

Grape King Bio Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Grape King Bio Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Grape King Bio Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

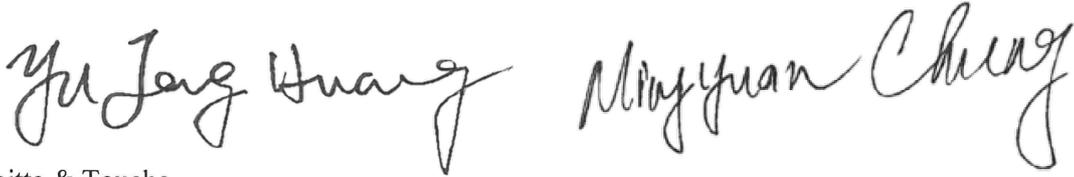
Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Handwritten signatures of Yu Feng Huang and Ming Yuan Chung in black ink.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 3, 2021

Notice to Readers

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

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)		LIABILITIES AND EQUITY	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 2,440,595	19	\$ 2,927,029	22	\$ 1,670,905	14	Short-term borrowings (Notes 19 and 33)	\$ -	-	\$ 500,000	4	\$ 600,000	5
Financial assets at fair value through profit or loss (Note 7)	200,275	2	-	-	-	-	Contract liabilities (Note 24)	106,052	1	96,240	1	90,883	1
Financial assets at amortized cost (Note 9)	56,950	-	77,662	1	81,388	1	Notes and accounts payable	317,700	3	255,318	2	238,964	2
Notes and accounts receivable, net (Notes 10 and 24)	236,853	2	199,448	1	239,810	2	Other payables (Note 20)	1,373,933	11	1,753,884	14	1,335,954	11
Accounts receivable from related parties (Notes 24 and 32)	68,278	1	2,248	-	4,497	-	Other payables to related parties (Note 32)	46,990	-	37,641	-	25,021	-
Other receivables	11,773	-	3,533	-	2,997	-	Current tax liabilities (Note 26)	782,487	6	723,261	6	567,162	5
Other receivables from related parties (Note 32)	-	-	12	-	-	-	Lease liabilities (Notes 15 and 32)	41,741	-	41,796	-	48,298	-
Inventories (Note 11)	782,726	6	689,464	5	720,092	6	Other current liabilities (Notes 20 and 32)	35,576	-	43,323	-	56,329	1
Other current assets (Note 18)	65,076	-	72,028	1	70,263	-	Current portion of long-term borrowings (Notes 19 and 33)	14,693	-	49,111	-	49,144	-
Total current assets	3,862,526	30	3,971,424	30	2,789,952	23	Total current liabilities	2,719,172	21	3,500,574	27	3,011,755	25
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through other comprehensive income (Note 8)	11,459	-	9,338	-	10,663	-	Long-term borrowings (Notes 19 and 33)	194,689	1	1,372,150	10	1,384,409	12
Financial assets at amortized cost (Notes 9 and 33)	13,320	-	13,320	-	13,320	-	Provisions (Note 21)	7,388	-	7,322	-	7,296	-
Investments accounted for using the equity method (Note 13)	24,403	-	7,115	-	6,421	-	Deferred tax liabilities (Note 26)	68,804	1	68,804	1	68,675	1
Property, plant and equipment (Notes 14, 33 and 34)	7,198,881	56	7,307,695	56	7,342,585	61	Lease liabilities (Notes 15 and 32)	121,004	1	120,933	1	127,859	1
Right-of-use assets (Note 15)	196,458	2	202,113	2	214,238	2	Other non-current liabilities (Notes 20 and 32)	46,991	-	55,884	-	59,047	-
Investment properties (Note 16)	1,461,730	11	1,467,018	11	1,469,014	12	Total non-current liabilities	438,876	3	1,625,093	12	1,647,286	14
Intangible assets (Note 17)	35,050	-	38,341	-	40,969	1	Total liabilities	3,158,048	24	5,125,667	39	4,659,041	39
Deferred tax assets (Note 26)	9,565	-	10,872	-	12,438	-	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
Other non-current assets (Notes 18, 22 and 32)	117,745	1	76,885	1	91,886	1	Share capital						
Total non-current assets	9,068,611	70	9,132,697	70	9,201,534	77	Ordinary shares	1,481,374	12	1,362,864	11	1,362,864	11
							Capital surplus	2,869,691	22	971,717	8	971,717	8
							Retained earnings						
							Legal reserve	1,198,125	9	1,070,880	8	1,070,880	9
							Special reserve	86,465	1	100,752	1	100,752	1
							Unappropriated earnings	3,004,082	23	3,204,726	24	2,783,380	23
							Total retained earnings	4,288,672	33	4,376,358	33	3,955,012	33
							Other equity	(101,550)	(1)	(86,465)	(1)	(108,745)	(1)
							Total equity attributable to owners of the Company	8,538,187	66	6,624,474	51	6,180,848	51
							NON-CONTROLLING INTERESTS (Notes 12 and 23)						
							Total equity	9,773,089	76	7,978,454	61	7,332,445	61
TOTAL	\$ 12,931,137	100	\$ 13,104,121	100	\$ 11,991,486	100	TOTAL	\$ 12,931,137	100	\$ 13,104,121	100	\$ 11,991,486	100

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 24 and 32)	\$ 2,403,567	100	\$ 2,168,011	100	\$ 6,879,634	100	\$ 6,425,187	100
COST OF GOODS SOLD (Notes 11 and 25)	<u>(469,930)</u>	<u>(20)</u>	<u>(390,484)</u>	<u>(18)</u>	<u>(1,395,823)</u>	<u>(21)</u>	<u>(1,151,800)</u>	<u>(18)</u>
GROSS PROFIT	1,933,637	80	1,777,527	82	5,483,811	79	5,273,387	82
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATE	<u>21</u>	<u>-</u>	<u>380</u>	<u>-</u>	<u>(257)</u>	<u>-</u>	<u>(289)</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>1,933,658</u>	<u>80</u>	<u>1,777,907</u>	<u>82</u>	<u>5,483,554</u>	<u>79</u>	<u>5,273,098</u>	<u>82</u>
OPERATING EXPENSES (Notes 22, 25 and 32)								
Selling and marketing	(1,129,629)	(47)	(1,007,532)	(46)	(3,299,058)	(48)	(3,164,243)	(49)
General and administrative	(152,643)	(6)	(140,724)	(7)	(428,099)	(6)	(387,928)	(6)
Research and development	<u>(73,384)</u>	<u>(3)</u>	<u>(67,224)</u>	<u>(3)</u>	<u>(212,464)</u>	<u>(3)</u>	<u>(180,389)</u>	<u>(3)</u>
Total operating expenses	<u>(1,355,656)</u>	<u>(56)</u>	<u>(1,215,480)</u>	<u>(56)</u>	<u>(3,939,621)</u>	<u>(57)</u>	<u>(3,732,560)</u>	<u>(58)</u>
INCOME FROM OPERATIONS	<u>578,002</u>	<u>24</u>	<u>562,427</u>	<u>26</u>	<u>1,543,933</u>	<u>22</u>	<u>1,540,538</u>	<u>24</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 25 and 32)								
Interest income	1,287	-	603	-	4,472	-	3,481	-
Other income	26,342	1	23,246	1	67,675	1	64,589	1
Other gains and losses	160	-	(2,696)	-	(1,013)	-	(3,714)	-
Finance costs	(854)	-	(2,977)	-	(3,201)	-	(10,865)	-
Share of profit of associate	<u>771</u>	<u>-</u>	<u>173</u>	<u>-</u>	<u>1,059</u>	<u>-</u>	<u>1,419</u>	<u>-</u>
Total non-operating income	<u>27,706</u>	<u>1</u>	<u>18,349</u>	<u>1</u>	<u>68,992</u>	<u>1</u>	<u>54,910</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	605,708	25	580,776	27	1,612,925	23	1,595,448	25
INCOME TAX EXPENSE (Note 26)	<u>(125,223)</u>	<u>(5)</u>	<u>(118,062)</u>	<u>(6)</u>	<u>(311,221)</u>	<u>(4)</u>	<u>(323,713)</u>	<u>(5)</u>
NET PROFIT FOR THE PERIOD	<u>480,485</u>	<u>20</u>	<u>462,714</u>	<u>21</u>	<u>1,301,704</u>	<u>19</u>	<u>1,271,735</u>	<u>20</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 23)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	898	-	147	-	2,121	-	(1,119)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(944)	-	16,567	1	(16,733)	-	(6,574)	-
Exchange differences on translating the financial statements of foreign operations of associate	<u>(82)</u>	<u>-</u>	<u>76</u>	<u>-</u>	<u>(473)</u>	<u>-</u>	<u>(300)</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(128)</u>	<u>-</u>	<u>16,790</u>	<u>1</u>	<u>(15,085)</u>	<u>-</u>	<u>(7,993)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 480,357</u>	<u>20</u>	<u>\$ 479,504</u>	<u>22</u>	<u>\$ 1,286,619</u>	<u>19</u>	<u>\$ 1,263,742</u>	<u>20</u>

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GRAPE KING BIO LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 302,031	13	\$ 303,604	14	\$ 860,393	13	\$ 851,107	13
Non-controlling interests	<u>178,454</u>	<u>7</u>	<u>159,110</u>	<u>7</u>	<u>441,311</u>	<u>6</u>	<u>420,628</u>	<u>7</u>
	<u>\$ 480,485</u>	<u>20</u>	<u>\$ 462,714</u>	<u>21</u>	<u>\$ 1,301,704</u>	<u>19</u>	<u>\$ 1,271,735</u>	<u>20</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 301,903	13	\$ 320,394	15	\$ 845,308	12	\$ 843,114	13
Non-controlling interests	<u>178,454</u>	<u>7</u>	<u>159,110</u>	<u>7</u>	<u>441,311</u>	<u>7</u>	<u>420,628</u>	<u>7</u>
	<u>\$ 480,357</u>	<u>20</u>	<u>\$ 479,504</u>	<u>22</u>	<u>\$ 1,286,619</u>	<u>19</u>	<u>\$ 1,263,742</u>	<u>20</u>
EARNINGS PER SHARE (Note 27)								
Basic earnings per share	<u>\$ 2.04</u>		<u>\$ 2.23</u>		<u>\$ 5.84</u>		<u>\$ 6.25</u>	
Diluted earnings per share	<u>\$ 2.03</u>		<u>\$ 2.22</u>		<u>\$ 5.81</u>		<u>\$ 6.23</u>	

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

(Concluded)

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company											Total Equity
	Share Capital - Ordinary Shares			Retained Earnings			Others		Treasury Stock	Statements of Total	Non-controlling Interests	
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 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												
Legal reserve	-	-	-	130,933	-	(130,933)	-	-	-	-	-	-
Special reserve	-	-	-	-	26,081	(26,081)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(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 nine months ended September 30, 2020	-	-	-	-	-	851,107	-	-	-	851,107	420,628	1,271,735
Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	-	(6,874)	(1,119)	-	(7,993)	-	(7,993)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	851,107	(6,874)	(1,119)	-	843,114	420,628	1,263,742
BALANCE AT SEPTEMBER 30, 2020	<u>136,286</u>	<u>\$ 1,362,864</u>	<u>\$ 971,717</u>	<u>\$ 1,070,880</u>	<u>\$ 100,752</u>	<u>\$ 2,783,380</u>	<u>\$ (91,380)</u>	<u>\$ (17,365)</u>	<u>\$ -</u>	<u>\$ 6,180,848</u>	<u>\$ 1,151,597</u>	<u>\$ 7,332,445</u>
BALANCE AT JANUARY 1, 2021	136,286	\$ 1,362,864	\$ 971,717	\$ 1,070,880	\$ 100,752	\$ 3,204,726	\$ (67,775)	\$ (18,690)	\$ -	\$ 6,624,474	\$ 1,353,980	\$ 7,978,454
Appropriation of 2020 earnings												
Legal reserve	-	-	-	127,245	-	(127,245)	-	-	-	-	-	-
Special reserve	-	-	-	-	(14,287)	14,287	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(948,079)	-	-	-	(948,079)	-	(948,079)
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	(560,389)	(560,389)
Change in other capital surplus	-	-	1,814	-	-	-	-	-	-	1,814	-	1,814
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	860,393	-	-	-	860,393	441,311	1,301,704
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	(17,206)	2,121	-	(15,085)	-	(15,085)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	860,393	(17,206)	2,121	-	845,308	441,311	1,286,619
Issuance of ordinary shares for cash	11,851	118,510	1,896,160	-	-	-	-	-	-	2,014,670	-	2,014,670
BALANCE AT SEPTEMBER 30, 2021	<u>\$ 148,137</u>	<u>\$ 1,481,374</u>	<u>\$ 2,869,691</u>	<u>\$ 1,198,125</u>	<u>\$ 86,465</u>	<u>\$ 3,004,082</u>	<u>\$ (84,981)</u>	<u>\$ (16,569)</u>	<u>\$ -</u>	<u>\$ 8,538,187</u>	<u>\$ 1,234,902</u>	<u>\$ 9,773,089</u>

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,612,925	\$ 1,595,448
Adjustments for:		
Depreciation expenses	311,219	301,169
Amortization expenses	8,248	8,428
Expected credit loss	29	-
Net gain on financial assets at fair value through profit or loss	(695)	-
Finance costs	3,201	10,865
Interest income	(4,472)	(3,481)
Dividend income	(2)	(2)
Compensation costs of share-based payment agreements	-	2,489
Share of profit of associates	(1,059)	(1,419)
Loss on disposal of property, plant and equipment, net	179	228
Unrealized gain on transactions with associates	257	289
Reversal of provisions	-	(267)
Changes in operating assets and liabilities		
Notes and accounts receivable, net	(37,405)	(40,357)
Accounts receivable from related parties	(66,030)	(1,894)
Other receivables	(8,403)	(861)
Other receivables from related parties	12	-
Inventories	(93,262)	(173,648)
Other current assets	6,952	13,404
Contract liabilities	9,812	25,869
Notes and accounts payable	62,382	16,338
Other payables	(379,551)	(394,980)
Other payables to related parties	9,349	(13,109)
Provisions	-	(490)
Other current liabilities	(11,982)	1,499
Net defined benefit liabilities	(2,507)	(2,505)
Cash generated from operations	1,419,197	1,343,013
Interest received	4,606	3,486
Interest paid	(2,339)	(8,883)
Income tax paid	(250,688)	(37,389)
Net cash generated from operating activities	<u>1,170,776</u>	<u>1,300,227</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	-	(3,720)
Proceeds from sale of financial assets at amortized cost	19,926	2,950
Repayment of financial assets at amortized cost	-	1,860
Acquisition of financial assets at fair value through profit or loss	(1,200,000)	-

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GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
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)	-
Acquisition of property, plant and equipment	(219,177)	(1,165,451)
Proceeds from disposal of property, plant and equipment	10	955
Increase in refundable deposits	(4,577)	(9,460)
Decrease in refundable deposits	6,186	9,342
Acquisition of intangible assets	(2,130)	(12,341)
Acquisition of investment properties	(724)	-
Decrease (increase) in other non-current assets	3,012	(7,074)
Dividends received	<u>2</u>	<u>2</u>
Net cash used in investing activities	<u>(406,774)</u>	<u>(1,182,937)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	1,850,000
Repayments of short-term borrowings	(500,000)	(1,600,000)
Proceeds from long-term borrowings	-	873,000
Repayments of long-term borrowings	(1,211,879)	(265,992)
Proceeds from guarantee deposits received	679	5,780
Refund of guarantee deposits received	(5,259)	(14,808)
Repayment of the principal portion of lease liabilities	(34,160)	(34,970)
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>(1,242,603)</u>	<u>(591,628)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(7,833)</u>	<u>(964)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(486,434)	(475,302)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>2,927,029</u>	<u>2,146,207</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,440,595</u>	<u>\$ 1,670,905</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 NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s Board of Directors and issued on November 3, 2021.

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.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to 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 that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

Amendments to IAS 1 “Disclosure of Accounting Policies”

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

- accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

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

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

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

See Note 12, Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to Note 4 to the consolidated financial statements for the year ended December 31, 2020.

1) Financial assets at FVTPL

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

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

2) Retirement benefits

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

3) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications. The estimates and underlying assumptions are reviewed on an ongoing basis. For other-related information, refer to Note 5 to the statements of critical accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 2,825	\$ 1,887	\$ 2,930
Checking accounts and demand deposits	1,685,420	1,595,306	1,298,120
Cash equivalents (investments with original maturities of 3 months or less)			
Repurchase agreements collateralized by commercial paper	651,996	1,167,799	315,825
Repurchase agreements collateralized by bonds	<u>100,354</u>	<u>162,037</u>	<u>54,030</u>
	<u>\$ 2,440,595</u>	<u>\$ 2,927,029</u>	<u>\$ 1,670,905</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
- Mutual funds	<u>\$ 200,275</u>	<u>\$ -</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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Non-current - investments in equity instruments at FVTOCI</u>			
Unlisted shares			
FU-Sheng International Inc. (Samoa)	\$ 11,450	\$ 9,330	\$ 10,655
Hsin Tung Yang Co., Ltd.	<u>9</u>	<u>8</u>	<u>8</u>
	<u>\$ 11,459</u>	<u>\$ 9,338</u>	<u>\$ 10,663</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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 56,950</u>	<u>\$ 77,662</u>	<u>\$ 81,388</u>
<u>Non-current</u>			
Pledged time deposits	<u>\$ 13,320</u>	<u>\$ 13,320</u>	<u>\$ 13,320</u>

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

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

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 10,929</u>	<u>\$ 17,732</u>	<u>\$ 12,593</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	229,103	184,895	230,548
Less: Loss allowance	<u>(3,179)</u>	<u>(3,179)</u>	<u>(3,331)</u>
	<u>225,924</u>	<u>181,716</u>	<u>227,217</u>
	<u>\$ 236,853</u>	<u>\$ 199,448</u>	<u>\$ 239,810</u>

The average credit period of sales of goods was 30-135 days. The Group adopted a policy of only dealing with entities that 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 Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1 and September 30	<u>\$ 3,179</u>	<u>\$ 3,331</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	
September 30, 2021	\$ 220,198	\$ 16,286	\$ -	\$ 369	\$ 236,853
December 31, 2020	189,899	9,074	475	-	199,448
September 30, 2020	204,685	34,999	126	-	239,810

Notes and accounts receivable were not pledged.

11. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Finished goods	\$ 224,979	\$ 206,040	\$ 206,387
Semi-finished goods and work in progress	276,799	276,903	265,001
Raw materials	225,725	162,529	213,950
Supplies	55,065	43,865	34,604
Merchandise	<u>158</u>	<u>127</u>	<u>150</u>
	<u>\$ 782,726</u>	<u>\$ 689,464</u>	<u>\$ 720,092</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Cost of inventories sold	<u>\$ 469,930</u>	<u>\$ 390,484</u>	<u>\$1,395,823</u>	<u>\$ 1,151,800</u>
Loss on retirement	<u>\$ 1,059</u>	<u>\$ 1,741</u>	<u>\$ 12,033</u>	<u>\$ 7,245</u>
Gain from physical counts	<u>\$ (739)</u>	<u>\$ (916)</u>	<u>\$ (1,455)</u>	<u>\$ (1,872)</u>

Inventories were not pledged.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership		
			September 30, 2021	December 31, 2020	September 30, 2020
The Company	Pro-partner Inc. (Pro-partner)	Sales	60%	60%	60%
The Company	GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI) (GKBVI)	Investment	100%	100%	100%
The Company	Rivershine Ltd. (Rivershine)	Sales	100%	100%	100%
The Company	Dongpu Biotech Corporation (Note)	Sales	100%	100%	100%
GKBVI	Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Manufacturing and Sales	100%	100%	100%
GKBVI	Shanghai Rivershine Ltd. (Shanghai Rivershine)	Sales	100%	100%	100%

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		
		September 30, 2021	December 31, 2020	September 30, 2020
Pro-partner	Taiwan	40%	40%	40%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30, 2021	December 31, 2020	September 30, 2020
	2021	2020	2021	2020			
Pro-partner	\$ 178,454	\$ 159,110	\$ 441,311	\$ 420,628	\$ 1,234,902	\$ 1,353,980	\$ 1,151,597

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

Pro-partner

	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 1,584,849	\$ 2,133,273	\$ 1,028,122
Non-current assets	3,683,582	3,729,824	3,759,630
Current liabilities	(1,981,850)	(2,292,051)	(1,715,789)
Non-current liabilities	(199,326)	(186,095)	(192,970)
Equity	<u>\$ 3,087,255</u>	<u>\$ 3,384,951</u>	<u>\$ 2,878,993</u>
Equity attributable to:			
Owners of the Company	\$ 1,852,353	\$ 2,030,971	\$ 1,727,396
Non-controlling interests of Pro-partner	<u>1,234,902</u>	<u>1,353,980</u>	<u>1,151,597</u>
	<u>\$ 3,087,255</u>	<u>\$ 3,384,951</u>	<u>\$ 2,878,993</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue	<u>\$ 1,981,508</u>	<u>\$ 1,814,196</u>	<u>\$ 5,544,708</u>	<u>\$ 5,380,698</u>
Profit and comprehensive income for the period	<u>\$ 446,134</u>	<u>\$ 396,882</u>	<u>\$ 1,103,277</u>	<u>\$ 1,050,678</u>
Profit and total comprehensive income attributable to:				
Owners of the Company	\$ 267,680	\$ 237,772	\$ 661,966	\$ 630,050
Non-controlling interests of Pro-partner	<u>178,454</u>	<u>159,110</u>	<u>441,311</u>	<u>420,628</u>
	<u>\$ 446,134</u>	<u>\$ 396,882</u>	<u>\$ 1,103,277</u>	<u>\$ 1,050,678</u>
			For the Nine Months Ended September 30	
			2021	2020
Net cash inflow (outflow) from:				
Operating activities			\$ 801,834	\$ 1,000,602
Investing activities			(3,935)	(45,565)
Financing activities			<u>(1,431,388)</u>	<u>(1,456,548)</u>
Net cash outflow			<u>\$ (633,489)</u>	<u>\$ (501,511)</u>
Dividends paid to non-controlling interests of:				
Pro-partner			<u>\$ 560,389</u>	<u>\$ 566,462</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Associates that are not individually material</u>			
GK BIO INTERNATIONAL SDN. BHD.	\$ 9,652	\$ 7,115	\$ 6,421
Shanghai Changhong Biotechnology Co., Ltd.	5,278	-	-
Shanghai Xinquan Biotechnology Co., Ltd.	<u>9,473</u>	<u>-</u>	<u>-</u>
	<u>\$ 24,403</u>	<u>\$ 7,115</u>	<u>\$ 6,421</u>

Aggregate information of associates that are not individually material:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
The Company's share of:				
Net income (loss)	\$ 775	\$ 264	\$ 997	\$ 1,349
Other comprehensive loss	<u>(91)</u>	<u>76</u>	<u>(509)</u>	<u>(300)</u>
Total comprehensive income (loss)	<u>\$ (684)</u>	<u>\$ 340</u>	<u>\$ (488)</u>	<u>\$ 1,049</u>

The Company had neither contingent liabilities nor capital commitments to the associates as of September 30, 2021 and 2020.

Investments in associates were not pledged.

14. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2021	December 31, 2020	September 30, 2020
Assets used by the Group	<u>\$ 7,198,881</u>	<u>\$ 7,307,695</u>	<u>\$ 7,342,585</u>

a. Assets used by the Group

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2021	\$ 2,964,613	\$ 3,264	\$ 4,321,322	\$ 1,688,023	\$ 20,889	\$ 85,529	\$ 493,673	\$ 107,734	\$ 9,685,047
Additions	-	-	47,571	23,156	-	600	11,557	42,549	125,433
Disposals	-	-	(670)	(6,221)	-	(302)	(21,687)	-	(28,880)
Reclassified	-	-	37,857	67,555	-	-	18,794	(83,496)	40,710
Effects of foreign currency exchange differences	-	-	(7,306)	(4,315)	(64)	(45)	(314)	(128)	(12,172)
Balance at September 30, 2021	<u>2,964,613</u>	<u>3,264</u>	<u>4,398,774</u>	<u>1,768,198</u>	<u>20,825</u>	<u>85,782</u>	<u>502,023</u>	<u>66,659</u>	<u>9,810,138</u>
Accumulated depreciation									
Balance at January 1, 2021	-	1,695	942,910	1,032,350	13,422	35,224	351,751	-	2,377,352
Depreciation expenses	-	204	128,668	90,300	1,627	13,095	33,493	-	267,387
Disposals	-	-	(670)	(6,197)	-	(181)	(21,643)	-	(28,691)
Effects of foreign currency exchange differences	-	-	(2,233)	(2,229)	(38)	(23)	(268)	-	(4,791)
Balance at September 30, 2021	-	<u>1,899</u>	<u>1,068,675</u>	<u>1,114,224</u>	<u>15,011</u>	<u>48,115</u>	<u>363,333</u>	-	<u>2,611,257</u>
Carrying amount at January 1, 2021	<u>\$ 2,964,913</u>	<u>\$ 1,569</u>	<u>\$ 3,378,412</u>	<u>\$ 655,673</u>	<u>\$ 7,467</u>	<u>\$ 50,305</u>	<u>\$ 141,922</u>	<u>\$ 107,734</u>	<u>\$ 7,307,695</u>
Carrying amount at September 30, 2021	<u>\$ 2,964,613</u>	<u>\$ 1,365</u>	<u>\$ 3,330,099</u>	<u>\$ 653,974</u>	<u>\$ 5,814</u>	<u>\$ 37,667</u>	<u>\$ 138,690</u>	<u>\$ 66,659</u>	<u>\$ 7,198,881</u>
Cost									
Balance at January 1, 2020	\$ 2,067,958	\$ 3,264	\$ 3,179,557	\$ 1,284,693	\$ 18,714	\$ 48,277	\$ 424,351	\$ 1,496,235	\$ 8,523,049
Additions	896,655	-	15,485	23,188	1,467	37,064	23,077	59,568	1,056,504
Disposals	-	-	(88)	(8,723)	(1,085)	-	(2,249)	-	(12,145)
Reclassified	-	-	1,124,088	354,306	1,175	-	48,091	(1,434,985)	92,675
Effects of foreign currency exchange differences	-	-	(3,512)	(2,049)	(24)	(23)	(162)	(124)	(5,894)
Balance at September 30, 2020	<u>2,964,613</u>	<u>3,264</u>	<u>4,315,530</u>	<u>1,651,415</u>	<u>20,247</u>	<u>85,318</u>	<u>493,108</u>	<u>120,694</u>	<u>9,654,189</u>
Accumulated depreciation									
Balance at January 1, 2020	-	1,340	791,071	929,987	11,166	21,459	314,493	-	2,069,516
Depreciation expenses	-	287	126,129	84,200	1,995	9,390	33,205	-	255,206
Disposals	-	-	(40)	(8,336)	(337)	-	(2,249)	-	(10,962)
Effects of foreign currency exchange differences	-	-	(970)	(1,044)	(13)	(10)	(119)	-	(2,156)
Balance at September 30, 2020	-	<u>1,627</u>	<u>916,190</u>	<u>1,004,807</u>	<u>12,811</u>	<u>30,839</u>	<u>345,330</u>	-	<u>2,311,604</u>
Carrying amount at September 30, 2020	<u>\$ 2,964,613</u>	<u>\$ 1,637</u>	<u>\$ 3,399,340</u>	<u>\$ 646,608</u>	<u>\$ 7,436</u>	<u>\$ 54,479</u>	<u>\$ 147,778</u>	<u>\$ 120,694</u>	<u>\$ 7,342,585</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 nine months ended September 30, 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

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Land	\$ 81,686	\$ 84,382	\$ 84,199
Buildings	105,091	107,418	118,009
Transportation equipment	7,681	8,008	9,574
Other equipment	<u>2,000</u>	<u>2,305</u>	<u>2,456</u>
	<u>\$ 196,458</u>	<u>\$ 202,113</u>	<u>\$ 214,238</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2021	2020	2021
			2020
Additions to right-of-use assets			<u>\$ 32,803</u>
Depreciation charge for right-of-use assets			<u>\$ 59,796</u>
Land	\$ 898	\$ 781	\$ 2,516
Buildings	9,136	10,612	30,233
Transportation equipment	1,402	1,595	4,690
Other equipment	<u>161</u>	<u>152</u>	<u>477</u>
	<u>\$ 11,597</u>	<u>\$ 13,140</u>	<u>\$ 37,820</u>
			<u>\$ 39,109</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2021 and 2020.

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Current	\$ 41,741	\$ 41,796	\$ 48,298
Non-current	<u>\$ 121,004</u>	<u>\$ 120,933</u>	<u>\$ 127,859</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Land	1.02%-4.75%	1.02%-4.75%	1.02%-4.75%
Buildings	1.00%-1.44%	1.00%-4.75%	1.00%-4.75%
Transportation equipment	1.00%-1.35%	1.00%-1.35%	1.00%-1.35%
Other equipment	1.00%-1.02%	1.00%	1.00%

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 September 30, 2021, December 31, 2020 and September 30, 2020 Shanghai Grape King had received prepaid rents, recorded under the advances received for the period of eight years and four months, nine years and one month and nine years and four months, respectively. The movement schedule of prepaid rents is listed as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Beginning balance of prepaid rent	\$ 41,603	\$ 45,423	\$ 45,423
Rental income recognized in current period	(3,404)	(4,480)	(3,343)
Effects of foreign currency exchange differences	<u>(659)</u>	<u>660</u>	<u>(387)</u>
Ending balance of prepaid rent	<u>\$ 37,540</u>	<u>\$ 41,603</u>	<u>\$ 41,693</u>

Advances received for operating leases are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Other current liabilities	\$ 4,505	\$ 4,580	\$ 4,467
Other non-current liabilities	<u>33,035</u>	<u>37,023</u>	<u>37,226</u>
Ending balance of prepaid rent	<u>\$ 37,540</u>	<u>\$ 41,603</u>	<u>\$ 41,693</u>

e. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses relating to short-term and low-value asset leases	<u>\$ 4,556</u>	<u>\$ 3,613</u>	<u>\$ 12,116</u>	<u>\$ 10,640</u>
Total cash outflow for leases			<u>\$ (46,276)</u>	<u>\$ (45,430)</u>

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

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 1,173,942	\$ 394,499	\$ 1,568,441
Additions	<u>-</u>	<u>724</u>	<u>724</u>
Balance at September 30, 2021	<u>\$ 1,173,942</u>	<u>\$ 395,223</u>	<u>\$ 1,569,165</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 101,423	\$ 101,423
Depreciation expenses	<u>-</u>	<u>6,012</u>	<u>6,012</u>
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 107,435</u>	<u>\$ 107,435</u>
Carrying amount at January 1, 2021	<u>\$ 1,173,942</u>	<u>\$ 293,076</u>	<u>\$ 1,467,018</u>
Carrying amount at September 30, 2021	<u>\$ 1,173,942</u>	<u>\$ 287,788</u>	<u>\$ 1,461,730</u>

(Continued)

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and September 30, 2020	<u>\$ 1,173,942</u>	<u>\$ 394,499</u>	<u>\$ 1,568,441</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ -	\$ 92,573	\$ 92,573
Depreciation expenses	<u>-</u>	<u>6,854</u>	<u>6,854</u>
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ 99,427</u>	<u>\$ 99,427</u>
Carrying amount at September 30, 2020	<u>\$ 1,173,942</u>	<u>\$ 295,072</u>	<u>\$ 1,469,014</u> (Concluded)

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

The maturity analysis of lease payments receivable under operating leases of investment properties as of September 30, 2021 and December 31, 2020 and September 30, 2020 was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Year 1	\$ 15,882	\$ 13,921	\$ 14,378
Year 2	15,903	13,253	13,253
Year 3	2,215	9,966	13,253
Year 4	948	108	108
Year 5	948	108	108
Over 5 years	<u>3,500</u>	<u>-</u>	<u>-</u>
	<u>\$ 39,396</u>	<u>\$ 37,356</u>	<u>\$ 41,100</u>

Except for depreciation recognized, the Group did not have significant addition, disposal, or impairment of investment properties during the nine months ended September 30, 2021 and 2020. Investment properties are depreciated using the straight-line method over their estimated useful lives of 5 of 50 years.

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

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value	<u>\$ 1,779,834</u>	<u>\$ 1,686,593</u>	<u>\$ 1,682,550</u>

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

Investment properties were not pledged.

17. INTANGIBLE ASSETS

	Computer Software	Trademarks	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 62,698	\$ 16,070	\$ 78,768
Additions	2,065	65	2,130
Reclassified	2,869	-	2,869
Effects of foreign currency exchange differences	<u>(54)</u>	<u>-</u>	<u>(54)</u>
Balance at September 30, 2021	<u>\$ 67,578</u>	<u>\$ 16,135</u>	<u>\$ 83,713</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 25,211	\$ 15,216	\$ 40,427
Amortization expenses	8,078	170	8,248
Effects of foreign currency exchange differences	<u>(12)</u>	<u>-</u>	<u>(12)</u>
Balance at September 30, 2021	<u>\$ 33,277</u>	<u>\$ 15,386</u>	<u>\$ 48,663</u>
Carrying amount at January 1, 2021	<u>\$ 37,487</u>	<u>\$ 854</u>	<u>\$ 38,341</u>
Carrying amount at September 30, 2021	<u>\$ 34,301</u>	<u>\$ 749</u>	<u>\$ 35,050</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 49,002	\$ 15,049	\$ 64,051
Additions	11,320	1,021	12,341
Reclassified	2,290	-	2,290
Effects of foreign currency exchange differences	<u>(22)</u>	<u>-</u>	<u>(22)</u>
Balance at September 30, 2020	<u>\$ 62,590</u>	<u>\$ 16,070</u>	<u>\$ 78,660</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2020	\$ 15,197	\$ 14,068	\$ 29,265
Amortization expenses	7,336	1,092	8,428
Effects of foreign currency exchange differences	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Balance at September 30, 2020	<u>\$ 22,531</u>	<u>\$ 15,160</u>	<u>\$ 37,691</u>
Carrying amount at September 30, 2020	<u>\$ 40,059</u>	<u>\$ 910</u>	<u>\$ 40,969</u>

Except for the aforementioned addition and recognized amortization, the Group did not have disposal or impairment of other intangible assets during the nine months ended September 30, 2021 and 2020. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-10 years
Trademark	4-10 years

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
An analysis of depreciation by function				
Operating costs	\$ 66	\$ -	\$ 66	\$ -
Selling and marketing expenses	1,353	1,332	4,019	3,912
General and administrative expenses	<u>1,357</u>	<u>1,378</u>	<u>4,163</u>	<u>4,516</u>
	<u>\$ 2,776</u>	<u>\$ 2,710</u>	<u>\$ 8,248</u>	<u>\$ 8,428</u>

18. OTHER ASSETS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current assets</u>			
Prepayments for purchases	\$ 15,164	\$ 30,314	\$ 25,598
Office supplies	3,560	1,274	2,625
Other prepaid expense	41,760	34,270	38,048
Other current assets	<u>4,592</u>	<u>6,170</u>	<u>3,992</u>
	<u>\$ 65,076</u>	<u>\$ 72,028</u>	<u>\$ 70,263</u>
<u>Non-current assets</u>			
Prepayments for equipment	\$ 72,391	\$ 22,044	\$ 39,486
Refundable deposits	23,419	25,050	25,929
Net defined benefit assets	14,589	12,160	8,833
Overdue receivables	2,244	2,244	2,267
Less: Loss allowance	(2,244)	(2,244)	(2,267)
Other non-current assets	<u>7,346</u>	<u>17,631</u>	<u>17,638</u>
	<u>\$ 117,745</u>	<u>\$ 76,885</u>	<u>\$ 91,886</u>

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

19. BORROWINGS

a. Short-term borrowings

	Interest rates (%)	September 30, 2021	December 31, 2020	September 30, 2020
<u>Unsecured borrowings</u>				
Line of credit borrowings	1.00	\$ -	\$ 262,000	\$ 362,000
<u>Secured borrowings</u>				
Bank loans	1.00	-	<u>238,000</u>	<u>238,000</u>
		<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 600,000</u>

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:

Lender	September 30, 2021	Interest rate (%)	Maturity and terms
<u>Secured borrowings</u>			
Secured Long-Term Loan from Taiwan Cooperative Bank	\$ 113,269	1.19	Effective from May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Hua Nan Commercial Bank	<u>96,113</u>	1.02	
	209,382		Effective from June 8, 2020 to June 8, 2035. Principal is repaid with interest payments due on a monthly basis.
Less: Current portions	<u>(14,693)</u>		
	<u>\$ 194,689</u>		

Lender	December 31, 2020	Interest rate (%)	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. Interest is repayable monthly; principal is repayable at maturity.
Secured Long-Term Loan from Hua Nan Commercial Bank	350,000	1.02	

(Continued)

Lender	December 31, 2020	Interest rate (%)	Maturity and terms
Secured Long-Term Loan from Taiwan Cooperative Bank	119,028	1.19	Effective from May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Hua Nan Commercial Bank	<u>100,000</u>	1.02	Effective from May 10, 2019 to May 10, 2022. Interest is repayable monthly; principal is repayable at maturity.
	1,421,261		
Less: Current portions	<u>(49,111)</u>		
	<u>\$ 1,372,150</u>		

(Concluded)

Lender	September 30, 2020	Interest rate (%)	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	612,617	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 Taiwan Cooperative Bank	120,936	1.19	Effective from May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Hua Nan Commercial Bank	<u>100,000</u>	1.02	Effective from May 10, 2019 to May 10, 2022. Interest is repayable monthly; principal is repayable at maturity.
	1,433,553		
Less: Current portions	<u>(49,144)</u>		
	<u>\$ 1,384,409</u>		

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

20. OTHER LIABILITIES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Other payables			
Bonus to direct sellers	\$ 774,798	\$ 1,043,099	\$ 740,385
Salaries and incentive bonus	113,666	140,903	112,508
Bonus to employees	139,152	204,120	136,819

(Continued)

	September 30, 2021	December 31, 2020	September 30, 2020
Accrued VAT payable	\$ 25,021	\$ 82,255	\$ 30,724
Bonus to directors and supervisors	19,632	29,633	19,506
Payables for purchases of equipment	18,608	18,426	33,673
Other accrued expenses	278,004	232,284	256,382
Others	<u>5,052</u>	<u>3,164</u>	<u>5,957</u>
	<u>\$ 1,373,933</u>	<u>\$ 1,753,884</u>	<u>\$ 1,335,954</u>
Other liabilities			
Unearned rent	\$ 6,078	\$ 6,006	\$ 6,807
Guarantee deposits received	1,990	1,743	3,550
Other current liabilities	<u>27,508</u>	<u>35,574</u>	<u>45,972</u>
	<u>\$ 35,576</u>	<u>\$ 43,323</u>	<u>\$ 56,329</u>
<u>Non-current</u>			
Guarantee deposits received	\$ 12,456	\$ 17,283	\$ 20,368
Net defined benefit liabilities	1,500	1,578	1,453
Other non-current liabilities - other	<u>33,035</u>	<u>37,023</u>	<u>37,226</u>
	<u>\$ 46,991</u>	<u>\$ 55,884</u>	<u>\$ 59,047</u>

(Concluded)

21. PROVISIONS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Non-current</u>			
Decommissioning, restoration and rehabilitation	<u>\$ 7,388</u>	<u>\$ 7,322</u>	<u>\$ 7,296</u>

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

	<u>For the Nine Months Ended September 30</u>	
	2021	2020
Balance at January 1	\$ 7,322	\$ 5,317
Additional provisions recognized	-	2,660
Amount used	-	(490)
Reversal of unused balance	-	(267)
Discount rate adjustment and unwinding of discount from the passage of time	<u>66</u>	<u>76</u>
Balance at September 30	<u>\$ 7,388</u>	<u>\$ 7,296</u>

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

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

Expenses under the defined contribution plan for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020 were NT\$8,094 thousand, NT\$5,227 thousand, NT\$23,896 thousand and NT\$16,290 thousand, respectively.

b. Defined benefit plans

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate; expenses under the defined benefit plan for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020 were NT\$49 thousand, NT\$47 thousand, NT\$146 thousand and NT\$141 thousand, respectively.

23. EQUITY

a. Share capital

1) Ordinary shares

	September 30, 2021	December 31, 2020	September 30, 2020
Shares authorized (in thousands of shares)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Shares authorized, par value \$10 (in thousands of dollars)	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Shares issued and fully paid (in thousands of shares)	<u>148,137</u>	<u>136,286</u>	<u>136,286</u>
Shares issued through public issue	\$ 1,362,864	\$ 1,362,864	\$ 1,362,864
Shares issued through private placement	<u>118,510</u>	<u>-</u>	<u>-</u>
Shares issued and fully paid (in thousands of dollars)	<u>\$ 1,481,374</u>	<u>\$ 1,362,864</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 ordinary shares issued through this private placement are the same as those of the shareholders of the Company's issued ordinary shares. However, in accordance with Article 43-8 of the Securities and Exchange Act, the ordinary shares of this private placement shall not be freely transferred within three years from the date of subscription.

b. Capital surplus

	September 30, 2021	December 31, 2020	September 30, 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	\$ 954,280
Treasury share transactions	2,672	2,672	2,672
<u>May only be used to offset a deficit</u>			
Convertible bonds - expired share options	150	150	150
Treasury share transactions - share options	6,749	6,749	6,749
Other (2)	<u>9,680</u>	<u>7,866</u>	<u>7,866</u>
	<u>\$ 2,869,691</u>	<u>\$ 971,717</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) Other is unclaimed dividend.

c. Retained earnings and dividends policy

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

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

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

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

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

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

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

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

d. Other equity items

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at beginning of period	\$ (67,775)	\$ (84,506)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	<u>(17,206)</u>	<u>(6,874)</u>
Balance at end of period	<u>\$ (84,981)</u>	<u>\$ (91,380)</u>

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at beginning of period	\$ (18,690)	\$ (16,246)
Recognized for the period		
Unrealized gain (loss) - equity instruments	<u>2,121</u>	<u>(1,119)</u>
Balance at end of period	<u>\$ (16,569)</u>	<u>\$ (17,365)</u>

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2021	2020
Balance at beginning of period	\$ 1,353,980	\$ 1,297,431
Profit for the period	441,311	420,628
Dividends paid to non-controlling interests	<u>(560,389)</u>	<u>(566,462)</u>
Balance at end of period	<u>\$ 1,234,902</u>	<u>\$ 1,151,597</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 September 30, 2021 and 2020.

	Shares Transferred to Employees
Number of shares at September 30 and January 1, 2021	===== -
Number of shares at January 1, 2020	254,000
Transferred during the period	<u>(254,000)</u>
Number of shares at September 30, 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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 2,214,841	\$ 1,989,591	\$ 6,227,733	\$ 5,864,976
Revenue from the rendering of services	<u>188,726</u>	<u>178,420</u>	<u>651,901</u>	<u>560,211</u>
	<u>\$ 2,403,567</u>	<u>\$ 2,168,011</u>	<u>\$ 6,879,634</u>	<u>\$ 6,425,187</u>

a. Disaggregation of revenue

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

For the three months ended September 30, 2021

	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
<u>Type of goods or services</u>				
Sale of goods	\$ 1,981,508	\$ 168,894	\$ 64,439	\$ 2,214,841
Rendering of services	<u>-</u>	<u>-</u>	<u>188,726</u>	<u>188,726</u>
	<u>\$ 1,981,508</u>	<u>\$ 168,894</u>	<u>\$ 253,165</u>	<u>\$ 2,403,567</u>
<u>Timing of revenue recognition</u>				
Satisfied at a point in time	<u>\$ 1,981,508</u>	<u>\$ 168,894</u>	<u>\$ 253,165</u>	<u>\$ 2,403,567</u>

For the three months ended September 30, 2020

	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
<u>Type of goods or services</u>				
Sale of goods	\$ 1,814,196	\$ 146,146	\$ 29,249	\$ 1,989,591
Rendering of services	<u>-</u>	<u>-</u>	<u>178,420</u>	<u>178,420</u>
	<u>\$ 1,814,196</u>	<u>\$ 146,146</u>	<u>\$ 207,669</u>	<u>\$ 2,168,011</u>
<u>Timing of revenue recognition</u>				
Satisfied at a point in time	<u>\$ 1,814,196</u>	<u>\$ 146,146</u>	<u>\$ 207,669</u>	<u>\$ 2,168,011</u>

For the nine months ended September 30, 2021

	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
<u>Type of goods or services</u>				
Sale of goods	\$ 5,544,708	\$ 488,038	\$ 194,987	\$ 6,227,733
Rendering of services	<u>-</u>	<u>-</u>	<u>651,901</u>	<u>651,901</u>
	<u>\$ 5,544,708</u>	<u>\$ 488,038</u>	<u>\$ 846,888</u>	<u>\$ 6,879,634</u>
<u>Timing of revenue recognition</u>				
Satisfied at a point in time	<u>\$ 5,544,708</u>	<u>\$ 488,038</u>	<u>\$ 846,888</u>	<u>\$ 6,879,634</u>

For the nine months ended September 30, 2020

	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
<u>Type of goods or services</u>				
Sale of goods	\$ 5,380,698	\$ 393,067	\$ 91,211	\$ 5,864,976
Rendering of services	<u>-</u>	<u>-</u>	<u>560,211</u>	<u>560,211</u>
	<u>\$ 5,380,698</u>	<u>\$ 393,067</u>	<u>\$ 651,422</u>	<u>\$ 6,425,187</u>
<u>Timing of revenue recognition</u>				
Satisfied at a point in time	<u>\$ 5,380,698</u>	<u>\$ 393,067</u>	<u>\$ 651,422</u>	<u>\$ 6,425,187</u>

2) Type of goods

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
<u>Type of goods</u>				
Health food	\$ 1,956,344	\$ 1,741,984	\$ 5,639,316	\$ 5,327,903
ODM/OEM	253,165	207,669	846,888	651,422
Beverage	71,186	82,612	169,218	188,130
Others (Note)	<u>122,872</u>	<u>135,746</u>	<u>224,212</u>	<u>257,732</u>
	<u>\$ 2,403,567</u>	<u>\$ 2,168,011</u>	<u>\$ 6,879,634</u>	<u>\$ 6,425,187</u>

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

b. Contract balances

	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Notes and accounts receivable, net	<u>\$ 236,853</u>	<u>\$ 199,448</u>	<u>\$ 239,810</u>	<u>\$ 199,453</u>
Accounts receivable from related parties	<u>\$ 68,278</u>	<u>\$ 2,248</u>	<u>\$ 4,497</u>	<u>\$ 2,603</u>
Contract liabilities - current				
Sale of goods	\$ 38,052	\$ 4,801	\$ 4,278	\$ 9,503
Rendering of services	<u>68,000</u>	<u>91,439</u>	<u>86,605</u>	<u>55,511</u>
	<u>\$ 106,052</u>	<u>\$ 96,240</u>	<u>\$ 90,883</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 Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Financial assets at amortized cost	\$ 1,287	\$ 603	\$ 4,472	\$ 3,481

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Rental income	\$ 7,098	\$ 7,721	\$ 22,439	\$ 21,942
Others	19,244	15,525	45,236	42,647
	<u>\$ 26,342</u>	<u>\$ 23,246</u>	<u>\$ 67,675</u>	<u>\$ 64,589</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	\$ 364	\$ -	\$ 695	\$ -
Net foreign exchange loss	(73)	(2,771)	(1,323)	(3,290)
Profit (loss) on disposal of property, plant and equipment	-	190	(179)	(197)
Others	(131)	(115)	(206)	(227)
	<u>\$ 160</u>	<u>\$ (2,696)</u>	<u>\$ (1,013)</u>	<u>\$ (3,714)</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on bank loans	\$ 603	\$ 4,624	\$ 3,043	\$ 12,259
Interest on lease liabilities	462	568	1,378	1,733
Imputed interest on deposit	16	52	59	114
Unwinding of discount on provisions	19	26	66	76
Less: Amounts included in the cost of qualifying assets	(246)	(2,293)	(1,345)	(3,317)
	<u>\$ 854</u>	<u>\$ 2,977</u>	<u>\$ 3,201</u>	<u>\$ 10,865</u>

Information about capitalized interest is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Capitalized interest amount	\$ 246	\$ 2,293	\$ 1,345	\$ 3,317
Capitalization rate	1.02%	1.03%	1.03%	1.08%

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
An analysis of depreciation by function				
Operating costs	\$ 53,651	\$ 49,038	\$ 155,863	\$ 150,260
Operating expenses	<u>50,320</u>	<u>52,700</u>	<u>155,356</u>	<u>150,909</u>
	<u>\$ 103,971</u>	<u>\$ 101,738</u>	<u>\$ 311,219</u>	<u>\$ 301,169</u>
An analysis of amortization by function				
Operating costs	\$ 66	\$ -	\$ 66	\$ -
Operating expenses	<u>2,710</u>	<u>2,710</u>	<u>8,182</u>	<u>8,428</u>
	<u>\$ 2,776</u>	<u>\$ 2,710</u>	<u>\$ 8,248</u>	<u>\$ 8,428</u>

f. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Direct operating expenses from investment properties generating rental income	\$ 936	\$ 839	\$ 2,809	\$ 3,384
Direct operating expenses from investment properties not generating rental income	<u>1,084</u>	<u>1,157</u>	<u>3,203</u>	<u>3,469</u>
	<u>\$ 2,020</u>	<u>\$ 1,996</u>	<u>\$ 6,012</u>	<u>\$ 6,853</u>

g. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term benefits	<u>\$ 236,443</u>	<u>\$ 220,095</u>	<u>\$ 817,598</u>	<u>\$ 783,918</u>
Post-employment benefits (Note 22)				
Defined contribution plan	8,094	5,227	23,896	16,290
Defined benefit plans	<u>49</u>	<u>47</u>	<u>146</u>	<u>141</u>
	<u>8,143</u>	<u>5,274</u>	<u>24,042</u>	<u>16,431</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Share-based payments				
Equity-settled	\$ -	\$ 2,489	\$ -	\$ 2,489
Other employee benefits	4,365	4,277	13,009	12,944
Total employee benefits expense	\$ 248,951	\$ 232,135	\$ 854,649	\$ 815,782
An analysis of employee benefits expense by function				
Operating costs	\$ 67,960	\$ 64,205	\$ 197,839	\$ 188,298
Operating expenses	180,991	167,930	656,810	627,484
	<u>\$ 248,951</u>	<u>\$ 232,135</u>	<u>\$ 854,649</u>	<u>\$ 815,782</u>

(Concluded)

h. Compensation of employees and remuneration of directors and supervisors

According to the resolution of the board of directors, 6%-8% of profit of the current year is distributable as compensation of employees and no higher than 2% of profit of the current year is distributable as remuneration of directors and supervisors. However, the Company has to first offset accumulated losses, if any. For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the compensation of employees and the remuneration of directors and supervisors are as follows:

Accrual rate

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Compensation of employees	8%	8%	8%	8%
Remuneration of directors and supervisors	2%	2%	2%	2%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Compensation of employees	\$ 28,803	\$ 28,004	\$ 78,530	\$ 79,019
Remuneration of directors and supervisors	7,200	6,752	19,632	19,506

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 2020 and 2019 that were resolved by the Company's Board of Directors on February 25, 2021 and February 24, 2020, respectively, are as shown below:

	For the Years Ended	
	December 31	
	2020	2019
	Cash	Cash
Compensation of employees	\$ 118,532	\$ 122,964
Remuneration of directors and supervisors	29,633	30,741

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:

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	\$ 119,591	\$ 118,880	\$ 323,434	\$ 326,954
Income tax on unappropriated earnings	10,571	-	10,571	13,405
Adjustments for prior periods	<u>(4,107)</u>	<u>-</u>	<u>(24,091)</u>	<u>(13,546)</u>
	<u>126,055</u>	<u>118,880</u>	<u>309,914</u>	<u>326,813</u>
Deferred tax				
In respect of the current period	-	(818)	-	(3,100)
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	<u>(832)</u>	<u>-</u>	<u>1,307</u>	<u>-</u>
	<u>(832)</u>	<u>(818)</u>	<u>1,307</u>	<u>(3,100)</u>
Income tax expense recognized in profit or loss	<u>\$ 125,223</u>	<u>\$ 118,062</u>	<u>\$ 311,221</u>	<u>\$ 323,713</u>

b. Income tax assessments

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

27. EARNINGS PER SHARE

Unit: NT\$ per share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Basic earnings per share	\$ 2.04	\$ 2.23	\$ 5.84	\$ 6.25
Diluted earnings per share	\$ 2.03	\$ 2.22	\$ 5.81	\$ 6.23

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

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Earnings used in the computation of basic and diluted earnings per share	\$ 302,031	\$ 303,604	\$ 860,393	\$ 851,107

Weighted average number of ordinary shares outstanding

Unit: In thousands of shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	148,137	136,176	147,356	136,081
Effect of potentially dilutive ordinary shares Compensation of employees	485	468	621	584
Weighted average number of ordinary shares used in the computation of diluted earnings per share	148,622	136,644	147,977	136,665

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:

Employee share options	For the Nine Months Ended September 30, 2020	
	Number of Options	Weighted -average Exercise Price (Share/\$)
Balance at January 1	-	\$ -
Options granted	254	176.19
Options exercised	<u>(254)</u>	176.19
Balance at September 30	<u>-</u>	
Options exercisable, end of period	<u>-</u>	
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 three months ended September 30, 2020 and NT\$2,489 thousand for the nine months ended September 30, 2020.

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 nine months ended September 30, 2021 and 2020:

	For the Nine Months Ended September 30	
	2021	2020
Additions of property, plant and equipment	\$ (125,433)	\$ (1,056,504)
Changes in prepayments for purchases	(93,926)	(95,244)
Changes in payables for purchase of equipment	182	(14,663)
Change in other financial assets	<u>-</u>	<u>960</u>
Payments for acquisition of property, plant and equipment	<u>\$ (219,177)</u>	<u>\$ (1,165,451)</u>

b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2021

	January 1, 2021	Cash Flows	Non-cash Changes			September 30, 2021
			Lease Change	Finance Costs	Exchange Rate Impact	
Short-term borrowings	\$ 500,000	\$ (500,000)	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	1,421,261	(1,211,879)	-	-	-	209,382
Guarantee deposits received	19,026	(4,580)	-	-	-	14,446
Lease liabilities	<u>162,729</u>	<u>(34,160)</u>	<u>32,803</u>	<u>1,378</u>	<u>(5)</u>	<u>162,745</u>
	<u>\$ 2,103,016</u>	<u>\$ (1,750,619)</u>	<u>\$ 32,803</u>	<u>\$ 1,378</u>	<u>\$ (5)</u>	<u>\$ 386,573</u>

For the nine months ended September 30, 2020

	January 1, 2020	Cash Flows	Non-cash Changes			September 30, 2020
			Lease Change	Finance Costs	Exchange Rate Impact	
Short-term borrowings	\$ 350,000	\$ 250,000	\$ -	\$ -	\$ -	\$ 600,000
Long-term borrowings	826,545	607,008	-	-	-	1,433,553
Guarantee deposits received	32,946	(9,028)	-	-	-	23,918
Lease liabilities	<u>165,670</u>	<u>(34,970)</u>	<u>43,755</u>	<u>1,733</u>	<u>(31)</u>	<u>176,157</u>
	<u>\$ 1,375,161</u>	<u>\$ 813,010</u>	<u>\$ 43,755</u>	<u>\$ 1,733</u>	<u>\$ (31)</u>	<u>\$ 2,233,628</u>

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	<u>\$ 200,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,275</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments - unlisted shares	\$ _____ -	\$ _____ -	\$ <u>11,459</u>	\$ <u>11,459</u> (Concluded)

December 31, 2020

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

September 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments - unlisted shares	\$ _____ -	\$ _____ -	\$ <u>10,663</u>	\$ <u>10,663</u>

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

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

For the nine months ended September 30, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at beginning of period	\$ 9,338
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>2,121</u>
Balance at end of period	<u>\$ 11,459</u>

For the nine months ended September 30, 2020

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at beginning of period	\$ 11,782
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>(1,119)</u>
Balance at end of period	<u>\$ 10,663</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.

	September 30, 2021	December 31, 2020	September 30, 2020
Discount for lack of marketability	30%	30%	30%

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

	September 30, 2021	December 31, 2020	September 30, 2020
Discount for lack of marketability			
1% increase	<u>\$ (164)</u>	<u>\$ (133)</u>	<u>\$ (152)</u>
1% decrease	<u>\$ 164</u>	<u>\$ 133</u>	<u>\$ 152</u>

c. Categories of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 200,275	\$ -	\$ -
Financial assets at amortized cost			
Cash and cash equivalents	2,440,595	2,927,029	1,670,905
Financial assets at amortized cost	70,270	90,982	94,708
Notes and accounts receivable, net	236,853	199,448	239,810
Accounts receivable from related parties	68,278	2,248	4,497
Other receivables	11,773	3,533	2,997
Other receivables from related parties	-	12	-
Financial assets at FVTOCI			
Equity instruments	<u>11,459</u>	<u>9,338</u>	<u>10,663</u>
	<u>\$ 3,039,503</u>	<u>\$ 3,232,590</u>	<u>\$ 2,023,580</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Short-term borrowings	\$ -	\$ 500,000	\$ 600,000
Notes and accounts payable	317,700	255,318	238,964
Other payables	1,373,933	1,753,884	1,335,954
Other payables to related parties	46,990	37,641	25,021
Long-term borrowings (current portion included)	<u>209,382</u>	<u>1,421,261</u>	<u>1,433,553</u>
	<u>\$ 1,948,005</u>	<u>\$ 3,968,104</u>	<u>\$ 3,633,492</u>

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

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

a) Foreign currency risk

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

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

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

Sensitivity analysis

The Group is mainly exposed to the USD.

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

Currency USD Impact	
For the Nine Months Ended	
September 30	
2021	2020

Profit or loss	\$ 13,752	\$ 14,748
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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:

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Financial assets	\$ 70,270	\$ 90,982	\$ 94,708
Financial liabilities	372,127	2,083,989	2,209,710
Cash flow interest rate risk			
Financial assets	2,432,833	2,921,465	1,664,298

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 nine months ended September 30, 2021 and 2020 would change by NT\$1,825 thousand and NT\$1,248 thousand, respectively, which was mainly due to fluctuations in net asset's variable interest rate.

2) Credit risk

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

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2021, December 31, 2020 and September 30, 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.

September 30, 2021

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Notes and accounts payable	\$ 317,700	\$ -	\$ -	\$ -	\$ -	\$ 317,700
Other payables (related parties included)	1,212,391	208,532	-	-	-	1,420,923
Lease liabilities	21,767	18,969	32,493	48,434	51,344	173,007
Variable interest rate liabilities	3,978	3,960	7,866	23,171	63,917	102,892
Fixed interest rate liabilities	<u>4,532</u>	<u>4,551</u>	<u>9,140</u>	<u>27,418</u>	<u>79,206</u>	<u>124,847</u>
	<u>\$ 1,560,368</u>	<u>\$ 236,012</u>	<u>\$ 49,499</u>	<u>\$ 99,023</u>	<u>\$ 194,467</u>	<u>\$ 2,139,369</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	\$ 40,736	\$ 80,927	\$ 16,870	\$ 8,802	\$ 8,802	\$ 16,870
Variable interest rate liabilities	7,938	31,037	37,193	26,724	-	-
Fixed interest rate liabilities	<u>9,083</u>	<u>36,558</u>	<u>45,697</u>	<u>33,509</u>	<u>-</u>	<u>-</u>
	<u>\$ 57,757</u>	<u>\$ 148,522</u>	<u>\$ 99,760</u>	<u>\$ 69,035</u>	<u>\$ 8,802</u>	<u>\$ 16,870</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	-	-	-	1,791,525
Lease liabilities	25,700	17,780	29,702	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	<u>504,888</u>	<u>4,579</u>	<u>9,158</u>	<u>27,474</u>	<u>86,238</u>	<u>632,337</u>
	<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	<u>509,467</u>	<u>36,632</u>	<u>45,790</u>	<u>40,448</u>	<u>-</u>	<u>-</u>
	<u>\$ 600,429</u>	<u>\$ 1,011,736</u>	<u>\$ 287,338</u>	<u>\$ 240,519</u>	<u>\$ 8,802</u>	<u>\$ 18,191</u>

September 30, 2020

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Notes and accounts payable	\$ 238,964	\$ -	\$ -	\$ -	\$ -	\$ 238,964
Other payables (related parties included)	1,158,171	202,804	-	-	-	1,360,975
Lease liabilities	25,856	22,637	30,173	51,507	57,298	187,471
Variable interest rate liabilities	23,847	23,741	505,260	396,852	425,258	1,374,958
Fixed interest rate liabilities	<u>605,181</u>	<u>4,556</u>	<u>9,158</u>	<u>27,474</u>	<u>88,528</u>	<u>734,897</u>
	<u>\$ 2,052,019</u>	<u>\$ 253,738</u>	<u>\$ 544,591</u>	<u>\$ 475,833</u>	<u>\$ 571,084</u>	<u>\$ 3,897,265</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	\$ 48,493	\$ 81,680	\$ 21,063	\$ 8,802	\$ 8,802	\$ 18,631
Variable interest rate liabilities	47,588	902,112	223,112	202,146	-	-
Fixed interest rate liabilities	<u>609,737</u>	<u>36,632</u>	<u>45,790</u>	<u>42,738</u>	<u>-</u>	<u>-</u>
	<u>\$ 705,818</u>	<u>\$ 1,020,424</u>	<u>\$ 289,965</u>	<u>\$ 253,686</u>	<u>\$ 8,802</u>	<u>\$ 18,631</u>

b) Financing facilities

	September 30, 2021	December 31, 2020	September 30, 2020
Short-term borrowings amount			
Amount unused	<u>\$ 1,738,000</u>	<u>\$ 1,188,000</u>	<u>\$ 1,088,000</u>

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>	<u>Relationship with the Group</u>
Pu Hsing Enterprise Co., Ltd. (Pu Hsing)	Other related party	Director of Pro-partner
Taipei City Pro-partner Technology and Human Development Foundation (Pro-partner Foundation)	Other related party	Pro-partner is its sole founder
Gongju Co., Ltd. (Gongju)	Other related party	Supervisor of Pro-partner (from June 3, 2018 to June 2, 2021)
Laser Solution Technology Co., Ltd. (Laser Solution)	Other related party	Supervisor of Pro-partner (from June 3, 2021 to June 2, 2024)
Pu-Lin Ltd. (Pu-Lin)	Other related party	Related party in substance of Pro-partner
Xinlin Enterprise Co., Ltd. (Xinlin)	Other related party	Related party in substance of Pro-partner
Xinlin Investment Co., Ltd. (Xinlin Investment)	Other related party	Related party in substance of Pro-partner
Uni-President Enterprises Corp. (Uni-President)	Other related party	Director of the Company
Tung-Ju Enterprise Corp. (Tung-Ju)	Other related party	Subsidiary of a director of the Company
Tung Hsyung Co., Ltd. (Tung Hsyung)	Other related party	Subsidiary of a director of the Company
Uni-President Vender Corp. (Uni-President Vender)	Other related party	Subsidiary of a director of the Company
Tong-Yo Co., Ltd. (Tong-Yo)	Other related party	Subsidiary of a director of the Company
RSI, Retail Support International Corp. (Retail Support)	Other related party	Subsidiary of a director of the Company
Sheng-Miao Industrial Corp. (Sheng-Miao)	Other related party	Subsidiary of a director of the Company
Tung-Bo Enterprise Corp. (Tung-Bo)	Other related party	Subsidiary of a director of the Company
Xin-Tung Enterprise Corp. (Xin-Tung)	Other related party	Subsidiary of a director of the Company
Tong-Yeen Enterprises Corp. (Tong-Yeen)	Other related party	Subsidiary of a director of the Company

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>	<u>Relationship with the Group</u>
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
GK BIO INTERNATIONAL SDN. BHD.	Associate	Investee of the Company accounted for using the equity method (Concluded)

b. Sales of goods

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales	Associate	\$ 5,806	\$ 48	\$ 14,167	\$ 9,623
	Other related party	<u>37,714</u>	<u>366</u>	<u>38,442</u>	<u>1,096</u>
		<u>\$ 43,520</u>	<u>\$ 414</u>	<u>\$ 52,609</u>	<u>\$ 10,719</u>

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

c. Contract liabilities

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Contract liabilities	Other related party	<u>\$ 326</u>	<u>\$ -</u>	<u>\$ -</u>

d. Receivables from related parties

Line Item	Related Party Category/Name	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable from related parties	Tung Hsyng	\$ 33,668	\$ -	\$ -
	Tung-Ju	16,948	-	-
	GK BIO INTER-NATIONAL SDN. BHD.	8,361	2,248	4,497
	Retail Support	6,993	-	-
	Other related party	<u>2,308</u>	<u>-</u>	<u>-</u>
		<u>\$ 68,278</u>	<u>\$ 2,248</u>	<u>\$ 4,497</u>
Other receivables from related parties	Xinlin Investment	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>

e. Payables to related parties

Line Item	Related Party Category/Name	September 30, 2021	December 31, 2020	September 30, 2020
Other payables to related parties	Tung Hsyng	\$ 14,440	\$ -	\$ -
	Pu Hsing	12,662	17,848	12,056
	Laser Solution	12,630	-	-
	Gongju	-	19,793	12,965
	Other related party	<u>7,258</u>	<u>-</u>	<u>-</u>
	<u>\$ 46,990</u>	<u>\$ 37,641</u>	<u>\$ 25,021</u>	

f. Prepayments

Line Item	Related Party Category/Name	September 30, 2021	December 31, 2020	September 30, 2020
Prepayments	Other related party	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ -</u>

g. Lease arrangements

Line Item	Related Party Category/Name	September 30, 2021	December 31, 2020	September 30, 2020
Lease liabilities	Pu-Lin	<u>\$ 29,773</u>	<u>\$ 29,466</u>	<u>\$ 31,456</u>

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020

Interest expense

Other related party	<u>\$ 99</u>	<u>\$ 113</u>	<u>\$ 306</u>	<u>\$ 347</u>
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The rental paid to the above related party is similar to general market rental prices, and rental is paid once every six months.

h. Other transactions with related parties

Line Item	Related Party Category/Name	September 30, 2021	December 31, 2020	September 30, 2020
Refundable deposits	Other related party	<u>\$ 1,619</u>	<u>\$ 1,068</u>	<u>\$ 1,068</u>
Guarantee deposits received	Other related party	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>
Temporary credits (classified as other current liabilities)	Associate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Advance receipts (classified as other current liabilities)	Other related party	<u>\$ 25</u>	<u>\$ 29</u>	<u>\$ 19</u>

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2021	2020	2021	2020
Operating costs - freight expense	Other related party	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>
Selling and marketing expenses - commissions expense	Other related party	<u>\$ 3,574</u>	<u>\$ 1,286</u>	<u>\$ 6,139</u>	<u>\$ 3,924</u>
Selling and marketing expenses - advertisement expense	Other related party	<u>\$ 4,819</u>	<u>\$ -</u>	<u>\$ 4,819</u>	<u>\$ -</u>
Selling and marketing expenses - freight expense	Other related party	<u>\$ 1,001</u>	<u>\$ -</u>	<u>\$ 1,001</u>	<u>\$ -</u>
General and administrative expenses - donations	Other related party	<u>\$ -</u>	<u>\$ 650</u>	<u>\$ -</u>	<u>\$ 650</u>
General and administrative expenses - freight expense	Other related party	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>
Research and development expenses - freight expense	Other related party	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ -</u>
Rental income	Other related party	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 9</u>	<u>\$ 9</u>
Other income	Other related party	<u>\$ 9</u>	<u>\$ 7</u>	<u>\$ 28</u>	<u>\$ 22</u>

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

i. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 52,343	\$ 46,527	\$ 175,303	\$ 171,851
Post-employment benefits	<u>75</u>	<u>97</u>	<u>221</u>	<u>290</u>
	<u>\$ 52,418</u>	<u>\$ 46,624</u>	<u>\$ 175,524</u>	<u>\$ 172,141</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:

	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment - land	\$ 3,004,629	\$ 3,004,629	\$ 3,004,629
Property, plant and equipment - building	1,025,132	1,050,018	1,054,264
Pledged time deposits (classified as financial assets at amortized cost – non-current)	<u>13,320</u>	<u>13,320</u>	<u>13,320</u>
	<u>\$ 4,043,081</u>	<u>\$ 4,067,967</u>	<u>\$ 4,072,213</u>

Secured bank facilities used in response to operating funds by the Group's property, plant and equipment - land/building as of September 30, 2021 and December 31, 2020 and September 30, 2020 are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Short-term financing facilities	\$ 1,238,000	\$ 1,238,000	\$ 1,238,000
Medium and long-term financing facilities	<u>1,113,269</u>	<u>1,219,028</u>	<u>1,220,936</u>
	<u>\$ 2,351,269</u>	<u>\$ 2,457,028</u>	<u>\$ 2,458,936</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 September 30, 2021.

- b. Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of September 30, 2021 were as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Plant and machinery	\$ 413,143	\$ _____ -	\$ 413,143

- 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 September 30, 2021 is listed below:

Operating Location	Lessor	Lease Period	Monthly Rental
Taoyuan City	Taoyuan Irrigation Association	2020.02.01-2025.01.31	\$ 360
Taoyuan City	Passion Technology Co., Ltd.	2020.05.01-2025.04.30	280
Hsinchu City	Lin, Zhuang-Long, Wu, Yi-Wan	2016.11.01-2021.10.31	335
Fengyuan Dist.	Lin, Fen-Ling	2020.06.01-2023.05.31	70
Taichung City	Pu-Lin Ltd.	2007.11.01-2027.11.01	220
Taichung City	Pu-Lin Ltd.	2010.04.01-2030.03.31	129
Hualien City	Liou, Chuen-Hou, Liou, Chuen-Lung	2021.09.01-2023.08.31	130
Tainan City	Cathay Life Insurance Co., Ltd.	2021.08.01-2026.07.31	418
Kaohsiung City	Global Intelligence Network Co., Ltd.	2020.03.01-2025.03.31	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:

September 30, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,117	27.850 (USD:NTD)	\$ 86,808
USD	1,964	6.470 (USD:CNY)	\$ 54,697
<u>Financial liabilities</u>			
Monetary items			
USD	143	6.470 (USD:CNY)	\$ 3,983

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,276	28.480 (USD:NTD)	<u>\$ 93,300</u>
USD	1,896	6.525 (USD:CNY)	<u>\$ 53,998</u>
<u>Financial liabilities</u>			
Monetary items			
USD	361	6.525 (USD:CNY)	<u>\$ 10,281</u>

September 30, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,553	29.10 (USD:NTD)	<u>\$ 103,392</u>
USD	1,926	6.817 (USD:CNY)	<u>\$ 56,047</u>
<u>Financial liabilities</u>			
Monetary items			
USD	411	6.817 (USD:CNY)	<u>\$ 11,960</u>

For the three months ended September 30, 2021 and 2020, realized and unrealized net foreign exchange losses were NT\$(73) thousand and NT\$(2,771) thousand, respectively; for the nine months ended September 30, 2021 and 2020, realized and unrealized net foreign exchange losses were NT\$(1,323) thousand and NT\$(3,290) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: None;
- 2) Endorsements/guarantees provided: None;
- 3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): Table 1;
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: 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 derivative instruments: None;
 - 10) Others: 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 September 30, 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 on an arm's length basis in a manner similar to transactions with third parties.

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

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

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

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

Segment revenue and results

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

For the nine months ended September 30, 2021

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Revenue from external customers	\$ 5,544,708	\$ 488,038	\$ 846,888 (Note)	\$ -	\$ 6,879,634
Inter-segment revenue	<u>1,100,746</u>	<u>200,903</u>	<u>115,568</u>	<u>(1,417,217)</u>	<u>-</u>
Segment revenue	<u>\$ 6,645,454</u>	<u>\$ 688,941</u>	<u>\$ 962,456</u>	<u>\$(1,417,217)</u>	<u>6,879,634</u>
Segment income	<u>\$ 1,352,498</u>	<u>\$ 20,252</u>	<u>\$ 117,333</u>	<u>\$ 53,850</u>	<u>\$ 1,543,933</u>

Note: ODM/OEM revenues from external customers in Taiwan and Shanghai amounted to NT\$194,987 thousand and NT\$651,901 thousand, respectively.

For the nine months ended September 30, 2020

	MLM	Distribution	ODM/OEM	Adjustment/ Elimination	Total
Revenue from external customers	\$ 5,380,698	\$ 393,067	\$ 651,422 (Note)	\$ -	\$ 6,425,187
Inter-segment revenue	<u>1,035,571</u>	<u>127,294</u>	<u>124,290</u>	<u>(1,287,155)</u>	<u>-</u>
Segment revenue	<u>\$ 6,416,269</u>	<u>\$ 520,361</u>	<u>\$ 775,712</u>	<u>\$(1,287,155)</u>	<u>6,425,187</u>
Segment income	<u>\$ 1,300,465</u>	<u>\$ 52,852</u>	<u>\$ 135,273</u>	<u>\$ 51,948</u>	<u>\$ 1,540,538</u>

Note: ODM/OEM revenues from external customers in Taiwan and Shanghai amounted to NT\$91,211 thousand and NT\$560,211 thousand, respectively.

GRAPE KING BIO LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2021

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

Held Company Name	Marketable Securities Type And Name	Relationship with the Company	Financial Statement Account	September 30, 2021				Note
				Units/Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Grape King Bio Ltd.	<u>Shares</u>							
	FU-Sheng International Inc. (SAMOA)	-	Financial assets at fair value through other comprehensive income - non-current	917,700	\$ 11,450	18.77	\$ 11,450	-
	Hsin Tung Yang Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	9	-	9	-
	<u>Mutual funds</u>							
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,101,392.9	100,134	-	100,134	-
Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,584,833.14	100,141	-	100,141	-	

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 NINE MONTHS ENDED SEPTEMBER 30, 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)				Ending Balance (Note 3)	
					Number of Units (In Thousands)	Amount	Number of Units (In Thousands)	Amount	Number of Units (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	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	\$ 100,134
	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.

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 NINE MONTHS ENDED SEPTEMBER 30, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Sales	\$ 1,100,746	62.29	30 days after monthly closing	By contract	-	\$ 147,217	40.37	Note 2
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	198,630	11.24	120 days after monthly closing	By contract	-	139,872	38.36	Note 2
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,100,746	98.21	30 days after monthly closing	By contract	-	(147,217)	98.84	Note 2
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	198,630	100.00	120 days after monthly closing	By contract	-	(139,872)	100.00	Note 2

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

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2021

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Days	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	\$ 147,217	8.75	\$ -	-	\$ 147,217	\$ -
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	139,872	2.87	-	-	21,950	-

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

No (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Net revenue from sale of goods	\$ 1,100,746	By contract	16.00%
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts receivable	147,217	By contract	1.14%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Net revenue from sale of goods	198,630	By contract	2.89%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Accounts receivable	139,872	By contract	1.08%

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

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

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

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

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATIONS ON INVESTEEES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2021			Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				September 30, 2021	December 31, 2020	Shares	Percentage of Ownership (%)	Carrying Amount			
Grape King Bio Ltd.	GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI)	BVI	Investment activities	\$ 1,198,018	\$ 1,198,018	24,890,000	100	\$ 1,046,435	\$ 76,805	\$ 74,487	Notes 1, 2 and 3
	Pro-partner Inc.	Taoyuan, Taiwan	Import and selling of health food, drink, cosmetics, sports apparatus, cleaning products, etc.	15,000	15,000	10,560,000	60	1,825,477	1,103,277	663,322	Notes 1 and 2
	Rivershine Ltd.	Taoyuan, Taiwan	Import and selling of health food, drinks, daily cosmetics, appliances, etc.	30,000	30,000	3,000,000	100	13,037	(20,480)	(20,480)	Note 2
	GK BIO INTERNATIONAL SDN. BHD.	Malaysia	Import and selling of health products	6,810	6,810	900,000	30	9,652	10,629	3,250	Note 1

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT\$(963) 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.

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of September 30, 2021	Accumulated Inward Remittance of Earnings as of September 30, 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)	\$ 78,332 Note 2(2)B	100%	\$ 76,015 Note 2(2)B	\$ 999,012	\$ -
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)	11,450 Note 2(3)	-
Shanghai Rivershine Ltd.	Food distribution (except grain), food packaging materials, cosmetics wholesale, import and export, commission agents (except auction), related products and services.	USD 650	Note 1(2) Note 5	4,060 (USD 150)	14,230 (USD 500) Note 8	-	18,290 (USD 650)	(729) Note 2(2)B	100%	(729) Note 2(2)B	17,459	-
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)	(676) Note 2(2)B	100%	(676) Note 2(2)B	27,364	-

(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 September 30, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of September 30, 2021	Accumulated Inward Remittance of Earnings as of September 30, 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)	\$ (5,634) Note 2(2)B	35.1%	\$ (1,977) Note 2(2)B	\$ 5,278	\$ -
Shanghai Xinquan Biotechnology Co., Ltd.	Biotechnology technical technology development consultation, service and transfer, sales of cosmetic and daily necessities, etc.	RMB 5,000	Note 1(2) Note 9	-	-	-	-	(476) Note 2(2)B	45%	(214) Note 2(2)B	9,473	-

Accumulated Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 923,229	\$ 923,229	\$ 5,863,853

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)

GRAPE KING BIO LTD.**INFORMATION ON MAJOR SHAREHOLDERS
SEPTEMBER 30, 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
Nan Shan Life Assurance Company Ltd.	7,468,000	5.04

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

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