Year Ended December 31</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ (18,690)	\$ (16,246)	
Recognized for the year	<u>2,052</u>	<u>(2,444)</u>	
Unrealized gain (loss) - equity instruments			
Balance at end of year	\$ (16,638)	\$ (18,690)	

e. Treasury shares

On January 3, 2017, the Company's Board of Directors resolved to buy its own shares as treasury shares for transferring to its employee. The repurchase period was from January 4, 2017 to March 3, 2017 and the number of shares to be brought back was 3,000,000 shares with the unit price interval of \$118 to \$349.5. As of the end of the repurchase period, the number of shares repurchased was 508,000 shares with the average repurchase unit price of \$179.26. The carrying value of treasury shares was \$0 as of December 31, 2021 and 2020.

Number of shares at December 31 and January 1, 2021

	<u>Shares Transferred to Employees</u>
Number of shares at January 1, 2020	254,000
Transferred during the year	<u>(254,000)</u>

Number of shares at December 31, 2020

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

22. REVENUE

Revenue from contracts with customers

	<u>For the Year Ended December 31</u>	<u>2021</u>	<u>2020</u>
Revenue from the sale of goods	\$ 2,451,872	\$ 2,175,969	

a. Disaggregation of revenue

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

For the year ended December 31, 2021

Type of goods or services	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
Sale of goods	\$ 1,596,461	\$ 588,265	\$ 267,146	\$ 2,451,872
Timing of revenue recognition				
Satisfied at a point in time	\$ 1,596,461	\$ 588,265	\$ 267,146	\$ 2,451,872

For the year ended December 31, 2020

	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
Type of goods or services				
Sale of goods	\$ 1,510,097	\$ 488,626	\$ 177,246	\$ 2,175,969
Timing of revenue recognition				
Satisfied at a point in time	\$ 1,510,097	\$ 488,626	\$ 177,246	\$ 2,175,969
2) Type of goods				
Type of goods				
Health food			\$ 1,834,498	
ODM/OEM			177,246	
Beverage			136,721	
Others (Note)			27,504	
			\$ 2,451,872	\$ 2,175,969

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

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable, net	\$ 53,822	\$ 46,816	\$ 41,889
Accounts receivable from related parties	\$ 303,853	\$ 239,622	\$ 261,891
Contract liabilities - current			
Sale of goods	\$ 18,284	\$ -	\$ 323

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.

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Financial assets at amortized cost	\$ 272	\$ 279

b. Other income

Board compensation income	\$ 74,126	\$ 71,266
Rental income	3,274	3,644
Dividend income	2	2
Others	13,328	4,945
	\$ 90,730	\$ 79,857

c. Other gains and losses

Gain on disposal of investment properties	\$ 1,261	\$ -
Fair value changes of financial assets and financial liabilities	799	-
Financial assets mandatorily classified as at FVTPL	(66)	(658)
Net foreign exchange loss	(319)	(289)
Others		
	\$ 1,675	\$ (947)

d. Finance costs

Interest on bank loans	\$ 2,201	\$ 15,660
Interest on lease liabilities	700	851
Imputed interest on deposits	18	33
Less: Amounts included in the cost of qualifying assets	(1,591)	(5,613)
	\$ 1,328	\$ 10,931

Information about capitalized interest is as follows:

Capitalized interest amount	\$ 1,591	\$ 5,613
Capitalization rate	1.03%	1.06%

e. Depreciation and amortization

An analysis of depreciation by function		
Operating costs	\$ 186,880	\$ 177,459
Operating expenses (Note)	84,431	80,113
	\$ 271,311	\$ 257,572

(Continued)

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

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

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

24. 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	
	2021	2020
Current tax	\$ 50,458	\$ 62,046
In respect of the current year	10,571	13,405
Income tax on unappropriated earnings	(19,987)	(14,089)
Adjustments for prior years	41,042	61,362
Deferred tax		
In respect of the current year	622	102
Income tax expense recognized in profit or loss	\$ 41,664	\$ 61,464

	For the Year Ended December 31	
	2021	2020
Compensation of employees	8%	8%
Remuneration of directors and supervisors	2%	2%

	For the Year Ended December 31	
	2021	2020
An analysis of amortization by function		
Operating costs	\$ 168	\$ -
Operating expenses	5,199	5,422
	\$ 5,367	\$ 5,422
		(Concluded)

Note: The aforementioned depreciation included the depreciation of investment properties, which separately amounted to NT\$266 thousand for both of the years ended December 31, 2021 and 2020, and was recognized by the Company in other gains and losses.

- f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	\$ 501,154	\$ 475,668
Post-employment benefits (Note 20)		
Defined contribution plan	12,982	12,351
Defined benefit plans	360	1,109
	13,342	13,460
Share-based payments		
Equity-settled	-	1,597
Other employee benefits	9,099	8,783
Total employee benefits expense	\$ 523,595	\$ 499,508

An analysis of employee benefits expense by function

Operating costs	\$ 210,454	\$ 202,388
Operating expenses	313,141	297,120
	\$ 523,595	\$ 499,508

- g. Compensation of employees and remuneration of directors and supervisors

According to the resolution of the Board of Directors, 6%-8% of profit of the current year is distributable as compensation of employees and no higher than 2% of profit of the current year is distributable as remuneration of directors and supervisors. However, the Company has to first offset accumulated losses, if any. For the years ended December 31, 2021 and 2020, the compensation of employees and the remuneration of directors and supervisors are as follows:

	For the Year Ended December 31	
	2021	2020
Accrual rate		
Compensation of employees	8%	8%
Remuneration of directors and supervisors	2%	2%

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

	<u>For the Year Ended December 31</u> <u>2021</u>	<u>For the Year Ended December 31</u> <u>2020</u>
Profit before tax from continuing operations	\$ 1,342,087	\$ 1,333,489
Income tax expense calculated at the statutory rate	\$ 268,417	\$ 266,698
Income tax on unappropriated earnings	10,571	13,405
Others	(217,337)	(204,550)
Adjustments for prior years' tax	(19,987)	(14,089)
Income tax expense recognized in profit or loss	<u>\$ 41,664</u>	<u>\$ 61,464</u>

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u> <u>2021</u>	<u>For the Year Ended December 31</u> <u>2020</u>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans for subsidiaries recognized using the equity method	\$ (13)	\$ (22)
Remeasurement of defined benefit plans	<u>197</u>	<u>129</u>
Total income tax recognized in other comprehensive income	<u>\$ 184</u>	<u>\$ 107</u>

c. Deferred tax assets and liabilities

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

	<u>For the year ended December 31, 2021</u>	<u>For the Year Ended December 31</u> <u>2021</u>	<u>For the Year Ended December 31</u> <u>2020</u>
Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income
Temporary differences	\$ 284	\$ -	\$ -
Employee benefits payable	501	(501)	-
Allowance for uncollectible accounts	<u>242</u>	<u>(121)</u>	<u>121</u>
Employee benefits	<u>\$ 1,027</u>	<u>\$ (622)</u>	<u>\$ 405</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income
Temporary differences	\$ (68,463)	\$ -	\$ -
Unrealized revaluation	(341)	-	(197)
Defined benefit liabilities (assets) - non-current	<u>(68,804)</u>	<u>\$ -</u>	<u>\$ (197)</u>
			Closing Balance
			<u>\$ (69,001)</u>

For the year ended December 31, 2020

	<u>For the Year Ended December 31</u> <u>2021</u>	<u>For the Year Ended December 31</u> <u>2020</u>
Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss
Temporary differences	\$ 284	\$ -
Employee benefits payable	482	19
Allowance for uncollectible accounts	<u>363</u>	<u>(121)</u>
Employee benefits	<u>\$ 1,129</u>	<u>\$ (102)</u>
		Recognized in Other Comprehensive Income
		<u>\$ -</u>
		Closing Balance
		<u>\$ 1,027</u>

Deferred Tax Liabilities

	<u>For the Year Ended December 31</u> <u>2021</u>	<u>For the Year Ended December 31</u> <u>2020</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss
Temporary differences	\$ (68,463)	\$ -
Unrealized revaluation	(212)	-
Defined benefit liabilities (assets) - non-current	<u>(68,675)</u>	<u>(129)</u>
		Recognized in Other Comprehensive Income
		<u>\$ (129)</u>
		Closing Balance
		<u>\$ (68,804)</u>

d. Income tax assessments

The tax authorities have assessed the income tax returns of the Company through 2019.

25. EARNINGS PER SHARE

	<u>For the year ended December 31, 2021</u>	<u>For the Year Ended December 31</u> <u>2020</u>
Basic earnings per share	\$ 8.81	\$ 9.34
Diluted earnings per share	<u>8.76</u>	<u>9.29</u>

Unit: NT\$ per share

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

	<u>For the year ended December 31, 2021</u>	<u>For the Year Ended December 31</u> <u>2020</u>
Net profit for the year	\$ 1,300,423	\$ 1,272,025
Earnings used in the computation of basic and diluted earnings per share	<u>1,300,423</u>	<u>1,272,025</u>

Weighted average number of ordinary shares outstanding

Unit: In thousands of shares	
	For the Year Ended December 31
	2021
	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	147,553
Effect of potentially dilutive ordinary shares	847
Compensation of employees	<u>755</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>148,400</u>
	<u>136,887</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.

26. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

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

Information on employee share options is as follows:

	For the Year Ended	Weighted
	December 31, 2020	-average
	Number of	Exercise Price
	Options	(Share/\$)
Employee share options		
Balance at January 1	-	-
Options granted	254	176.19
Options exercised	<u>(254)</u>	<u>176.19</u>
Balance at December 31	<u>-</u>	<u>-</u>
Options exercisable, end of year	<u>98</u>	
Weighted-average fair value of options granted (share/\$)		<u>\$ 9.8</u>

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

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

Compensation cost recognized was NT\$1,597 thousand for the years ended December 31, 2020.

27. CASH FLOW INFORMATION

a. Non-cash transactions

The Company entered into the following non-cash investing and financing activities which were not reflected in the financial statements of cash flows for the years ended December 31, 2021 and 2020:

	For the Year Ended December 31	For the Year Ended December 31
	2021	2020
Additions of property, plant and equipment	\$ (144,097)	\$ (999,462)
Changes in prepayments for purchases	(138,873)	(102,375)
Changes in payables for purchases of equipment	<u>37,558</u>	<u>(23,512)</u>
Payments for acquisition of property, plant and equipment	<u>\$ (241,412)</u>	<u>\$ (1,125,349)</u>

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	January 1,	Cash Flows	Non-cash Changes	December 31,
	2021		Lease Change	2021
			Finance Costs	
Short-term borrowings	\$ 500,000	\$ (500,000)	-	-
Long-term borrowings	1,302,233	(1,207,868)	-	94,365
Guarantee deposits received	9,217	(3,729)	-	5,488
Lease liabilities	75,216	(15,106)	4,151	700
	<u>\$ 1,886,666</u>	<u>\$ (1,726,703)</u>	<u>\$ 4,151</u>	<u>\$ 164,814</u>

For the year ended December 31, 2020

	January 1,	Cash Flows	Non-cash Changes	December 31,
	2020		Lease Change	2020
			Finance Costs	
Short-term borrowings	\$ 350,000	\$ 150,000	-	\$ 500,000
Long-term borrowings	700,000	602,233	-	1,302,233
Guarantee deposits received	11,402	(2,185)	-	9,217
Lease liabilities	98,174	(14,652)	(9,157)	75,216
	<u>\$ 1,159,576</u>	<u>\$ 735,396</u>	<u>\$ (9,157)</u>	<u>\$ 1,886,666</u>

28. CAPITAL MANAGEMENT

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

29. FINANCIAL INSTRUMENTS

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

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

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

- 1) Fair value hierarchy

December 31, 2021

Financial assets at FVTPL

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

December 31, 2020

Financial assets at FVTOCI

	Level 1	Level 2	Level 3	Total
Investments in equity instruments - unlisted shares	\$ -	\$ -	\$ 9,338	\$ 9,338

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, 2021

	Financial Assets at FVTOCI Equity Instruments
Balance at beginning of year	\$ 9,338
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>2,052</u>
Balance at end of year	<u>\$ 11,390</u>

For the year ended December 31, 2020

	Financial Assets at FVTOCI Equity Instruments
Balance at beginning of year	\$ 11,782
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>(2,444)</u>
Balance at end of year	<u>\$ 9,338</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 2021	December 31 2020
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:

Discount for lack of marketability		
1% increase	\$ (163)	\$ (133)
1% decrease	<u>\$ 163</u>	<u>\$ 133</u>

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 200,379	\$ -
Mandatorily classified as at FVTPL		
Financial assets at amortized cost	531,713	341,406
Cash and cash equivalents	23,540	18,540
Financial assets at amortized cost	53,822	46,816
Notes and accounts receivable, net	303,853	239,622
Accounts receivable from related parties	1,315	1,073
Other receivables	74,151	72,185
Other receivables from related parties		
Financial assets at FVTOCI	11,390	9,338
Equity instruments		
	<u>\$ 1,200,163</u>	<u>\$ 728,980</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ -	\$ 500,000
Accounts payable	192,060	175,949
Other payables	402,310	362,380
Other payables to related parties	1,102	1,322
Long-term borrowings (current portion included)	94,365	1,302,233
	<u>\$ 689,837</u>	<u>\$ 2,341,884</u>

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

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

a) Foreign currency risk

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

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 33.

Sensitivity analysis

The Company is mainly exposed to the USD.

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

	Currency USD Impact	
	For the Year Ended December 31	2020
Profit or loss	\$ 6,261	\$ 4,517

b) Interest rate risk

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

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 23,540	\$ 18,540
Financial liabilities	159,326	1,877,449
Cash flow interest rate risk		
Financial assets	531,435	341,164

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, 2021 and 2020 would change by NT\$531 thousand and NT\$341 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, 2021 and 2020, 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, 2021

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Notes and accounts payable (related parties included)	\$ 192,060	\$ -	\$ -	\$ -	\$ -	\$ 192,060
Other payables (related parties included)	254,354	149,121	-	-	-	403,475
Lease liabilities	7,472	7,189	7,971	6,688	42,836	721,156
Variable interest rate liabilities	3,969	3,951	7,848	23,118	62,015	100,901
	<u>\$ 457,855</u>	<u>\$ 160,261</u>	<u>\$ 15,819</u>	<u>\$ 29,806</u>	<u>\$ 104,851</u>	<u>\$ 768,592</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 14,661	\$ 14,659	\$ 8,802	\$ 8,802	\$ 8,802	\$ 16,430
Variable interest rate liabilities	7,920	30,966	37,104	24,911	-	-
	<u>\$ 22,581</u>	<u>\$ 45,625</u>	<u>\$ 45,816</u>	<u>\$ 33,713</u>	<u>\$ 8,802</u>	<u>\$ 16,430</u>

December 31, 2020

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Accounts payable (related parties included)	\$ 175,949	\$ -	\$ -	\$ -	\$ -	\$ 175,949
Other payables (related parties included)	215,537	148,165	-	-	-	363,702
Lease liabilities	7,324	7,059	13,206	10,868	44,597	83,054
Variable interest rate liabilities	33,794	23,688	503,997	395,829	413,851	1,361,159
Fixed interest rate liabilities	500,356	-	-	-	-	500,356
	<u>\$ 922,960</u>	<u>\$ 178,912</u>	<u>\$ 517,203</u>	<u>\$ 406,697</u>	<u>\$ 458,448</u>	<u>\$ 2,484,220</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 14,383	\$ 24,074	\$ 8,802	\$ 8,802	\$ 8,802	\$ 18,191
Variable interest rate liabilities	47,482	899,826	222,582	191,269	-	-
Fixed interest rate liabilities	500,356	-	-	-	-	-
	<u>\$ 562,221</u>	<u>\$ 923,900</u>	<u>\$ 231,384</u>	<u>\$ 200,071</u>	<u>\$ 8,802</u>	<u>\$ 18,191</u>

b) Financing facilities

Short-term borrowings amount
Amount unused

	2021	2020
	<u>\$ 738,000</u>	<u>\$ 188,000</u>

30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and related parties are disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category	Relationship with the Company
Pro-partner GRAPE KING INTERNATIONAL INVESTMENT INC (BVI)	Subsidiary Subsidiary	The Company's 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
Dongpu Biotech Corporation (Dongpu)	Subsidiary	The Company's subsidiary
Pu Hsing Enterprise Co., Ltd. (Pu Hsing)	Other related party	A 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
GK BIO INTERNATIONAL SDN. BHD.	Associate	Investee of the Company accounted for using the equity method

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Sales	Pro-partner	\$ 1,596,461	\$ 1,510,097
	Other subsidiaries	239,520	210,208
	Associate	23,075	11,877
	Other related party	736	-
		<u>\$ 1,859,792</u>	<u>\$ 1,732,182</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	2021	December 31 2020
Contract liabilities	Other related party	\$ 564	\$ -

d. Receivables from related parties

Line Item	Related Party Category/Name	2021	December 31 2020
Accounts receivable from related parties	Pro-partner	\$ 196,673	\$ 188,165
	Rivershine	92,188	44,776
	Other subsidiaries	5,723	4,433
	Associate	8,908	2,248
	Other related party	361	-
		<u>\$ 303,853</u>	<u>\$ 239,622</u>
Other receivables from related parties (including bonus to directors)	Pro-partner	\$ 74,126	\$ 72,173
	Other subsidiaries	25	12
		<u>\$ 74,151</u>	<u>\$ 72,185</u>

e. Payables to related parties

Line Item	Related Party Category/Name	2021	December 31 2020
Other payables to related parties	President Transnet	\$ 611	\$ -
	Uni-President	491	-
	Rivershine	-	1,322
		<u>\$ 1,102</u>	<u>\$ 1,322</u>

f. Prepayments

Line Item	Related Party Category/Name	2021	December 31 2020
Prepayments	Other related party	\$ 110	\$ -

g. Other transactions with related parties

Line Item	Related Party Category/Name	2021	December 31 2020
Guarantee deposits received	Subsidiary	\$ 472	\$ 472

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>2021</u>	<u>2020</u>
Property, plant and equipment - land	\$ 1,249,710	\$ 1,249,710
Property, plant and equipment - buildings	253,951	272,782
Pledged time deposits (classified as financial assets at amortized cost - non-current)	<u>9,600</u>	<u>9,600</u>
	<u>\$ 1,513,261</u>	<u>\$ 1,532,092</u>

Secured bank facilities used in response to operating funds by the Company's property, plant and equipment - land/building as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Short-term financing facilities	\$ 238,000	\$ 238,000
Medium and long-term financing facilities	<u>1,000,000</u>	<u>1,100,000</u>
	<u>\$ 1,238,000</u>	<u>\$ 1,338,000</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. The Company's guarantee notes issued to banks for credit lines amounted to NT\$400,000 thousand as of December 31, 2021.
- b. Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2021 were as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Plant and machinery	<u>\$ 433,800</u>	<u>\$ 22,292</u>	<u>\$ 411,508</u>

h. Remuneration of key management personnel

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 55,151	\$ 57,252
Post-employment benefits	<u>155</u>	<u>223</u>
	<u>\$ 55,306</u>	<u>\$ 57,475</u>

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

33. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items	\$ 2,304	27.68 (USD:NTD)	\$ <u>63,775</u>
USD			
<u>Financial liabilities</u>			
Monetary items	42	27.68 (USD:NTD)	\$ <u>1,163</u>
USD			

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items	\$ 1,586	28.48 (USD:NTD)	\$ <u>45,169</u>
USD			

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were NT\$(66) thousand and NT\$(658) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

34. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions:
- 1) Financings provided to others: None;
 - 2) Endorsements/guarantees provided: None;
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):
Table 1;
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 2;
 - 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 3;

8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:
Table 4;

9) Trading in the derivative instruments: None;

b. Information on investees: Table 5;

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 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

35. 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, 2021

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

Held Company Name	Marketable Securities Type And Name	Relationship with the Company	Financial Statement Account	December 31, 2021			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Grape King Bio Ltd.	Stock FU-Sheng International Inc. (SAMOA)	-	Financial assets at fair value through other comprehensive income - non-current	971,700	\$ 11,380	18.77	\$ 11,380
	Hsin Tung Yang Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	10	-	10
	Mutual funds Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,101,392.9	100,182	-	100,182
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,584,833.14	100,197	-	100,197

GRAPE KING BIO LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition (Note 1)		Disposal (Note 1)	Carrying Amount	Gain (Loss) on Disposal	Ending Balance (Note 3)	
					Number of Units (In Thousands)	Amount	Number of Units (In Thousands)	Amount				Number of Units (In Thousands)	Amount
Grape King Bio Ltd.	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	24,391	\$ 400,000	18,290	\$ 300,000	\$ 115	6,101	\$ 100,182
	Hua Nan Kirm Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	28,988	350,000	28,988	350,000	175	-	-
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	21,498	350,000	21,498	350,000	130	-	-

Note 1: The cumulative amount of securities acquired or disposed of should be calculated separately, based on the market price, whether it reaches NT\$300 million or 20% of the paid-in capital.

Note 2: Paid-in capital refers to the paid-in capital of Grape King Bio Ltd.

Note 3: The amount of ending balance includes the amount of unrealized gains and losses.

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, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details		Abnormal Transaction (Note)	Notes/Accounts Payable or Receivable Ending Balance	Note					
			Purchases/Sales	Amount				Payment Terms	Unit Price	Payment Terms	% to Total	
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Sales	\$ 1,596,461	30 days after monthly closing	By contract	By contract	30 days after monthly closing	65.11	\$ 196,673	54.99	-
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	227,782	120 days after monthly closing	By contract	By contract	120 days after monthly closing	9.29	92,188	25.77	-
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,596,461	30 days after monthly closing	By contract	By contract	30 days after monthly closing	98.43	(196,673)	97.85	-
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	227,782	120 days after monthly closing	By contract	By contract	120 days after monthly closing	100.00	(92,188)	100.00	-

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

GRAPE KING BIO LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2021

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	\$ 196,673	8.30	\$ -	-	\$ 196,673	\$ -

GRAPE KING BIO LTD.

**INFORMATIONS ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021**
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				December 31, 2021	December 31, 2020	Share	Percentage of Ownership (%)	Carrying Amount			
Grape King Bio Ltd.	GRAPE KING INTERNATIONAL INVESTMENT INC. Pro-partner Inc.	BVI Taoyuan, Taiwan	Investment activities Import and selling of health food, drink, cosmetics, sports apparatus, cleaning the articles, etc.	\$ 1,198,018	\$ 1,198,018	24,890,000	100	\$ 1,080,976	\$ 100,929	Notes 1 and 2	
	Rivershine Ltd.	Taoyuan, Taiwan	Import and selling of health food, drink, daily cosmetics, appliances, etc.	15,000	15,000	10,560,000	60	2,139,143	971,640	Note 1	
	GK BIO INTERNATIONAL SDN. BHD.	Malaysia	Import and selling of health products	30,000	30,000	3,000,000	100	39,342	5,825	-	
				6,810	6,810	900,000	30	11,767	5,723	Note 1	

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT\$(1,703) 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.

GRAPE KING BIO LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands of New Taiwan Dollars, Unless Stated 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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsules, tablet, related products and services.	USD 27,900	Note 1(2) Note 3	\$ 847,672 (USD 27,350)	\$ -	\$ -	\$ 847,672 (USD 27,350)	\$ 104,542 Note 2(2)B	100%	\$ 102,490 Note 2(2)B	\$ 1,034,223	\$ -
Shanghai Yusong Co., Ltd.	Stock management and related services of the thermostatic fresh freezing warehouse.	USD 4,890	Note 1(2) Note 4	26,794 (USD 878)	-	-	26,794 (USD 878)	- Note 2(3)	18.77%	- Note 2(3)	11,380 Note 2(3)	-
Shanghai Rivershine Ltd.	Food distribution (except grain), food packaging materials, cosmetics export, commission agents (except auction), related products and services.	USD 650	Note 1(2) Note 5	4,060 (USD 150)	14,230 (USD 500) Note 8	-	18,290 (USD 650)	(570) Note 2(2)B	100%	(570) Note 2(2)B	17,776	-
Dongpu Biotech Corporation	Biotechnology R&D and transfer; sales of biological products, special foods (health foods), food materials, food packaging materials, cosmetics, daily necessities; commission agents (excluding auctions); import and export of goods.	RMB 5,000	Note 1(1) Note 6	23,200 (RMB 5,000)	-	-	23,200 (RMB 5,000)	(1,266) Note 2(2)B	100%	(1,266) Note 2(2)B	27,024	-

(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Shanghai Changhong Biotechnology Co., Ltd.	Biotechnology consultation, biotechnology R&D and transfer, import and export of goods or transfers of technology, brand planning, corporate image and marketing planning, conference services, social and economic consulting services, business information consulting, self-owned equipment leasing, domestic cargo transportation agent, sales and online retail of knitted textiles, etc.	USD 700	Note 1(1) Note 7	\$ 7,273 (USD 246)	\$ -	\$ -	\$ 7,273 (USD 246)	\$ (9,095) Note 7	35.1%	\$ (3,192) Note 7	\$ 4,114 Note 7	\$ -
Shanghai Xinqian Biotechnology Co., Ltd.	Biotechnology technical consultation, service and transfer, sales of cosmetic and daily necessities, etc.	RMB 5,000	Note 1(2) Note 9	-	-	-	-	(669) Note 2(2)B	45%	(301) Note 2(2)B	9,472	-

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 923,229	\$ 923,229	\$ 6,257,649

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

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

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

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

(Continued)

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

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

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

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

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

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

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

Note 6: The Company directly invested in Dongpu Biotech Corporation. On June 25, 2021, the Company resolved to liquidate Dongpu Biotech Corporation, which is currently undergoing its liquidation procedures.

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

Note 8: The Company invested Shanghai Rivershine Ltd. with cash by increasing capital NT\$14,230 thousand (US\$500 thousand) through its subsidiary GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI).

Note 9: The Company invested in Shanghai Xinquan Biotechnology Co., Ltd. through subsidiary Shanghai Rivershine Ltd.

(Concluded)

TABLE 7

GRAPE KING BIO LTD.

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2021

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

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

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

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STATEMENT 1**GRAPE KING BIO LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2021****(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Amount
Cash on hand		\$ 270
Deposits in banks		
Demand deposits		481,607
Foreign currency deposits	Including USDS1,350 thousand @27.68, RMB\$2,202 thousand @4.344 and JPY\$1,641 thousand @0.2405	49,828
Checking deposits		8
Total		<u>\$ 531,713</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, 2021****(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Client Name	Amount
Related Parties	
Pro-partner Inc.	\$ 196,673
Rivershine Ltd.	92,188
Shanghai Grape King Enterprise Co., Ltd.	5,723
GK BIO INTERNATIONAL SDN. BHD.	8,908
President Pharmaceutical Corp.	361
Total	<u>303,853</u>
Non-related parties	
110008	14,566
310276	9,838
171127	5,512
59003799	4,015
11A739	3,261
11A664	3,061
11A751	2,835
11A903	2,767
320231	2,764
Others (Note 1)	8,382
	<u>57,001</u>
Less: loss allowance	3,179
Net	<u>53,822</u>
Total	<u>\$ 357,675</u>

Note 1: The amount of individual client included in others does not exceed 5% of the account balance.

Note 2: The accounts receivable incurred from operating activities were not pledged.

GRAPE KING BIO LTD.

STATEMENT OF INVENTORIES, NET
DECEMBER 31, 2021

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

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 142,459	\$ 142,370
Supplies	40,413	39,754
Semi-finished goods and work in progress	241,461	241,461
Finished goods	150,314	391,668
Merchandises	<u>157</u>	<u>157</u>
Total	574,804	<u>\$ 815,410</u>
Less: Allowance for inventory valuation losses	<u>(6,627)</u>	
Net	<u>\$ 568,177</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\$814,078 thousand as of December 31, 2021.

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, 2021

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

Investee companies	Balance, January 1, 2021		Additions in Investment		Decrease in Investment		Increase (Decrease) Investments Accounted for Using the Equity Method Amount (Note)	Balance, December 31, 2021		Net Assets Value	Collateral	
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	%			Amount
GRAPE KING INTERNATIONAL INVESTMENT INC.	24,890,000	\$ 978,947	-	\$ -	-	\$ -	\$ 102,029	24,890,000	100.0	\$ 1,080,976	\$ 1,084,870	None
Pro-partner Inc.	10,560,000	2,009,206	-	-	-	-	129,937	10,560,000	60.0	2,139,143	2,161,682	None
Rivershine Ltd.	3,000,000	38,428	-	-	-	-	914	3,000,000	100.0	39,342	39,342	None
Dongpu Biotech Corporation	-	28,503	-	-	-	-	(1,479)	-	100.0	27,024	27,024	None
GK BIO INTERNATIONAL SDN. BHD.	900,000	7,115	-	-	-	-	4,652	900,000	30.0	11,767	12,161	None
Shanghai Changhong Biotechnology Co., Ltd.	-	-	-	7,273	-	-	(3,159)	-	35.1	4,114	4,114	None
Total		<u>\$ 3,062,199</u>		<u>\$ 7,273</u>		<u>\$ -</u>	<u>\$ 232,894</u>			<u>\$ 3,302,366</u>	<u>\$ 3,329,193</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, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Land	Buildings	Transportation Equipment		Other Equipment	Total
			Equipment	Equipment		
Cost						
Balance at January 1, 2021	\$ 48,799	\$ 40,888	\$ 7,545	\$ 3,040	\$ 3,040	\$ 100,272
Additions	454	-	3,352	345	345	4,151
Disposals	-	-	(3,693)	-	-	(3,693)
Balance at December 31, 2021	<u>\$ 49,253</u>	<u>\$ 40,888</u>	<u>\$ 7,204</u>	<u>\$ 3,385</u>	<u>\$ 3,385</u>	<u>\$ 100,730</u>
Accumulated depreciation						
Balance at January 1, 2021	\$ 3,518	\$ 18,436	\$ 4,012	\$ 735	\$ 735	\$ 26,701
Depreciation Expenses	1,758	9,290	2,581	641	641	14,270
Disposals	-	-	(3,693)	-	-	(3,693)
Balance at December 31, 2021	<u>\$ 5,276</u>	<u>\$ 27,726</u>	<u>\$ 2,900</u>	<u>\$ 1,376</u>	<u>\$ 1,376</u>	<u>\$ 37,278</u>
Carrying amount at December 31, 2021	<u>\$ 43,977</u>	<u>\$ 13,162</u>	<u>\$ 4,304</u>	<u>\$ 2,009</u>	<u>\$ 2,009</u>	<u>\$ 63,452</u>

STATEMENT 6**GRAPE KING BIO LTD.**

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Amount
Others	<u>\$ 192,060</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

GRAPE KING BIO LTD.

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2021

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

Description	Type	December 31, 2021	Contract Period	Interest Rates	Credits Amount	Collateral	Note
HUA NAN BANK - Zhongli Branch	Secured borrowings	\$ 94,365	2020.6.8-2035.6.8	1.02%	\$ -	Land and Building	-
Less: Current portions		<u>(6,990)</u>					
		\$ <u>87,375</u>					

STATEMENT 8**GRAPE KING BIO LTD.**

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Description	Lease Period	Discount Rate	December 31, 2021
Land	2016.04.15-2051.04.14	1.02%	\$ 44,803
Buildings	2018.06.01-2023.05.31	1.00%	13,795
Transportation equipment	2018.06.15-2024.10.31	1.00%-1.02%	4,335
Other equipment	2019.03.01-2026.11.30	1.00%-1.02%	<u>2,028</u>
Total			64,961
Less: Current portion			<u>(14,078)</u>
Noncurrent portion			<u>\$ 50,883</u>

STATEMENT 9**GRAPE KING BIO LTD.**

STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantity (In Thousands)	Amount
Sales revenue		
Health food	5,419	\$ 1,967,615
ODM/OEM	1,329	267,146
Beverage	1,630	191,951
Others		<u>25,160</u>
Total net revenue		<u>\$ 2,451,872</u>

GRAPE KING BIO LTD.

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Raw materials used	
Beginning balance	\$ 90,629
Add: Raw materials purchased	477,447
Gain from raw material physical counts	681
Less: Ending balance	(142,459)
Raw materials scrapped	(652)
Raw materials sold directly	(23,349)
Transferred to other accounts	(6,050)
Other operating costs	(4)
Direct materials used	<u>396,243</u>
Supplies used	
Beginning balance	45,076
Add: Supplies purchased	226,895
Gain from supplies physical counts	704
Transferred from other accounts	5,493
Less: Ending balance	(40,413)
Supplies sold directly	(668)
Supplies scrapped	(8,569)
Transferred to other accounts	(622)
Other operating costs	(1)
Supplies used	<u>227,895</u>
Direct labor	116,482
Manufacturing overhead	459,868
Manufacturing cost	<u>1,200,488</u>
Semi-finished goods and work in process	
Beginning balance	260,034
Add: Semi-finished goods and work in process purchased	114,832
Gain from semi-finished goods physical counts	1,119
Transferred from other accounts	347
Less: Ending balance	(241,461)
Semi-finished goods and work in process scrapped	(998)
Transferred to other accounts	(45,977)
Semi-finished goods sold directly	(191,854)
Other operating costs	(602)
Cost of finished goods	<u>1,095,923</u>
Cost of finished goods sold at normal production level	
Add: Beginning balance	156,062
Finished goods purchased	8,837
Less: Ending balance	(150,314)
Finished goods scrapped	(1,725)
Loss from cost of finished goods physical counts	(4)
Transferred to other accounts	(27,316)
Other operating costs	(1,688)
Cost of goods sold at normal production level	<u>1,081,295</u>
Merchandise cost	
Beginning balance	127
Add: Merchandise purchased	81
Gain from merchandise physical counts	1
Less: Ending balance	(157)
Merchandise sold	<u>19</u>
Transferred to other accounts	(33)
Cost of merchandise sold	19
Cost of raw materials sold directly	23,349
Cost of supplies sold directly	668
Cost of semi-finished goods sold directly	191,854
Transferred to other accounts	(14,719)
Gain (loss) from physical counts	(2,501)
Scrapped	11,944
Other operating costs	(1,205)
Total	<u>\$ 1,290,204</u>

GRAPE KING BIO LTD.

STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Advertising	\$ 238,841
Salaries and wages	63,217
Depreciation	25,920
Tax	22,534
Others (Note)	<u>82,757</u>
Total	<u>\$ 433,269</u>

Note: Expenses included in others do not exceed 5% of the account balance.

STATEMENT 12**GRAPE KING BIO LTD.****STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Amount
Salaries and wages	\$ 149,810
Labor costs	41,693
Depreciation	32,058
Insurance	18,229
Others (Note)	<u>77,060</u>
Total	<u>\$ 318,850</u>

Note: Expenses included in others do not exceed 5% of the account balance.

STATEMENT 13**GRAPE KING BIO LTD.****STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Amount
Salaries and wages	\$ 72,228
Research experiment fee	54,355
Depreciation	26,187
Commissioned research fee	36,560
Others (Note)	<u>55,715</u>
Total	<u>\$ 245,045</u>

Note: Expenses included in others do not exceed 5% of the account balance.

STATEMENT 14

GRAPE KING BIO LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2021

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

	For the Year Ended December 31			Total	Operating Expenses	Total
	2021	2020	2020			
Employee benefits expense						
Salaries and wages	\$ 187,471	\$ 244,992	\$ 432,463	\$ 181,348	\$ 239,222	\$ 420,570
Labor and health insurance	13,346	21,962	35,308	11,859	17,169	29,028
Pension	6,474	6,868	13,342	6,167	7,293	13,460
Share-based payments	-	-	-	-	1,597	1,597
Other employee benefits	3,163	5,937	9,100	3,014	5,769	8,783
Board compensation	-	33,394	33,394	-	26,070	26,070
	\$ 210,454	\$ 313,153	\$ 523,607	\$ 202,388	\$ 297,120	\$ 499,508
Depreciation (Note 2)	\$ 186,880	\$ 84,431	\$ 271,311	\$ 177,459	\$ 80,113	\$ 257,572
Amortization	\$ 168	\$ 5,199	\$ 5,367	\$ -	\$ 5,422	\$ 5,422

Note 1: For the years of 2021 and 2020, the Company had an average of 466 and 455 employees, respectively, which included 11 and 8 non-employee directors, respectively.

- 1) Average labor costs for the years ended December 31, 2021 and 2020 were NT\$1,077 thousand and NT\$1,059 thousand, respectively.
- 2) Average salaries and bonuses for the years ended December 31, 2021 and 2020 were NT\$950 thousand and NT\$944 thousand, respectively.
- 3) The average salary and bonus decreased by 0.6% year over year.
- 4) Compensation to the supervisors for the years ended December 31, 2021 and 2020 were NT\$18 thousand and NT\$6,215 thousand, respectively. (Note 3)
- 5) Compensation policies

A. Directors and Managers

The remuneration shall be paid to directors who manage the Company's business. The amount is determined based on the directors' participation in the Company operations and value of contribution. In accordance with the Articles of Incorporation, the Board of Directors is authorized to provide compensation based on industry standards. In case of profit generated for the year, it shall set aside no more than 2% for the remuneration of directors as stipulated in the Articles of Incorporation. The actual appropriation ratio and amount shall be proposed by the Remuneration Committee based on operational performance and submitted to the Board of Directors for resolution. As for independent directors not included in the Company's profit distribution, the executive compensation shall be paid based on a fixed amount and requires a Board of Directors resolution.

(Continued)

The remuneration of managers is determined based on individual performance, contribution to the Company's overall operations and market standards. In addition, if there is profit generated for the year, 6%-8% shall be set aside for employee compensation, which also includes managerial remuneration as stipulated in the Articles of Incorporation, and shall be proposed by the Remuneration Committee based on operational performance and submitted to the Board of Directors for approval.

The proposed remuneration of directors not included Independent Directors and managers shall be submitted to the Remuneration Committee for approval in accordance with the Articles of Incorporation and related regulations (as for the remuneration of independent directors, to avoid a conflict of interest, it is paid by the Board of Directors as stipulated in the Articles of Incorporation and according to industry standards, and is not determined by the Remuneration Committee).

B. Supervisors

The remuneration standard for the Company's supervisors is determined by referring to the usual level of payment in the same industry, and taking into account individual performance and supervisory performance; in addition, if there is profit generated for the year, the provision shall not exceed 2% according to the company's Articles of Incorporation. For the remuneration of supervisors, the actual allocation rate and amount will be reviewed by the Remuneration Committee and will be submitted to the Board of Directors for resolution.

C. Employees

The Company's assessment of salaries is determined based on the interview evaluation results at each stage, based on the rank of the employee. The compensation and bonus system is handled in accordance with the "Performance Appraisal Management Measures", which includes: performance bonuses, year-end bonuses, and mid-year bonuses (compensation of employees). The performance bonus of the sales team is handled in accordance with the "performance bonus distribution method", and monthly bonuses and quarterly bonuses are issued based on the performance goals; employee year-end bonuses and mid-year bonuses (compensation of employees) are issued based on the Company's previous year's profit status. The number of employees and the results of the annual appraisal will be considered and distributed after being reviewed by the Remuneration Committee.

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\$266 thousand, for the years ended December 31, 2021 and 2020, respectively.

Note 3: The company has established an audit committee in accordance with the law to replace the supervisory authority in July 2021.

(Concluded)



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