

Grape King Bio Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 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, the “Group”) as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, 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 material accounting policy information (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.

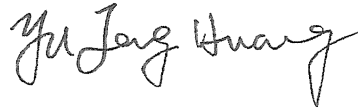
Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim 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, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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 Ming Yuan Chung and Yu Feng Huang.



Deloitte & Touche
Taipei, Taiwan
Republic of China

November 9, 2023

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, 2023 | | December 31, 2022 | | September 30, 2022 | | LIABILITIES AND EQUITY | September 30, 2023 | | December 31, 2022 | | September 30, 2022 | |
|--|----------------------|------------|----------------------|------------|----------------------|------------|--|----------------------|------------|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % | Amount | % | | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | | CURRENT LIABILITIES | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 3,518,880 | 25 | \$ 4,672,852 | 31 | \$ 3,248,615 | 24 | Contract liabilities (Note 23) | \$ 85,697 | 1 | \$ 173,389 | 1 | \$ 98,920 | 1 |
| Financial assets at amortized cost (Note 8) | 74,051 | 1 | 117,049 | 1 | 61,186 | - | Notes and accounts payable | 314,747 | 2 | 293,843 | 2 | 324,454 | 2 |
| Notes and accounts receivable, net (Notes 9 and 23) | 232,640 | 2 | 196,680 | 1 | 240,287 | 2 | Accounts payable to related parties (Note 32) | 8,485 | - | - | - | - | - |
| Accounts receivable from related parties (Notes 23 and 32) | 99,104 | 1 | 72,967 | 1 | 99,188 | 1 | Other payables (Note 19) | 1,381,979 | 10 | 2,051,370 | 14 | 1,537,865 | 11 |
| Other receivables (Note 9) | 16,271 | - | 14,359 | - | 13,711 | - | Other payables to related parties (Note 32) | 79,255 | 1 | 92,071 | 1 | 73,128 | 1 |
| Inventories (Note 10) | 757,650 | 5 | 688,391 | 5 | 731,653 | 5 | Current tax liabilities (Note 25) | 918,396 | 6 | 1,026,091 | 7 | 858,123 | 6 |
| Non-current assets held for sale (Note 11) | - | - | - | - | 33,579 | - | Liabilities directly related to non-current assets held for sale (Note 11) | - | - | - | - | 40,360 | - |
| Other current assets (Note 18) | 71,204 | - | 38,964 | - | 102,110 | 1 | Lease liabilities (Notes 15 and 32) | 57,311 | - | 46,943 | - | 54,204 | 1 |
| Total current assets | <u>4,769,800</u> | <u>34</u> | <u>5,801,262</u> | <u>39</u> | <u>4,530,329</u> | <u>33</u> | Other current liabilities (Notes 19 and 32) | <u>37,155</u> | <u>-</u> | <u>28,704</u> | <u>-</u> | <u>32,798</u> | <u>-</u> |
| NON-CURRENT ASSETS | | | | | | | Total current liabilities | <u>2,883,025</u> | <u>20</u> | <u>3,712,411</u> | <u>25</u> | <u>3,019,852</u> | <u>22</u> |
| Financial assets at fair value through other comprehensive income (Note 7) | 133 | - | 14,344 | - | 8,576 | - | NON-CURRENT LIABILITIES | | | | | | |
| Financial assets at amortized cost (Notes 8 and 33) | 24,520 | - | 24,520 | - | 13,320 | - | Provisions (Note 20) | 9,717 | - | 9,652 | - | 9,559 | - |
| Investments accounted for using the equity method (Note 13) | 55,731 | - | 44,651 | - | 44,835 | - | Deferred tax liabilities (Note 25) | 74,622 | 1 | 69,702 | - | 69,001 | 1 |
| Property, plant and equipment (Notes 14, 33 and 34) | 7,318,375 | 52 | 7,360,082 | 49 | 7,223,625 | 53 | Lease liabilities (Notes 15 and 32) | 147,799 | 1 | 110,809 | 1 | 133,936 | 1 |
| Right-of-use assets (Note 15) | 231,183 | 2 | 186,268 | 1 | 217,937 | 2 | Other non-current liabilities (Notes 19 and 32) | <u>11,008</u> | <u>-</u> | <u>9,391</u> | <u>-</u> | <u>10,625</u> | <u>-</u> |
| Investment properties (Note 16) | 1,410,348 | 10 | 1,416,269 | 10 | 1,419,901 | 11 | Total non-current liabilities | <u>243,146</u> | <u>2</u> | <u>199,554</u> | <u>1</u> | <u>223,121</u> | <u>2</u> |
| Intangible assets (Note 17) | 127,404 | 1 | 43,757 | - | 42,214 | - | Total liabilities | <u>3,126,171</u> | <u>22</u> | <u>3,911,965</u> | <u>26</u> | <u>3,242,973</u> | <u>24</u> |
| Deferred tax assets (Note 25) | 12,883 | - | 14,662 | - | 9,033 | - | EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | | | |
| Other non-current assets (Notes 18, 21 and 32) | 130,521 | 1 | 147,223 | 1 | 185,504 | 1 | (Note 22) | | | | | | |
| Total non-current assets | <u>9,311,098</u> | <u>66</u> | <u>9,251,776</u> | <u>61</u> | <u>9,164,945</u> | <u>67</u> | Share capital | | | | | | |
| | | | | | | | Ordinary shares | <u>1,481,374</u> | <u>11</u> | <u>1,481,374</u> | <u>10</u> | <u>1,481,374</u> | <u>11</u> |
| | | | | | | | Capital surplus | <u>2,876,346</u> | <u>20</u> | <u>2,874,232</u> | <u>19</u> | <u>2,874,232</u> | <u>21</u> |
| | | | | | | | Retained earnings | | | | | | |
| | | | | | | | Legal reserve | 1,474,160 | 10 | 1,328,240 | 9 | 1,328,240 | 10 |
| | | | | | | | Special reserve | 70,828 | 1 | 92,205 | - | 92,205 | - |
| | | | | | | | Unappropriated earnings | <u>3,686,620</u> | <u>26</u> | <u>3,864,549</u> | <u>26</u> | <u>3,390,917</u> | <u>25</u> |
| | | | | | | | Total retained earnings | <u>5,231,608</u> | <u>37</u> | <u>5,284,994</u> | <u>35</u> | <u>4,811,362</u> | <u>35</u> |
| | | | | | | | Other equity | <u>(55,825)</u> | <u>-</u> | <u>(70,828)</u> | <u>-</u> | <u>(61,057)</u> | <u>(1)</u> |
| | | | | | | | Total equity attributable to owners of the Company | 9,533,503 | 68 | 9,569,772 | 64 | 9,105,911 | 66 |
| | | | | | | | NON-CONTROLLING INTERESTS (Notes 12 and 22) | <u>1,421,224</u> | <u>10</u> | <u>1,571,301</u> | <u>10</u> | <u>1,346,390</u> | <u>10</u> |
| | | | | | | | Total equity | <u>10,954,727</u> | <u>78</u> | <u>11,141,073</u> | <u>74</u> | <u>10,452,301</u> | <u>76</u> |
| TOTAL | <u>\$ 14,080,898</u> | <u>100</u> | <u>\$ 15,053,038</u> | <u>100</u> | <u>\$ 13,695,274</u> | <u>100</u> | TOTAL | <u>\$ 14,080,898</u> | <u>100</u> | <u>\$ 15,053,038</u> | <u>100</u> | <u>\$ 13,695,274</u> | <u>100</u> |

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)

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|--|---|------|--------------|------|--|------|--------------|------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| NET REVENUE (Notes 23 and 32) | \$ 2,550,692 | 100 | \$ 2,491,870 | 100 | \$ 7,435,046 | 100 | \$ 7,266,923 | 100 |
| COST OF GOODS SOLD (Notes 10 and 24) | (539,663) | (21) | (500,840) | (20) | (1,452,215) | (20) | (1,356,279) | (19) |
| GROSS PROFIT | 2,011,029 | 79 | 1,991,030 | 80 | 5,982,831 | 80 | 5,910,644 | 81 |
| UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATE | (1,512) | - | (932) | - | (1,612) | - | (891) | - |
| ADJUSTED GROSS PROFIT | 2,009,517 | 79 | 1,990,098 | 80 | 5,981,219 | 80 | 5,909,753 | 81 |
| OPERATING EXPENSES (Notes 21, 24 and 32) | | | | | | | | |
| Selling and marketing | (1,124,519) | (44) | (1,098,296) | (44) | (3,606,517) | (48) | (3,517,863) | (48) |
| General and administrative | (180,422) | (7) | (175,563) | (7) | (498,630) | (7) | (450,979) | (6) |
| Research and development | (70,544) | (3) | (77,258) | (3) | (201,715) | (3) | (211,692) | (3) |
| Total operating expenses | (1,375,485) | (54) | (1,351,117) | (54) | (4,306,862) | (58) | (4,180,534) | (57) |
| INCOME FROM OPERATIONS | 634,032 | 25 | 638,981 | 26 | 1,674,357 | 22 | 1,729,219 | 24 |
| NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 32) | | | | | | | | |
| Interest income | 8,568 | 1 | 4,593 | - | 32,670 | 1 | 11,191 | - |
| Other income | 27,206 | 1 | 23,031 | 1 | 71,162 | 1 | 63,156 | 1 |
| Other gains and losses | 5,004 | - | 3,902 | - | 8,714 | - | 11,118 | - |
| Finance costs | (797) | - | (627) | - | (1,819) | - | (1,834) | - |
| Share of profit of associate | 7,395 | - | 2,230 | - | 13,310 | - | 8,616 | - |
| Total non-operating income | 47,376 | 2 | 33,129 | 1 | 124,037 | 2 | 92,247 | 1 |
| PROFIT BEFORE INCOME TAX | 681,408 | 27 | 672,110 | 27 | 1,798,394 | 24 | 1,821,466 | 25 |
| INCOME TAX EXPENSE (Note 25) | (134,027) | (5) | (129,304) | (5) | (356,322) | (5) | (347,853) | (5) |
| NET PROFIT FOR THE PERIOD | 547,381 | 22 | 542,806 | 22 | 1,442,072 | 19 | 1,473,613 | 20 |
| OTHER COMPREHENSIVE INCOME (LOSS) (Note 22) | | | | | | | | |
| 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 | 13 | - | (1,171) | - | (1,843) | - | (2,814) | - |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | | |
| Exchange differences on translating the financial statements of foreign operations | 34,101 | 1 | 8,402 | - | 2,208 | - | 33,383 | 1 |
| Exchange differences on translating the financial statements of foreign operations of associate | 1,225 | - | 248 | - | (634) | - | 578 | - |
| Other comprehensive income (loss) for the period, net of income tax | 35,339 | 1 | 7,479 | - | (269) | - | 31,147 | 1 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | \$ 582,720 | 23 | \$ 550,285 | 22 | \$ 1,441,803 | 19 | \$ 1,504,760 | 21 |

(Continued)

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | For the Three Months Ended September 30 | | | | For the Nine Months Ended September 30 | | | |
|---|---|-----------|-------------------|-----------|--|-----------|---------------------|-----------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| NET PROFIT ATTRIBUTABLE TO: | | | | | | | | |
| Owners of the Company | \$ 366,744 | 14 | \$ 364,848 | 15 | \$ 984,402 | 13 | \$ 985,566 | 13 |
| Non-controlling interests | <u>180,637</u> | <u>7</u> | <u>177,958</u> | <u>7</u> | <u>457,670</u> | <u>6</u> | <u>488,047</u> | <u>7</u> |
| | <u>\$ 547,381</u> | <u>21</u> | <u>\$ 542,806</u> | <u>22</u> | <u>\$ 1,442,072</u> | <u>19</u> | <u>\$ 1,473,613</u> | <u>20</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | | | | |
| Owners of the Company | \$ 401,683 | 16 | \$ 372,328 | 15 | \$ 983,765 | 13 | \$ 1,016,714 | 14 |
| Non-controlling interests | <u>181,037</u> | <u>7</u> | <u>177,957</u> | <u>7</u> | <u>458,038</u> | <u>6</u> | <u>488,046</u> | <u>7</u> |
| | <u>\$ 582,720</u> | <u>23</u> | <u>\$ 550,285</u> | <u>22</u> | <u>\$ 1,441,803</u> | <u>19</u> | <u>\$ 1,504,760</u> | <u>21</u> |
| EARNINGS PER SHARE (Note 26) | | | | | | | | |
| Basic earnings per share | <u>\$ 2.48</u> | | <u>\$ 2.46</u> | | <u>\$ 6.65</u> | | <u>\$ 6.65</u> | |
| Diluted earnings per share | <u>\$ 2.47</u> | | <u>\$ 2.45</u> | | <u>\$ 6.61</u> | | <u>\$ 6.62</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)

| | Equity Attributable to Owners of the Company | | | | | | | | | | |
|--|--|---------------------|---------------------|---------------------|------------------|-------------------------|--|---|---------------------|---------------------------|----------------------|
| | Share Capital - Ordinary Shares | | | Retained Earnings | | | Others | | Statements of Total | Non-controlling Interests | Total Equity |
| | Number of Shares (In Thousands) | Amount | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | | | |
| BALANCE AT JANUARY 1, 2022 | 148,137 | \$ 1,481,374 | \$ 2,869,691 | \$ 1,198,125 | \$ 86,465 | \$ 3,444,844 | \$ (75,567) | \$ (16,638) | \$ 8,988,294 | \$ 1,441,121 | \$ 10,429,415 |
| Appropriation of 2021 earnings | | | | | | | | | | | |
| Legal reserve | - | - | - | 130,115 | - | (130,115) | - | - | - | - | - |
| Special reserve | - | - | - | - | 5,740 | (5,740) | - | - | - | - | - |
| Cash dividends distributed | - | - | - | - | - | (903,638) | - | - | (903,638) | - | (903,638) |
| Cash dividends distributed by subsidiary | - | - | - | - | - | - | - | - | - | (582,777) | (582,777) |
| Change from investments in associates accounted for using the equity method | - | - | 2,809 | - | - | - | - | - | 2,809 | - | 2,809 |
| Change in other capital surplus | - | - | 1,732 | - | - | - | - | - | 1,732 | - | 1,732 |
| Net profit for the nine months ended September 30, 2022 | - | - | - | - | - | 985,566 | - | - | 985,566 | 488,047 | 1,473,613 |
| Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax | - | - | - | - | - | - | 33,183 | (2,814) | 30,369 | (1) | 30,368 |
| Total comprehensive income (loss) for the nine months ended September 30, 2022 | - | - | - | - | - | 985,566 | 33,183 | (2,814) | 1,015,935 | 488,046 | 1,503,981 |
| Disposal of subsidiary | - | - | - | - | - | - | 779 | - | 779 | - | 779 |
| BALANCE AT SEPTEMBER 30, 2022 | <u>148,137</u> | <u>\$ 1,481,374</u> | <u>\$ 2,874,232</u> | <u>\$ 1,328,240</u> | <u>\$ 92,205</u> | <u>\$ 3,390,917</u> | <u>\$ (41,605)</u> | <u>\$ (19,452)</u> | <u>\$ 9,105,911</u> | <u>\$ 1,346,390</u> | <u>\$ 10,452,301</u> |
| BALANCE AT JANUARY 1, 2023 | 148,137 | \$ 1,481,374 | \$ 2,874,232 | \$ 1,328,240 | \$ 92,205 | \$ 3,864,549 | \$ (57,144) | \$ (13,684) | \$ 9,569,772 | \$ 1,571,301 | \$ 11,141,073 |
| Appropriation of 2022 earnings | | | | | | | | | | | |
| Legal reserve | - | - | - | 145,920 | - | (145,920) | - | - | - | - | - |
| Special reserve | - | - | - | - | (21,377) | 21,377 | - | - | - | - | - |
| Cash dividends distributed | - | - | - | - | - | (1,022,148) | - | - | (1,022,148) | - | (1,022,148) |
| Cash dividends distributed by subsidiary | - | - | - | - | - | - | - | - | - | (641,666) | (641,666) |
| Change in other capital surplus | - | - | 2,114 | - | - | - | - | - | 2,114 | - | 2,114 |
| Net profit for the nine months ended September 30, 2023 | - | - | - | - | - | 984,402 | - | - | 984,402 | 457,670 | 1,442,072 |
| Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax | - | - | - | - | - | - | 1,206 | (1,843) | (637) | 368 | (269) |
| Total comprehensive income (loss) for the nine months ended September 30, 2023 | - | - | - | - | - | 984,402 | 1,206 | (1,843) | 983,765 | 458,038 | 1,441,803 |
| Non-controlling interests increased | - | - | - | - | - | - | - | - | - | 33,551 | 33,551 |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income | - | - | - | - | - | (15,640) | - | 15,640 | - | - | - |
| BALANCE AT SEPTEMBER 30, 2023 | <u>148,137</u> | <u>\$ 1,481,374</u> | <u>\$ 2,876,346</u> | <u>\$ 1,474,160</u> | <u>\$ 70,828</u> | <u>\$ 3,686,620</u> | <u>\$ (55,938)</u> | <u>\$ 113</u> | <u>\$ 9,533,503</u> | <u>\$ 1,421,224</u> | <u>\$ 10,954,727</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)

| | For the Nine Months Ended September 30 | |
|--|---|------------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 1,798,394 | \$ 1,821,466 |
| Adjustments for: | | |
| Depreciation expenses | 324,537 | 325,794 |
| Amortization expenses | 17,237 | 10,253 |
| Expected credit loss recognized (reversed) | (773) | - |
| Net gain on financial assets at fair value through profit or loss | (358) | (631) |
| Finance costs | 1,819 | 1,834 |
| Interest income | (32,670) | (11,191) |
| Share of profit of associate | (13,310) | (8,616) |
| Loss on disposal of property, plant and equipment, net | 216 | 157 |
| Loss on disposal of subsidiary | - | 779 |
| Loss (gain) on inventories on retirement and write-down | (11,670) | 6,401 |
| Unrealized gain on transactions with associate | 1,612 | 891 |
| Unrealized gain on foreign currency exchange | (7,850) | - |
| Gains on modification of lease agreements | (14) | - |
| Changes in operating assets and liabilities | | |
| Notes and accounts receivable, net | (30,232) | (7,330) |
| Accounts receivable from related parties | (25,863) | (31,449) |
| Other receivables | 353 | 716 |
| Inventories | (57,430) | (19,081) |
| Other current assets | 3,478 | (47,325) |
| Contract liabilities | (117,962) | (30,254) |
| Notes and accounts payable | 16,833 | 55,490 |
| Accounts payable to related parties | 8,485 | - |
| Other payables | (564,024) | (343,184) |
| Other payables to related parties | (12,816) | 6,318 |
| Provisions | - | (779) |
| Other current liabilities | 5,405 | (29,853) |
| Net defined benefit liabilities | (2,153) | (1,922) |
| Cash generated from operations | 1,301,244 | 1,698,484 |
| Interest received | 28,830 | 9,889 |
| Interest paid | (61) | (184) |
| Income tax paid | (457,480) | (415,781) |
| Net cash generated from operating activities | <u>872,533</u> | <u>1,292,408</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of financial assets at fair value through other comprehensive (loss) income | 12,368 | - |
| Proceeds from sale of financial assets at amortized cost | (33,779) | - |
| Proceeds from redemption of financial assets at amortized cost | 79,715 | 5,000 |

(Continued)

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

| | For the Nine Months Ended September 30 | |
|---|---|---------------------|
| | 2023 | 2022 |
| Acquisition of financial assets at fair value through profit or loss | \$ (300,000) | \$ (800,000) |
| Proceeds from sale of financial assets at fair value through profit or loss | 300,358 | 1,001,010 |
| Acquisition of investments accounted for using the equity method | - | (8,089) |
| Acquisition of subsidiary (net of cash acquired) | (29,903) | - |
| Proceeds from disposal of non-current assets held for sale | - | 40,360 |
| Acquisition of property, plant and equipment | (359,986) | (306,317) |
| Proceeds from disposal of property, plant and equipment | 3 | 6 |
| Increase in refundable deposits | (2,933) | (5,531) |
| Decrease in refundable deposits | 4,880 | 5,660 |
| Acquisition of intangible assets | (8,630) | (13,047) |
| (Increase) decrease in other non-current assets | <u>(351)</u> | <u>1,797</u> |
| Net cash used in investing activities | <u>(338,258)</u> | <u>(79,151)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 50,000 | 205,000 |
| Repayments of short-term borrowings | (50,000) | (205,000) |
| Proceeds from long-term borrowings | 100 | 100 |
| Repayments of long-term borrowings | (100) | (94,465) |
| Proceeds from guarantee deposits received | 6,771 | 8,005 |
| Refund of guarantee deposits received | (2,029) | (9,775) |
| Repayment of the principal portion of lease liabilities | (36,813) | (33,090) |
| Dividends paid to owners of the Company | (1,022,148) | (903,638) |
| Dividends paid to non-controlling interests | (641,666) | (582,777) |
| Other financing activities | <u>2,114</u> | <u>1,732</u> |
| Net cash used in financing activities | <u>(1,693,771)</u> | <u>(1,613,908)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | | |
| | <u>5,524</u> | <u>14,069</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (1,153,972) | (386,582) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | <u>4,672,852</u> | <u>3,635,197</u> |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | <u>\$ 3,518,880</u> | <u>\$ 3,248,615</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, 2023 AND 2022 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s Board of Directors and issued on November 9, 2023.

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

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

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

Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The accounting policy information is likely to be considered 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.
- b. The IFRSs endorsed by the FSC for application starting from 2024

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

d. Other significant accounting policies

Except for the following, refer to Note 4 to the consolidated financial statements for the year ended December 31, 2022.

1) Business combinations

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

2) Intangible assets

Intangible assets acquired in a business combination

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

3) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

4) 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.

5) 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

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, 2022.

6. CASH AND CASH EQUIVALENTS

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|-----------------------|----------------------|-----------------------|
| Cash on hand | \$ 3,080 | \$ 2,397 | \$ 3,142 |
| Checking accounts and demand deposits | 1,851,692 | 2,298,134 | 1,895,888 |
| Cash equivalents (investments with original maturities of less than 3 months) | | | |
| Repurchase agreements collateralized by commercial paper | 1,042,799 | 1,892,432 | 1,149,585 |
| Repurchase agreements collateralized by bonds | 555,174 | 479,889 | 200,000 |
| Time deposits | <u>66,135</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 3,518,880</u> | <u>\$ 4,672,852</u> | <u>\$ 3,248,615</u> |

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|-----------------------|----------------------|-----------------------|
| Non-current - investments in equity instruments at FVTOCI | | | |
| Unlisted shares | | | |
| FU-Sheng International Inc. (Samoa) | \$ - | \$ 14,334 | \$ 8,566 |
| Hsin Tung Yang Co., Ltd. | <u>133</u> | <u>10</u> | <u>10</u> |
| | <u>\$ 133</u> | <u>\$ 14,344</u> | <u>\$ 8,576</u> |

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

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

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

8. FINANCIAL ASSETS AT AMORTIZED COST

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-----------------------|----------------------|-----------------------|
| <u>Current</u> | | | |
| Time deposits with original maturities of more than 3 months | <u>\$ 74,051</u> | <u>\$ 117,049</u> | <u>\$ 61,186</u> |
| <u>Non-current</u> | | | |
| Pledged time deposits | <u>\$ 24,520</u> | <u>\$ 24,520</u> | <u>\$ 13,320</u> |

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

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

9. NOTES AND ACCOUNTS RECEIVABLE, NET AND OTHER RECEIVABLES

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|------------------------------|-----------------------|----------------------|-----------------------|
| <u>Notes receivable</u> | | | |
| Notes receivable - operating | \$ 16,847 | \$ 13,813 | \$ 19,232 |
| <u>Accounts receivable</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | 216,622 | 186,046 | 224,234 |
| Less: Loss allowance | <u>(829)</u> | <u>(3,179)</u> | <u>(3,179)</u> |
| | <u>215,793</u> | <u>182,867</u> | <u>221,055</u> |
| | <u>\$ 232,640</u> | <u>\$ 196,680</u> | <u>\$ 240,287</u> |
| <u>Other receivables</u> | | | |
| Other receivables | \$ 17,846 | \$ 14,359 | \$ 13,711 |
| Less: Loss allowance | <u>(1,575)</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 16,271</u> | <u>\$ 14,359</u> | <u>\$ 13,711</u> |

a. Notes and accounts receivable

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

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

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

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

| | For the Nine Months Ended September 30 | |
|-----------------------------------|---|-----------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ 3,179 | \$ 3,179 |
| Less: Amount written off | (2) | - |
| Less: Reversal of impairment loss | <u>(2,348)</u> | <u>-</u> |
| Balance at September 30 | <u>\$ 829</u> | <u>\$ 3,179</u> |

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

| | Neither Past Due nor Impaired | Past Due but not Impaired | | | Total |
|--------------------|--|----------------------------------|---------------------------|--------------------------|--------------|
| | | Within 90 Days | 91 to 180 Days | Over 180 Days | |
| September 30, 2023 | \$ 212,373 | \$ 20,267 | \$ - | \$ - | \$ 232,640 |
| December 31, 2022 | 184,136 | 12,536 | 8 | - | 196,680 |
| September 30, 2022 | 234,540 | 5,747 | - | - | 240,287 |

Notes and accounts receivable were not pledged.

b. Other receivables

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

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

| | For the Nine Months Ended September 30 | |
|------------------------------------|---|-------------|
| | 2023 | 2022 |
| Balance at January 1 | \$ - | \$ - |
| Add: Allowance for impairment loss | <u>1,575</u> | <u>-</u> |
| Balance at September 30 | <u>\$ 1,575</u> | <u>\$ -</u> |

10. INVENTORIES

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-------------------------------|------------------------------|-------------------------------|
| Finished goods | \$ 285,617 | \$ 225,569 | \$ 243,142 |
| Semi-finished goods and work in progress | 236,610 | 238,790 | 257,160 |
| Raw materials | 188,592 | 176,004 | 180,455 |
| Supplies | 46,731 | 47,682 | 50,768 |
| Merchandise | <u>100</u> | <u>346</u> | <u>128</u> |
| | <u>\$ 757,650</u> | <u>\$ 688,391</u> | <u>\$ 731,653</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 | |
|-----------------------------------|--|------------|---|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Cost of inventories sold | \$ 539,663 | \$ 500,840 | \$ 1,452,215 | \$ 1,356,279 |
| Loss on retirement | \$ 814 | \$ 453 | \$ 6,176 | \$ 3,203 |
| Inventory write-downs (reversals) | \$ (3,939) | \$ 6,401 | \$ (11,670) | \$ 6,401 |
| Gain from physical counts | \$ (6,126) | \$ (811) | \$ (6,611) | \$ (1,258) |

Inventories were not pledged.

11. NON-CURRENT ASSETS HELD FOR SALE

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-----------------------|----------------------|-----------------------|
| Land and buildings classified as held for sale | \$ - | \$ - | \$ 33,579 |
| Liabilities directly related to non-current assets held for sale | \$ - | \$ - | \$ 40,360 |

Pro-partner signed a property transaction contract with a non-related party in August 2022 to dispose of the Company's land and buildings in Xinyi District, Taipei City for a total price of NT\$40,360 thousand. The land and buildings were originally accounted for under investment property and were reclassified as non-current assets held for sale and presented on a separate line in the consolidated balance sheets and there was no impairment loss recognized during reclassification.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

| Investor | Investee | Nature of Activities | Proportion of Ownership | | |
|---------------------|--|-------------------------|-------------------------|----------------------|-----------------------|
| | | | September 30, 2023 | December 31, 2022 | September 30, 2022 |
| 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% |
| GKBVI | Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King) | Manufacturing and Sales | 100% | 100% | 100% |
| GKBVI | Shanghai Rivershine Ltd. (Shanghai Rivershine) | Sales | 100% | 100% | 100% |
| Pro-partner | ELITE PROPANINER HOLDINGS SDN. BHD. | Investment | 100% | 100% | 100% |
| Shanghai Grape King | Shanghai Pujun Trading Co., Ltd. (Shanghai Pujun) | Sales | 51% | - | - |

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, 2023 | December 31, 2022 | September 30, 2022 |
| 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, 2023 | December 31, 2022 | September 30, 2022 |
| | 2023 | 2022 | 2023 | 2022 | | | |
| Propartner | \$ <u>180,985</u> | \$ <u>177,958</u> | \$ <u>458,018</u> | \$ <u>488,047</u> | \$ <u>1,387,640</u> | \$ <u>1,571,301</u> | \$ <u>1,346,390</u> |

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

Pro-partner

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|---------------------|---------------------|---------------------|
| Current assets | \$ 2,014,475 | \$ 3,285,873 | \$ 1,969,437 |
| Non-current assets | 3,490,386 | 3,568,552 | 3,647,836 |
| Current liabilities | (1,975,604) | (2,846,353) | (2,143,235) |
| Non-current liabilities | <u>(60,158)</u> | <u>(79,820)</u> | <u>(108,064)</u> |
| Equity | \$ <u>3,469,099</u> | \$ <u>3,928,252</u> | \$ <u>3,365,974</u> |
| Equity attributable to: | | | |
| Owners of the Company | \$ 2,081,459 | \$ 2,356,951 | \$ 2,019,584 |
| Non-controlling interests of Pro-partner | <u>1,387,640</u> | <u>1,571,301</u> | <u>1,346,390</u> |
| | \$ <u>3,469,099</u> | \$ <u>3,928,252</u> | \$ <u>3,365,974</u> |

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|---|---------------------|--|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue | \$ <u>1,996,874</u> | \$ <u>1,983,849</u> | \$ <u>5,955,297</u> | \$ <u>6,065,435</u> |
| Net profit for the period | \$ 452,462 | \$ 444,894 | \$ 1,145,045 | \$ 1,220,116 |
| Other comprehensive income (loss) | <u>45</u> | <u>(3)</u> | <u>(35)</u> | <u>(3)</u> |
| Total comprehensive income | \$ <u>452,507</u> | \$ <u>444,891</u> | \$ <u>1,145,010</u> | \$ <u>1,220,113</u> |
| Profit for the period attributable to: | | | | |
| Owners of the Company | \$ 271,477 | \$ 266,936 | \$ 687,027 | \$ 732,069 |
| Non-controlling interests of Pro-partner | <u>180,985</u> | <u>177,958</u> | <u>458,018</u> | <u>488,047</u> |
| | \$ <u>452,462</u> | \$ <u>444,894</u> | \$ <u>1,145,045</u> | \$ <u>1,220,116</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | \$ 271,504 | \$ 266,934 | \$ 687,006 | \$ 732,067 |
| Non-controlling interests of Pro-partner | <u>181,003</u> | <u>177,957</u> | <u>458,004</u> | <u>488,046</u> |
| | \$ <u>452,507</u> | \$ <u>444,891</u> | \$ <u>1,145,010</u> | \$ <u>1,220,113</u> |

| | For the Nine Months Ended September 30 | |
|---|---|---------------------|
| | 2023 | 2022 |
| Net cash outflow from: | | |
| Operating activities | \$ 361,141 | \$ 817,183 |
| Investing activities | (33,163) | (17,870) |
| Financing activities | <u>(1,623,917)</u> | <u>(1,478,291)</u> |
| Net cash outflow | <u>\$ (1,295,939)</u> | <u>\$ (678,978)</u> |
| Dividends paid to non-controlling interests of: | | |
| Pro-partner | <u>\$ 641,666</u> | <u>\$ 582,777</u> |

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-------------------------------|------------------------------|-------------------------------|
| <u>Associates that are not individually material</u> | | | |
| GK BIO INTERNATIONAL SDN. BHD. | \$ 46,472 | \$ 35,303 | \$ 32,362 |
| Shanghai Xinquan Biotechnology Co., Ltd. | 9,259 | 9,348 | 9,578 |
| Shanghai Changhong Biotechnology Co., Ltd. | <u> -</u> | <u> -</u> | <u> 2,895</u> |
| | <u>\$ 55,731</u> | <u>\$ 44,651</u> | <u>\$ 44,835</u> |

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

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

Aggregate information of associates that are not individually material.

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--------------------------------------|--|------------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| The Company's share of: | | | | |
| Net income | \$ 7,032 | \$ 2,006 | \$ 12,923 | \$ 8,402 |
| Other comprehensive income (loss) | <u> 1,504</u> | <u> 322</u> | <u> (618)</u> | <u> 859</u> |
| Total comprehensive income | <u>\$ 8,536</u> | <u>\$ 2,328</u> | <u>\$ 12,305</u> | <u>\$ 9,261</u> |

The Company had neither contingent liabilities nor capital commitments to the associates as of September 30, 2023 and 2022.

Investments in associates were not pledged.

14. PROPERTY, PLANT AND EQUIPMENT

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--------------------------|-----------------------|----------------------|-----------------------|
| Assets used by the Group | <u>\$ 7,318,375</u> | <u>\$ 7,360,082</u> | <u>\$ 7,223,625</u> |

a. Assets used by the Group

| For the Nine Months Ended September 30, 2023 | | | | | | |
|--|--------------------------------------|-------------------|--------------------|------------------|---|-----------------------------|
| | Balance at Beginning of Period | Additions | Disposals | Reclassification | Effects of Foreign Currency Exchange Differences | Balance at End of Period |
| <u>Cost</u> | | | | | | |
| Land | \$ 2,964,746 | \$ - | \$ - | \$ - | \$ - | \$ 2,964,746 |
| Land improvements | 3,264 | - | - | - | - | 3,264 |
| Buildings | 4,438,607 | 4,755 | (9) | 1,728 | 720 | 4,445,801 |
| Machinery and equipment | 1,914,790 | 20,456 | (4,942) | 47,621 | 418 | 1,978,343 |
| Transportation equipment | 21,006 | 1,268 | - | - | 7 | 22,281 |
| Leasehold improvements | 108,010 | 463 | - | - | 4 | 108,477 |
| Other equipment | 496,417 | 13,876 | (30,528) | 802 | 33 | 480,600 |
| Construction in progress | 448,181 | 150,327 | - | (2,357) | 4 | 596,155 |
| | <u>10,395,021</u> | <u>\$ 191,145</u> | <u>\$ (35,479)</u> | <u>\$ 47,794</u> | <u>\$ 1,186</u> | <u>10,599,667</u> |
| <u>Accumulated depreciation</u> | | | | | | |
| Land | - | \$ - | \$ - | \$ - | \$ - | - |
| Land improvements | 2,238 | 204 | - | - | - | 2,442 |
| Buildings | 1,292,056 | 131,808 | (9) | - | 293 | 1,424,148 |
| Machinery and equipment | 1,282,342 | 100,136 | (4,751) | - | 293 | 1,378,020 |
| Transportation equipment | 16,885 | 1,348 | - | - | 7 | 18,240 |
| Leasehold improvements | 65,879 | 12,176 | - | - | 2 | 78,057 |
| Other equipment | 375,539 | 35,316 | (30,500) | - | 30 | 380,385 |
| | <u>3,034,939</u> | <u>\$ 280,988</u> | <u>\$ (35,260)</u> | <u>\$ -</u> | <u>\$ 625</u> | <u>3,281,292</u> |
| Carrying amount at September 30, 2023 | <u>\$ 7,360,082</u> | | | | | <u>\$ 7,318,375</u> |

| For the Nine Months Ended September 30, 2022 | | | | | | |
|--|--------------------------------------|-------------------|-------------------|------------------|---|-----------------------------|
| | Balance at Beginning of Period | Additions | Disposals | Reclassification | Effects of Foreign Currency Exchange Differences | Balance at End of Period |
| <u>Cost</u> | | | | | | |
| Land | \$ 2,964,613 | \$ 13 | \$ - | \$ 120 | \$ - | \$ 2,964,746 |
| Land improvements | 3,264 | - | - | - | - | 3,264 |
| Buildings | 4,413,064 | 7,149 | - | 6,040 | 13,196 | 4,439,449 |
| Machinery and equipment | 1,806,018 | 34,657 | (1,581) | 65,108 | 8,470 | 1,912,672 |
| Transportation equipment | 21,030 | 460 | - | - | 117 | 21,607 |
| Leasehold improvements | 85,804 | 614 | - | - | 72 | 86,490 |
| Other equipment | 513,146 | 19,799 | (2,107) | 249 | 579 | 531,666 |
| Construction in progress | 104,070 | 199,906 | - | (49,321) | 39 | 254,694 |
| | <u>9,911,009</u> | <u>\$ 262,598</u> | <u>\$ (3,688)</u> | <u>\$ 22,196</u> | <u>\$ 22,473</u> | <u>10,214,588</u> |
| <u>Accumulated depreciation</u> | | | | | | |
| Land | - | \$ - | \$ - | \$ - | \$ - | - |
| Land improvements | 1,967 | 203 | - | - | - | 2,170 |
| Buildings | 1,113,608 | 132,203 | - | - | 4,324 | 1,250,135 |
| Machinery and equipment | 1,147,206 | 102,992 | (1,423) | - | 4,495 | 1,253,270 |
| Transportation equipment | 15,492 | 1,405 | - | - | 83 | 16,980 |
| Leasehold improvements | 52,425 | 10,086 | - | - | 38 | 62,549 |
| Other equipment | 372,656 | 34,784 | (2,102) | - | 521 | 405,859 |
| | <u>2,703,354</u> | <u>\$ 281,673</u> | <u>\$ (3,525)</u> | <u>\$ -</u> | <u>\$ 9,461</u> | <u>2,990,963</u> |
| Carrying amount at September 30, 2022 | <u>\$ 7,207,655</u> | | | | | <u>\$ 7,223,625</u> |

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

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

No impairment assessment was performed for the nine months ended September 30, 2023 and 2022 as there was no indication of impairment.

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|--|---|-------------------------------|
| <u>Carrying amounts</u> | | | |
| Land | \$ 81,916 | \$ 84,758 | \$ 86,260 |
| Buildings | 139,736 | 95,001 | 123,605 |
| Transportation equipment | 8,565 | 5,178 | 6,571 |
| Other equipment | <u>966</u> | <u>1,331</u> | <u>1,501</u> |
| | <u>\$ 231,183</u> | <u>\$ 186,268</u> | <u>\$ 217,937</u> |
| | For the Three Months Ended September 30 | For the Nine Months Ended September 30 | |
| | 2023 | 2022 | 2023 |
| | | | 2022 |
| Additions to right-of-use assets | | | <u>\$ 82,519</u> |
| Depreciation charge for right-of-use assets | | | <u>\$ 39,720</u> |
| Land | \$ 961 | \$ 969 | \$ 2,893 |
| Buildings | 10,712 | 11,015 | 31,113 |
| Transportation equipment | 1,078 | 1,407 | 3,085 |
| Other equipment | <u>178</u> | <u>169</u> | <u>537</u> |
| | <u>\$ 12,929</u> | <u>\$ 13,560</u> | <u>\$ 37,628</u> |
| | | | <u>\$ 38,024</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, 2023 and 2022.

b. Lease liabilities

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|-------------------------|-------------------------------|------------------------------|-------------------------------|
| <u>Carrying amounts</u> | | | |
| Current | \$ 57,311 | \$ 46,943 | \$ 54,204 |
| Non-current | <u>\$ 147,799</u> | <u>\$ 110,809</u> | <u>\$ 133,936</u> |

Range of discount rate for lease liabilities was as follows:

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--------------------------|-------------------------------|------------------------------|-------------------------------|
| Land | 1.02% | 1.02% | 1.02%-4.75% |
| Buildings | 1.00%-1.80% | 1.00%-1.60% | 1.00%-1.60% |
| Transportation equipment | 1.00%-1.80% | 1.00%-1.35% | 1.00%-1.35% |
| Other equipment | 1.00%-1.02% | 1.00%-1.02% | 1.00%-1.02% |

c. Material lease-in activities and terms

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

d. Subleases

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

Sublease of right-of-use assets

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

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-------------------------------|------------------------------|-------------------------------|
| Beginning balance of prepaid rent | \$ - | \$ 36,743 | \$ 36,743 |
| Rental income recognized in current period | - | (2,702) | (2,702) |
| Rent refund in current period | - | (34,602) | (34,602) |
| Effects of foreign currency exchange differences | <u>-</u> | <u>561</u> | <u>(561)</u> |
| Ending balance of prepaid rent | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

e. Other lease information

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|----------|---|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Expenses relating to short-term and low-value asset leases | \$ 4,011 | \$ 3,764 | \$ 12,824 | \$ 11,588 |
| Total cash outflow for leases | | | \$ (49,637) | \$ (44,678) |

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

16. INVESTMENT PROPERTIES

| | Land | Buildings | Total |
|---|--------------|------------|--------------|
| <u>Cost</u> | | | |
| Balance at January 1 and September 30, 2023 | \$ 1,141,278 | \$ 390,302 | \$ 1,531,580 |
| <u>Accumulated depreciation</u> | | | |
| Balance at January 1, 2023 | \$ - | \$ 115,311 | \$ 115,311 |
| Depreciation expenses | - | 5,921 | 5,921 |
| Balance at September 30, 2023 | \$ - | \$ 121,232 | \$ 121,232 |
| Carrying amount at January 1, 2023 | \$ 1,141,278 | \$ 274,991 | \$ 1,416,269 |
| Carrying amount at September 30, 2023 | \$ 1,141,278 | \$ 269,070 | \$ 1,410,348 |
| <u>Cost</u> | | | |
| Balance at January 1, 2022 | \$ 1,173,821 | \$ 395,223 | \$ 1,569,044 |
| Reclassification as held for sale | (32,547) | (1,793) | (34,340) |
| Balance at September 30, 2022 | \$ 1,141,274 | \$ 393,430 | \$ 1,534,704 |
| <u>Accumulated depreciation</u> | | | |
| Balance at January 1, 2022 | \$ - | \$ 109,467 | \$ 109,467 |
| Depreciation expenses | - | 6,097 | 6,097 |
| Reclassification as held for sale | - | (761) | (761) |
| Balance at September 30, 2022 | \$ - | \$ 114,803 | \$ 114,803 |
| Carrying amount at September 30, 2022 | \$ 1,141,274 | \$ 278,627 | \$ 1,419,901 |

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, 2023 and December 31, 2022 and September 30, 2022 was as follows:

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--------------|-------------------------------|------------------------------|-------------------------------|
| Year 1 | \$ 17,129 | \$ 12,957 | \$ 16,084 |
| Year 2 | 15,615 | 1,880 | 2,336 |
| Year 3 | 15,666 | 930 | 948 |
| Year 4 | 2,521 | 930 | 948 |
| Year 5 | 2,196 | 930 | 948 |
| Over 5 years | <u>1,952</u> | <u>2,450</u> | <u>2,660</u> |
| | <u>\$ 55,079</u> | <u>\$ 20,077</u> | <u>\$ 23,924</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, 2023 and 2022. 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, 2023 | December 31, 2022 | September 30, 2022 |
|------------|-------------------------------|------------------------------|-------------------------------|
| Fair value | <u>\$ 1,782,306</u> | <u>\$ 1,821,470</u> | <u>\$ 1,862,577</u> |

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

Investment properties were not pledged.

17. INTANGIBLE ASSETS

| | Computer Software | Trademarks | Customer Relations | Total |
|--|------------------------------|-------------------|-------------------------------|-------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2023 | \$ 93,128 | \$ 16,136 | \$ - | \$ 109,264 |
| Additions | 8,630 | - | - | 8,630 |
| Acquired through business combination | - | - | 59,255 | 59,255 |
| Reclassified | 32,332 | - | - | 32,332 |
| Effects of foreign currency exchange differences | <u>7</u> | <u>-</u> | <u>679</u> | <u>686</u> |
| Balance at September 30, 2023 | <u>\$ 134,097</u> | <u>\$ 16,136</u> | <u>\$ 59,934</u> | <u>\$ 210,167</u> |

(Continued)

| | Computer Software | Trademarks | Customer Relations | Total |
|---|------------------------------|-------------------|-------------------------------|-------------------|
| <u>Accumulated amortization</u> | | | | |
| Balance at January 1, 2023 | \$ 49,835 | \$ 15,672 | \$ - | \$ 65,507 |
| Amortization expenses | 15,082 | 172 | 1,983 | 17,237 |
| Effects of foreign currency exchange differences | <u>4</u> | <u>-</u> | <u>15</u> | <u>19</u> |
| Balance at September 30, 2023 | <u>\$ 64,921</u> | <u>\$ 15,844</u> | <u>\$ 1,998</u> | <u>\$ 82,763</u> |
| Carrying amount at January 1, 2023 | <u>\$ 43,293</u> | <u>\$ 464</u> | <u>\$ -</u> | <u>\$ 43,757</u> |
| Carrying amount at September 30, 2023 | <u>\$ 69,176</u> | <u>\$ 292</u> | <u>\$ 57,936</u> | <u>\$ 127,404</u> |
| <u>Cost</u> | | | | |
| Balance at January 1, 2022 | \$ 68,680 | \$ 16,135 | \$ - | \$ 84,815 |
| Additions | 13,047 | - | - | 13,047 |
| Disposals | (260) | - | - | (260) |
| Reclassified | 5,994 | - | - | 5,994 |
| Effects of foreign currency exchange differences | <u>116</u> | <u>2</u> | <u>-</u> | <u>118</u> |
| Balance at September 30, 2022 | <u>\$ 87,577</u> | <u>\$ 16,137</u> | <u>\$ -</u> | <u>\$ 103,714</u> |
| <u>Accumulated amortization</u> | | | | |
| Balance at January 1, 2022 | \$ 36,032 | \$ 15,443 | \$ - | \$ 51,475 |
| Amortization expenses | 10,081 | 172 | - | 10,253 |
| Disposals | (260) | - | - | (260) |
| Effects of foreign currency exchange differences | <u>32</u> | <u>-</u> | <u>-</u> | <u>32</u> |
| Balance at September 30, 2022 | <u>\$ 45,885</u> | <u>\$ 15,615</u> | <u>\$ -</u> | <u>\$ 61,500</u> |
| Carrying amount at September 30, 2022 | <u>\$ 41,692</u> | <u>\$ 522</u> | <u>\$ -</u> | <u>\$ 42,214</u> |

(Concluded)

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, 2023 and 2022. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|--------------------|------------|
| Computer software | 3-10 years |
| Trademarks | 4-10 years |
| Customer relations | 5 years |

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-----------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| An analysis of depreciation by function | | | | |
| Operating costs | \$ 103 | \$ 103 | \$ 308 | \$ 308 |
| Selling and marketing expenses | 1,594 | 1,656 | 4,697 | 4,769 |
| General and administrative expenses | 5,857 | 2,013 | 11,974 | 5,166 |
| Research and development expenses | <u>152</u> | <u>10</u> | <u>258</u> | <u>10</u> |
| | <u>\$ 7,706</u> | <u>\$ 3,782</u> | <u>\$ 17,237</u> | <u>\$ 10,253</u> |

18. OTHER ASSETS

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|----------------------------|-----------------------|----------------------|-----------------------|
| <u>Current assets</u> | | | |
| Prepayments for purchases | \$ 39,282 | \$ 15,647 | \$ 26,752 |
| Office supplies | 4,142 | 3,474 | 3,757 |
| Other prepaid expense | 24,305 | 16,233 | 27,966 |
| Other current assets | <u>3,475</u> | <u>3,610</u> | <u>43,635</u> |
| | <u>\$ 71,204</u> | <u>\$ 38,964</u> | <u>\$ 102,110</u> |
| <u>Non-current assets</u> | | | |
| Prepayments for equipment | \$ 86,758 | \$ 103,946 | \$ 144,291 |
| Net defined benefit assets | 21,975 | 19,900 | 17,485 |
| Refundable deposits | 16,451 | 18,390 | 18,740 |
| Other non-current assets | <u>5,337</u> | <u>4,987</u> | <u>4,988</u> |
| | <u>\$ 130,521</u> | <u>\$ 147,223</u> | <u>\$ 185,504</u> |

19. OTHER LIABILITIES

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|-------------------------------------|-----------------------|----------------------|-----------------------|
| <u>Current</u> | | | |
| Other payables | | | |
| Bonus to direct sellers | \$ 780,999 | \$ 1,142,690 | \$ 821,511 |
| Bonus to employees | 159,505 | 234,100 | 158,359 |
| Salaries and incentive bonus | 120,227 | 159,770 | 120,708 |
| Payables for purchases of equipment | 30,053 | 135,965 | 116,121 |
| Accrued VAT payable | 21,022 | 81,333 | 28,461 |

(Continued)

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|------------------------------------|-----------------------|----------------------|-----------------------|
| Bonus to directors and supervisors | \$ 23,279 | \$ 34,032 | \$ 22,811 |
| Other accrued expenses | 240,227 | 258,629 | 231,984 |
| Others | <u>6,667</u> | <u>4,851</u> | <u>37,910</u> |
| | <u>\$ 1,381,979</u> | <u>\$ 2,051,370</u> | <u>\$ 1,537,865</u> |
| Other liabilities | | | |
| Unearned rent | \$ 1,569 | \$ 1,205 | \$ 1,449 |
| Guarantee deposits received | 3,046 | - | 2,141 |
| Other current liabilities | <u>32,540</u> | <u>27,499</u> | <u>29,208</u> |
| | <u>\$ 37,155</u> | <u>\$ 28,704</u> | <u>\$ 32,798</u> |
| <u>Non-current</u> | | | |
| Guarantee deposits received | \$ 10,795 | \$ 9,099 | \$ 9,102 |
| Net defined benefit liabilities | <u>213</u> | <u>292</u> | <u>1,523</u> |
| | <u>\$ 11,008</u> | <u>\$ 9,391</u> | <u>\$ 10,625</u> |

(Concluded)

20. PROVISIONS

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-----------------------|---|-----------------------|
| <u>Non-current</u> | | | |
| Decommissioning, restoration and rehabilitation | <u>\$ 9,717</u> | <u>\$ 9,652</u> | <u>\$ 9,559</u> |
| The movements of the provision for decommissioning, restoration and rehabilitation activities were as follows: | | | |
| | | For the Nine Months Ended September 30 | |
| | | 2023 | 2022 |
| Balance at January 1 | | \$ 9,652 | \$ 7,362 |
| Additional provisions recognized | | - | 2,919 |
| Amount used | | - | (779) |
| Discount rate adjustment and unwinding of discount from the passage of time | | <u>65</u> | <u>57</u> |
| Balance at September 30 | | <u>\$ 9,717</u> | <u>\$ 9,559</u> |

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

Expenses under the defined contribution plan for the three months ended September 30, 2023 and 2022 were NT\$8,950 thousand and NT\$8,471 thousand, respectively, while for the nine months ended September 30, 2023 and 2022 were NT\$26,030 thousand and NT\$24,600 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, 2023 and 2022 were NT\$105 thousand and NT\$65 thousand, respectively, while for the nine months ended September 30, 2023 and 2022 were NT\$317 thousand and NT\$193 thousand, respectively.

22. EQUITY

a. Share capital

1) Ordinary shares

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|-----------------------|----------------------|-----------------------|
| Shares authorized (in thousands of shares) | <u>180,000</u> | <u>180,000</u> | <u>180,000</u> |
| Shares authorized, par value \$10 (in thousands of dollars) | <u>\$ 1,800,000</u> | <u>\$ 1,800,000</u> | <u>\$ 1,800,000</u> |
| Shares issued and fully paid (in thousands of shares) | <u>148,137</u> | <u>148,137</u> | <u>148,137</u> |
| Shares issued through public issue | \$ 1,362,864 | \$ 1,362,864 | \$ 1,362,864 |
| Shares issued through private placement | <u>118,510</u> | <u>118,510</u> | <u>118,510</u> |
| Shares issued and fully paid (in thousands of dollars) | <u>\$ 1,481,374</u> | <u>\$ 1,481,374</u> | <u>\$ 1,481,374</u> |

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

On January 14, 2021, the Company held the first extraordinary shareholders' meeting and a resolution was passed to increase cash capital by issuing ordinary shares through private placement with Uni-President Enterprise Co., Ltd., a strategic investor, as the subscriber. The purpose of the capital increase is to raise funds for capital expenditures, to enrich working capital and help strengthen the capital structure. On January 14, 2021, the Company resolved to offer for subscription and issued 11,851 thousand ordinary shares of the Company. The subscription price was \$170 per share, and a total of \$2,014,670 thousand in cash was received. The record date of the cash capital increase was January 19, 2021. The rights and obligations of the shareholders of the ordinary shares issued through this private placement are the same as those of the shareholders of the Company's issued ordinary shares. However, in accordance with Article 43-8 of the Securities and Exchange Act, the ordinary shares of this private placement shall not be freely transferred within three years from the date of subscription.

b. Capital surplus

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|-----------------------|----------------------|-----------------------|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1) | | | |
| Additional paid-in capital | \$ 2,850,440 | \$ 2,850,440 | \$ 2,850,440 |
| Treasury share transactions | 2,672 | 2,672 | 2,672 |
| <u>May only be used to offset a deficit</u> | | | |
| Convertible bonds - expired share option | 150 | 150 | 150 |
| Treasury share transactions - share option | 6,749 | 6,749 | 6,749 |
| Arising from share of changes in capital surplus of associates | 2,809 | 2,809 | 2,809 |
| Other (2) | <u>13,526</u> | <u>11,412</u> | <u>11,412</u> |
| | <u>\$ 2,876,346</u> | <u>\$ 2,874,232</u> | <u>\$ 2,874,232</u> |

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

2) Other is unclaimed dividend.

c. Retained earnings and dividends policy

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

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

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

The Company's dividend policy shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment, current and future business development plan, as well as shareholders' interests. The distribution of shareholder dividends shall not be lower than 60% of the unappropriated earnings of the current year. However, the shareholders may resolve not to distribute dividends if the accumulated earnings were lower than 10% of the paid-in capital. Dividends can be distributed in the form of cash or shares or a combination of both cash and 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 2022 and 2021 that were approved in the shareholders' meetings on May 31, 2023 and May 27, 2022, were as follows:

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

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

| | For the Years Ended December 31 | |
|---------------------------------|--|---------------------|
| | 2022 | 2021 |
| Legal reserve | <u>\$ 178,240</u> | <u>\$ 161,882</u> |
| Cash dividends | <u>\$ 1,604,164</u> | <u>\$ 1,456,942</u> |
| Cash dividends per share (NT\$) | \$ 91.15 | \$ 82.78 |

d. Other equity items

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

| | For the Nine Months Ended September 30 | |
|--|---|--------------------|
| | 2023 | 2022 |
| Balance at beginning of period | \$ (57,144) | \$ (75,567) |
| Recognized for the period | | |
| Exchange differences on translating the financial statements of foreign operations | <u>1,206</u> | <u>33,962</u> |
| Balance at end of period | <u>\$ (55,938)</u> | <u>\$ (41,605)</u> |

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

| | For the Nine Months Ended September 30 | |
|---|---|--------------------|
| | 2023 | 2022 |
| Balance at beginning of period | <u>\$ (13,684)</u> | <u>\$ (16,638)</u> |
| Recognized for the period | | |
| Unrealized loss - equity instruments | <u>(1,843)</u> | <u>(2,814)</u> |
| Other comprehensive loss for the period | <u>(1,843)</u> | <u>(2,814)</u> |
| Transfer of accumulated gain or loss on disposal of equity instruments to retained earnings | <u>15,640</u> | <u>-</u> |
| Balance at end of period | <u>\$ 113</u> | <u>\$ (19,452)</u> |

e. Non-controlling interests

| | For the Nine Months Ended September 30 | |
|--|---|---------------------|
| | 2023 | 2022 |
| Balance at beginning of period | \$ 1,571,301 | \$ 1,441,121 |
| Profit for the period | 457,670 | 488,047 |
| Other comprehensive income (loss) during this period | | |
| Exchange differences on translating the financial statements of foreign operations | 368 | (1) |
| Acquisition of increased non-controlling interests in subsidiaries | 33,551 | - |
| Dividends paid to non-controlling interests | <u>(641,666)</u> | <u>(582,777)</u> |
| Balance at end of period | <u>\$ 1,421,224</u> | <u>\$ 1,346,390</u> |

23. REVENUE

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|---------------------|---|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue from contracts with customers | | | | |
| Revenue from the sale of goods | \$ 2,410,207 | \$ 2,305,555 | \$ 6,999,141 | \$ 6,869,306 |
| Revenue from the rendering of services | <u>140,485</u> | <u>186,315</u> | <u>435,905</u> | <u>397,617</u> |
| | <u>\$ 2,550,692</u> | <u>\$ 2,491,870</u> | <u>\$ 7,435,046</u> | <u>\$ 7,266,923</u> |

a. Disaggregation of revenue

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

For the three months ended September 30, 2023

| | Reportable Segments | | | | Total |
|--------------------------------------|----------------------------|---------------------|-------------------|----------------------|---------------------|
| | MLM | Distribution | ODM/OEM | Sales Channel | |
| <u>Type of goods or services</u> | | | | | |
| Sale of goods | \$ 1,996,874 | \$ 219,957 | \$ 101,373 | \$ 92,003 | \$ 2,410,207 |
| Rendering of services | <u>-</u> | <u>-</u> | <u>140,485</u> | <u>-</u> | <u>140,485</u> |
| | <u>\$ 1,996,874</u> | <u>\$ 219,957</u> | <u>\$ 241,858</u> | <u>\$ 92,003</u> | <u>\$ 2,550,692</u> |
| <u>Timing of revenue recognition</u> | | | | | |
| Satisfied at a point in time | <u>\$ 1,996,874</u> | <u>\$ 219,957</u> | <u>\$ 241,858</u> | <u>\$ 92,003</u> | <u>\$ 2,550,692</u> |

For the three months ended September 30, 2022

| | Reportable Segments | | | | Total |
|--------------------------------------|---------------------|-------------------|-------------------|---------------|---------------------|
| | MLM | Distribution | ODM/OEM | Sales Channel | |
| <u>Type of goods or services</u> | | | | | |
| Sale of goods | \$ 1,983,849 | \$ 210,596 | \$ 111,110 | \$ - | \$ 2,305,555 |
| Rendering of services | - | - | 186,315 | - | 186,315 |
| | <u>\$ 1,983,849</u> | <u>\$ 210,596</u> | <u>\$ 297,425</u> | <u>\$ -</u> | <u>\$ 2,491,870</u> |
| <u>Timing of revenue recognition</u> | | | | | |
| Satisfied at a point in time | <u>\$ 1,983,849</u> | <u>\$ 210,596</u> | <u>\$ 297,425</u> | <u>\$ -</u> | <u>\$ 2,491,870</u> |

For the nine months ended September 30, 2023

| | Reportable Segments | | | | Total |
|--------------------------------------|---------------------|-------------------|-------------------|------------------|---------------------|
| | MLM | Distribution | ODM/OEM | Sales Channel | |
| <u>Type of goods or services</u> | | | | | |
| Sale of goods | \$ 5,955,297 | \$ 639,595 | \$ 312,246 | \$ 92,003 | \$ 6,999,141 |
| Rendering of services | - | - | 435,905 | - | 435,905 |
| | <u>\$ 5,955,297</u> | <u>\$ 639,595</u> | <u>\$ 748,151</u> | <u>\$ 92,003</u> | <u>\$ 7,435,046</u> |
| <u>Timing of revenue recognition</u> | | | | | |
| Satisfied at a point in time | <u>\$ 5,955,297</u> | <u>\$ 639,595</u> | <u>\$ 748,151</u> | <u>\$ 92,003</u> | <u>\$ 7,435,046</u> |

For the nine months ended September 30, 2022

| | Reportable Segments | | | | Total |
|--------------------------------------|---------------------|-------------------|-------------------|---------------|---------------------|
| | MLM | Distribution | ODM/OEM | Sales Channel | |
| <u>Type of goods or services</u> | | | | | |
| Sale of goods | \$ 6,065,435 | \$ 553,912 | \$ 249,959 | \$ - | \$ 6,869,306 |
| Rendering of services | - | - | 397,617 | - | 397,617 |
| | <u>\$ 6,065,435</u> | <u>\$ 553,912</u> | <u>\$ 647,576</u> | <u>\$ -</u> | <u>\$ 7,266,923</u> |
| <u>Timing of revenue recognition</u> | | | | | |
| Satisfied at a point in time | <u>\$ 6,065,435</u> | <u>\$ 553,912</u> | <u>\$ 647,576</u> | <u>\$ -</u> | <u>\$ 7,266,923</u> |

2) Type of goods

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|------------------------|--|---------------------|---|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| <u>Type of goods</u> | | | | |
| Health food | \$ 2,064,193 | \$ 2,000,086 | \$ 6,122,050 | \$ 6,124,316 |
| ODM/OEM | 241,858 | 297,425 | 748,151 | 647,576 |
| Cosmetics | 72,370 | 93,551 | 256,267 | 242,426 |
| Beverage | 73,559 | 92,252 | 187,583 | 233,151 |
| Sales Channel (Note 1) | 92,003 | - | 92,003 | - |
| Others (Note 2) | 6,709 | 8,556 | 28,992 | 19,454 |
| | <u>\$ 2,550,692</u> | <u>\$ 2,491,870</u> | <u>\$ 7,435,046</u> | <u>\$ 7,266,923</u> |

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

Note 2: Others include general food and pet food.

b. Contract balances

| | September 30, 2023 | December 31, 2022 | September 30, 2022 | January 1, 2022 |
|--|-------------------------------|------------------------------|-------------------------------|----------------------------|
| Notes and accounts receivable, net | <u>\$ 232,640</u> | <u>\$ 196,680</u> | <u>\$ 240,287</u> | <u>\$ 232,957</u> |
| Accounts receivable from related parties | <u>\$ 99,104</u> | <u>\$ 72,967</u> | <u>\$ 99,188</u> | <u>\$ 67,739</u> |
| Contract liabilities - current | | | | |
| Sale of goods | \$ 49,351 | \$ 111,852 | \$ 54,119 | \$ 55,966 |
| Rendering of services | <u>36,346</u> | <u>61,537</u> | <u>44,801</u> | <u>73,208</u> |
| | <u>\$ 85,697</u> | <u>\$ 173,389</u> | <u>\$ 98,920</u> | <u>\$ 129,174</u> |

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

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

| | For the Nine Months Ended September 30 | |
|--|---|-------------------|
| | 2023 | 2022 |
| From contract liabilities at the start of the year | | |
| Revenue from the sale of goods | \$ 108,458 | \$ 55,555 |
| Revenue from contracts with customers | <u>59,666</u> | <u>66,107</u> |
| | <u>\$ 168,124</u> | <u>\$ 121,662</u> |

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|------------------------------------|--|-----------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Financial assets at amortized cost | <u>\$ 8,568</u> | <u>\$ 4,593</u> | <u>\$ 32,670</u> | <u>\$ 11,191</u> |

b. Other income

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------|--|------------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Rental income | \$ 7,055 | \$ 7,145 | \$ 20,419 | \$ 22,497 |
| Others | <u>20,151</u> | <u>15,886</u> | <u>50,743</u> | <u>40,659</u> |
| | <u>\$ 27,206</u> | <u>\$ 23,031</u> | <u>\$ 71,162</u> | <u>\$ 63,156</u> |

c. Other gains and losses

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-----------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Fair value changes of financial assets and financial liabilities | | | | |
| Financial assets mandatorily classified as at FVTPL | \$ 192 | \$ 83 | \$ 358 | \$ 631 |
| Net foreign exchange gain | 4,851 | 5,229 | 8,786 | 12,873 |
| Gains on modification of lease agreements | - | - | 14 | - |
| Gain (loss) on disposal of property, plant and equipment | 3 | 6 | (216) | (157) |
| Loss disposal of subsidiary | - | - | - | (779) |
| Others | <u>(42)</u> | <u>(1,416)</u> | <u>(228)</u> | <u>(1,450)</u> |
| | <u>\$ 5,004</u> | <u>\$ 3,902</u> | <u>\$ 8,714</u> | <u>\$ 11,118</u> |

d. Finance costs

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|---------------|---|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest on bank loans | \$ 9 | \$ - | \$ 9 | \$ 242 |
| Interest on lease liabilities | 729 | 582 | 1,693 | 1,654 |
| Imputed interest on deposit | 37 | 21 | 52 | 32 |
| Unwinding of discount on provisions | 22 | 24 | 65 | 57 |
| Less: Amounts included in the cost of qualifying assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>(151)</u> |
| | <u>\$ 797</u> | <u>\$ 627</u> | <u>\$ 1,819</u> | <u>\$ 1,834</u> |

Information about capitalized interest is as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------------------------|--|-------------|---|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Capitalized interest amount | \$ - | \$ - | \$ - | \$ 151 |
| Capitalization rate | - | - | - | 1.02% |

e. Depreciation and amortization

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-------------------|---|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| An analysis of depreciation by function | | | | |
| Operating costs | \$ 57,496 | \$ 58,060 | \$ 172,511 | \$ 169,325 |
| Operating expenses | <u>50,080</u> | <u>51,926</u> | <u>152,026</u> | <u>156,469</u> |
| | <u>\$ 107,576</u> | <u>\$ 109,986</u> | <u>\$ 324,537</u> | <u>\$ 325,794</u> |
| An analysis of amortization by function | | | | |
| Operating costs | \$ 103 | \$ 103 | \$ 308 | \$ 308 |
| Operating expenses | <u>7,603</u> | <u>3,679</u> | <u>16,929</u> | <u>9,945</u> |
| | <u>\$ 7,706</u> | <u>\$ 3,782</u> | <u>\$ 17,237</u> | <u>\$ 10,253</u> |

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

f. Operating expenses directly related to investment properties

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-----------------|---|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Direct operating expenses from investment properties generating rental income | \$ 1,154 | \$ 915 | \$ 2,986 | \$ 2,747 |
| Direct operating expenses from investment properties not generating rental income | <u>819</u> | <u>1,116</u> | <u>2,935</u> | <u>3,349</u> |
| | <u>\$ 1,973</u> | <u>\$ 2,031</u> | <u>\$ 5,921</u> | <u>\$ 6,096</u> |

g. Employee benefits expense

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|------------------------------------|--|-------------------|---|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Short-term benefits | \$ <u>257,305</u> | \$ <u>262,547</u> | \$ <u>916,675</u> | \$ <u>879,796</u> |
| Post-employment benefits (Note 23) | | | | |
| Defined contribution plan | 8,950 | 8,471 | 26,030 | 24,600 |
| Defined benefit plans | <u>105</u> | <u>65</u> | <u>317</u> | <u>193</u> |
| | <u>9,055</u> | <u>8,536</u> | <u>26,347</u> | <u>24,793</u> |
| Other employee benefits | <u>6,029</u> | <u>4,552</u> | <u>17,715</u> | <u>13,366</u> |
| Total employee benefits expense | <u>\$ 272,389</u> | <u>\$ 275,635</u> | <u>\$ 960,737</u> | <u>\$ 917,955</u> |

(Continued)

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-------------------|---|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| An analysis of employee benefits expense by function | | | | |
| Operating costs | \$ 64,886 | \$ 59,525 | \$ 188,463 | \$ 192,624 |
| Operating expenses | <u>207,503</u> | <u>216,110</u> | <u>772,274</u> | <u>725,331</u> |
| | <u>\$ 272,389</u> | <u>\$ 275,635</u> | <u>\$ 960,737</u> | <u>\$ 917,955</u> |

(Concluded)

h. Compensation of employees and remuneration of directors

According to the resolution of the board of directors, 6%-8% of profit of the current year is distributable as compensation of employees and no higher than 2% of profit of the current year is distributable as remuneration of directors. However, the Company has to first offset accumulated losses, if any. For the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the compensation of employees and the remuneration of directors are as follows:

Accrual rate

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------|--|-------------|---|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Compensation of employees | 8% | 8% | 8% | 8% |
| Remuneration of directors | 2% | 2% | 2% | 2% |

Amount

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---------------------------|--|-------------|---|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Compensation of employees | \$ 34,486 | \$ 34,142 | \$ 93,115 | \$ 91,242 |
| Remuneration of directors | 8,622 | 8,536 | 23,279 | 22,811 |

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

The appropriations of earnings for the compensation of employees and remuneration of directors for 2022 and 2021 that were resolved by the Company's Board of Directors on February 22, 2023 and February 23, 2022, respectively, are as shown below:

| | For the Years Ended December 31 | |
|---------------------------|--|-------------|
| | 2022 | 2021 |
| | Cash | Cash |
| Compensation of employees | \$ 136,129 | \$ 119,297 |
| Remuneration of directors | 34,032 | 29,824 |

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

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

25. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|---|--|-------------------|---|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Current tax | | | | |
| In respect of the current period | \$ 128,758 | \$ 129,472 | \$ 342,741 | \$ 358,351 |
| Income tax on unappropriated earnings | - | - | 15,625 | 13,083 |
| Adjustments for prior years | <u>875</u> | <u>321</u> | <u>(8,743)</u> | <u>(24,496)</u> |
| | 129,633 | 129,793 | 349,623 | 346,938 |
| Deferred tax | | | | |
| In respect of the current period | 4,394 | (1,231) | 6,699 | (310) |
| Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior years | <u>-</u> | <u>742</u> | <u>-</u> | <u>1,225</u> |
| Income tax expense recognized in profit or loss | <u>\$ 134,027</u> | <u>\$ 129,304</u> | <u>\$ 356,322</u> | <u>\$ 347,853</u> |

b. Income tax assessments

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

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|----------------------------|--|----------------|---|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Basic earnings per share | <u>\$ 2.48</u> | <u>\$ 2.46</u> | <u>\$ 6.65</u> | <u>\$ 6.65</u> |
| Diluted earnings per share | <u>\$ 2.47</u> | <u>\$ 2.45</u> | <u>\$ 6.61</u> | <u>\$ 6.62</u> |

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

Net profit for the period

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|--|-------------------|---|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Earnings used in the computation of basic and diluted earnings per share | <u>\$ 366,744</u> | <u>\$ 364,848</u> | <u>\$ 984,402</u> | <u>\$ 985,566</u> |

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 | |
|--|--|----------------|---|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Weighted average number of ordinary shares used in the computation of basic earnings per share | 148,137 | 148,137 | 148,137 | 148,137 |
| Effect of potentially dilutive ordinary shares | | | | |
| Compensation of employees | <u>597</u> | <u>681</u> | <u>747</u> | <u>834</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>148,734</u> | <u>148,818</u> | <u>148,884</u> | <u>148,971</u> |

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

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

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

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

b. Consideration transferred

Shanghai Pujun

| | |
|------|------------------|
| Cash | \$ <u>34,920</u> |
|------|------------------|

c. Assets acquired and liabilities assumed at the date of acquisition

Shanghai Pujun

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

d. Non-controlling interests

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

e. Net cash outflow on the acquisition of subsidiaries

Shanghai Pujun

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

f. Impact of acquisitions on the results of the Group

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

Shanghai Pujun

| | |
|---------|------------------|
| Revenue | <u>\$ 92,003</u> |
| Profit | <u>\$ 1,273</u> |

Had Shanghai Pujun concluded the acquisition at the beginning of 2023, the Group's revenue would have been \$2,555,237 thousand and \$7,439,591 thousand, and the profit would have been \$547,867 thousand and \$1,442,558 thousand for the three months ended September 30, 2023 and for the nine months ended September 30, 2023, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2023, nor is it intended to be a projection of future results.

28. DISPOSAL OF SUBSIDIARIES

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

a. Consideration received from disposals

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

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

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

c. Loss on disposal of subsidiaries

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

d. Net cash inflow on disposals of subsidiaries

| | Dongpu Biotech Corporation |
|---------------------------------|-----------------------------------|
| Consideration received in cash | \$ 27,586 |
| Less: Cash balances disposed of | <u>(27,586)</u> |
| | <u>\$ -</u> |

29. CASH FLOW INFORMATION

a. Non-cash transactions

The Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the nine months ended September 30, 2023 and 2022:

| | For the Nine Months Ended September 30 | |
|---|---|---------------------|
| | 2023 | 2022 |
| Additions of property, plant and equipment | \$ (191,145) | \$ (262,598) |
| Changes in prepayments for purchases | (62,938) | (107,269) |
| Changes in payables for purchase of equipment | <u>(105,903)</u> | <u>63,550</u> |
| Payments for acquisition of property, plant and equipment | <u>\$ (359,986)</u> | <u>\$ (306,317)</u> |

b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2023

| | January 1, 2023 | Cash Flows | Non-cash Changes | | | September 30, 2023 |
|-----------------------------|----------------------------|--------------------|-------------------------|----------------------|---------------------------------|-------------------------------|
| | | | Lease Change | Finance Costs | Exchange Rate Impact | |
| Guarantee deposits received | \$ 9,099 | \$ 4,742 | \$ - | \$ - | \$ - | \$ 13,841 |
| Lease liabilities | <u>157,752</u> | <u>(36,813)</u> | <u>82,478</u> | <u>1,693</u> | <u>-</u> | <u>205,110</u> |
| | <u>\$ 166,851</u> | <u>\$ (32,071)</u> | <u>\$ 82,478</u> | <u>\$ 1,693</u> | <u>\$ -</u> | <u>\$ 218,951</u> |

For the nine months ended September 30, 2022

| | January 1, 2022 | Cash Flows | Non-cash Changes | | | September 30, 2022 |
|-----------------------------|----------------------------|---------------------|-------------------------|----------------------|---------------------------------|-------------------------------|
| | | | Lease Change | Finance Costs | Exchange Rate Impact | |
| Long-term borrowings | \$ 94,365 | \$ (94,365) | \$ - | \$ - | \$ - | \$ - |
| Guarantee deposits received | 13,011 | (1,770) | - | - | 2 | 11,243 |
| Lease liabilities | <u>177,393</u> | <u>(33,090)</u> | <u>42,183</u> | <u>1,654</u> | <u>-</u> | <u>188,140</u> |
| | <u>\$ 284,769</u> | <u>\$ (129,225)</u> | <u>\$ 42,183</u> | <u>\$ 1,654</u> | <u>\$ 2</u> | <u>\$ 199,383</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 a primal capital structure to reduce costs of capital. The Group's capital structure management strategies were based on the industry size of the Company and its subsidiaries, industry's future growth, product roadmaps, and changes in the external environment and other factors. The Group plans the required capacity and the necessary plant and equipment to achieve this capacity and the corresponding capital expenditure according to those strategies. The Group then calculates the required working capital and cash based on industry characteristics, and estimates the possible product margins, operating margin and cash flow. In order to determine the most appropriate capital structure, the Group takes into consideration cyclical fluctuations in industrial, product life cycle and other risk factors.

31. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

September 30, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|-----------------------|-----------------------|---------------------|---------------------|
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity instruments | | | | |
| - unlisted shares | \$ <u> -</u> | \$ <u> -</u> | \$ <u> 133</u> | \$ <u> 133</u> |

December 31, 2022

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

September 30, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity instruments | | | | |
| - unlisted shares | \$ <u> -</u> | \$ <u> -</u> | \$ <u> 8,576</u> | \$ <u> 8,576</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, 2023

| Financial Assets | Financial Assets at FVTOCI Equity Instruments |
|--|--|
| Balance at beginning of period | \$ 14,344 |
| Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI) | (1,843) |
| Disposals | <u>(12,368)</u> |
| Balance at end of period | <u>\$ 133</u> |

For the nine months ended September 30, 2022

| Financial Assets | Financial Assets at FVTOCI Equity Instruments |
|--|--|
| Balance at beginning of period | \$ 11,390 |
| Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI) | <u>(2,814)</u> |
| Balance at end of period | <u>\$ 8,576</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, 2023 | December 31, 2022 | September 30, 2022 |
|------------------------------------|-------------------------------|------------------------------|-------------------------------|
| 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, 2023 | December 31, 2022 | September 30, 2022 |
|------------------------------------|-------------------------------|------------------------------|-------------------------------|
| Discount for lack of marketability | | | |
| 1% increase | <u>\$ (2)</u> | <u>\$ -</u> | <u>\$ (122)</u> |
| 1% decrease | <u>\$ 2</u> | <u>\$ -</u> | <u>\$ 122</u> |

c. Categories of financial instruments

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-------------------------------|------------------------------|-------------------------------|
| <u>Financial assets</u> | | | |
| Financial assets at amortized cost | | | |
| Cash and cash equivalents | \$ 3,518,880 | \$ 4,672,852 | \$ 3,248,615 |
| Financial assets at amortized cost | 98,571 | 141,569 | 74,506 |
| Notes and accounts receivable, net | 232,640 | 196,680 | 240,287 |
| Accounts receivable from related parties | 99,104 | 72,967 | 99,188 |
| Other receivables | 16,271 | 14,359 | 13,711 |
| Financial assets at FVTOCI | | | |
| Equity instruments | <u>133</u> | <u>14,344</u> | <u>8,576</u> |
| | <u>\$ 3,965,599</u> | <u>\$ 5,112,771</u> | <u>\$ 3,684,883</u> |

(Continued)

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|-------------------------------|------------------------------|------------------------------------|
| <u>Financial liabilities</u> | | | |
| Financial liabilities at amortized cost | | | |
| Notes and accounts payable | \$ 314,747 | \$ 293,843 | \$ 324,454 |
| Accounts payable to related parties | 8,485 | - | - |
| Other payables | 1,381,979 | 2,051,370 | 1,537,865 |
| Other payables to related parties | <u>79,255</u> | <u>92,071</u> | <u>73,128</u> |
| | <u>\$ 1,784,466</u> | <u>\$ 2,437,284</u> | <u>\$ 1,935,447</u> (Concluded) |

d. Financial risk management objectives and policies

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

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

1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the 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 | |
| | 2023 | 2022 |
| Profit or loss | <u>\$ 17,103</u> | <u>\$ 14,103</u> |

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, | December 31, | September 30, |
|-------------------------------|----------------------|---------------------|----------------------|
| | 2023 | 2022 | 2022 |
| Fair value interest rate risk | | | |
| Financial assets | \$ 153,506 | \$ 130,369 | \$ 74,506 |
| Financial liabilities | 205,110 | 157,752 | 188,140 |
| Cash flow interest rate risk | | | |
| Financial assets | 3,456,245 | 4,676,736 | 3,241,443 |

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, 2023 and 2022 would change by NT\$2,592 thousand and NT\$2,431 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, 2023, December 31, 2022 and September 30, 2022, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

September 30, 2023

| | On Demand or Less than 6 Months | 6-12 Months | 1-2 Years | 2-5 Years | 5+ Years | Total |
|--|--|--------------------|------------------|------------------|------------------|---------------------|
| Notes and accounts payable (related parties included) | \$ 323,232 | \$ - | \$ - | \$ - | \$ - | \$ 323,232 |
| Other payables (related parties included) | 1,230,205 | 231,029 | - | - | - | 1,461,234 |
| Lease liabilities | <u>32,315</u> | <u>24,815</u> | <u>41,669</u> | <u>73,447</u> | <u>44,536</u> | <u>216,782</u> |
| | <u>\$ 1,585,752</u> | <u>\$ 255,844</u> | <u>\$ 41,669</u> | <u>\$ 73,447</u> | <u>\$ 44,536</u> | <u>\$ 2,001,248</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|-------------------|-----------------------------|-------------------|-------------------|--------------------|--------------------|------------------|
| Lease liabilities | <u>\$ 57,130</u> | <u>\$ 115,116</u> | <u>\$ 9,860</u> | <u>\$ 9,860</u> | <u>\$ 9,860</u> | <u>\$ 14,956</u> |

December 31, 2022

| | On Demand or Less than 6 Months | 6-12 Months | 1-2 Years | 2-5 Years | 5+ Years | Total |
|---|--|--------------------|------------------|------------------|------------------|---------------------|
| Notes and accounts payable | \$ 293,843 | \$ - | \$ - | \$ - | \$ - | \$ 293,843 |
| Other payables (related parties included) | 1,914,214 | 229,227 | - | - | - | 2,143,441 |
| Lease liabilities | <u>28,936</u> | <u>16,843</u> | <u>31,581</u> | <u>44,001</u> | <u>46,015</u> | <u>167,376</u> |
| | <u>\$ 2,236,993</u> | <u>\$ 246,070</u> | <u>\$ 31,581</u> | <u>\$ 44,001</u> | <u>\$ 46,015</u> | <u>\$ 2,604,660</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|-------------------|-----------------------------|------------------|-------------------|--------------------|--------------------|------------------|
| Lease liabilities | <u>\$ 45,779</u> | <u>\$ 75,582</u> | <u>\$ 9,861</u> | <u>\$ 9,860</u> | <u>\$ 9,860</u> | <u>\$ 16,434</u> |

September 30, 2022

| | On Demand or Less than 6 Months | 6-12 Months | 1-2 Years | 2-5 Years | 5+ Years | Total |
|---|--|--------------------|------------------|------------------|------------------|---------------------|
| Notes and accounts payable | \$ 324,454 | \$ - | \$ - | \$ - | \$ - | \$ 324,454 |
| Other payables (related parties included) | 1,377,229 | 233,764 | - | - | - | 1,610,993 |
| Lease liabilities | <u>32,864</u> | <u>20,571</u> | <u>35,154</u> | <u>60,114</u> | <u>50,382</u> | <u>199,085</u> |
| | <u>\$ 1,734,547</u> | <u>\$ 254,335</u> | <u>\$ 35,154</u> | <u>\$ 60,114</u> | <u>\$ 50,382</u> | <u>\$ 2,134,532</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|-------------------|-----------------------------|------------------|-------------------|--------------------|--------------------|------------------|
| Lease liabilities | <u>\$ 53,435</u> | <u>\$ 95,268</u> | <u>\$ 13,735</u> | <u>\$ 9,860</u> | <u>\$ 9,860</u> | <u>\$ 16,927</u> |

b) Financing facilities

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|------------------------------|-------------------------------|------------------------------|-------------------------------|
| Short-term borrowings amount | | | |
| Amount unused | <u>\$ 1,738,000</u> | <u>\$ 1,738,000</u> | <u>\$ 1,738,000</u> |

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

| Related Party Name | Related Party Category | Relationship with the Group |
|--|-------------------------------|------------------------------------|
| Sheng-Lin Tseng | Substantive related party | Chairman of the Company |
| Pu Hsing Enterprise Co., Ltd. (Pu Hsing) | Other related party | Director of Pro-partner |

(Continued)

| Related Party Name | Related Party Category | Relationship with the Group |
|--|-------------------------------|---|
| Taipei City Pro-partner Technology and Human Development Foundation (Pro-partner Foundation) | Other related party | Pro-partner is its sole founder |
| Laser Solution Technology Co., Ltd. (Laser Solution) | Other related party | Supervisor of Pro-partner (from June 3, 2021 to June 2, 2024) |
| Pu-Lin Ltd. (Pu-Lin) | Other related party | Related party in substance of Pro-partner |
| Xinlin Enterprise Co., Ltd. (Xinlin) | Other related party | Related party in substance of Pro-partner |
| Xinlin Investment Co., Ltd. (Xinlin Investment) | Other related party | Related party in substance of Pro-partner |
| Uni-President Enterprises Corp. (Uni-President) | Other related party | Director of the Company |
| Tung-Ju Enterprise Corp. (Tung-Ju) | Other related party | Subsidiary of a director of the Company |
| Tung Hsyung Co., Ltd. (Tung Hsyung) | Other related party | Subsidiary of a director of the Company |
| Uni-President Vender Corp. (Uni-President Vender) | Other related party | Subsidiary of a director of the Company |
| Tong-Yo Co., Ltd. (Tong-Yo) | Other related party | Subsidiary of a director of the Company |
| RSI, Retail Support International Corp. (Retail Support) | Other related party | Subsidiary of a director of the Company |
| Sheng-Miao Industrial Corp. (Sheng-Miao) | Other related party | Subsidiary of a director of the Company |
| Tung-Bo Enterprise Corp. (Tung-Bo) | Other related party | Subsidiary of a director of the Company |
| Xin-Tung Enterprise Corp. (Xin-Tung) | Other related party | Subsidiary of a director of the Company |
| Tong-Yeen Enterprises Corp. (Tong-Yeen) | Other related party | Subsidiary of a director of the Company |
| Wei-Tong Enterprise Corp. (Wei-Tong) | Other related party | Subsidiary of a director of the Company |
| President Pharmaceutical Corp. (President Pharmaceutical) | Other related party | Subsidiary of a director of the Company |
| President Chain Store Corp. (President Chain Store) | Other related party | Subsidiary of a director of the Company |
| President Transnet Corp. (President Transnet) | Other related party | Subsidiary of a director of the Company |
| President Collect Services Corp. (President Collect Services) | Other related party | Subsidiary of a director of the Company |
| Presco Netmarketing, Inc. (Presco Netmarketing) | Other related party | Subsidiary of a director of the Company |
| Presicarre Corp. (Presicarre) | 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 |

(Continued)

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

b. Sales of goods

| Line Item | Related Party Category/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------|-----------------------------|--|------------------|---|-------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Sales | Associate | \$ 14,543 | \$ 13,717 | \$ 20,894 | \$ 22,899 |
| | Other related party | <u>69,826</u> | <u>79,656</u> | <u>178,955</u> | <u>175,384</u> |
| | | <u>\$ 84,369</u> | <u>\$ 93,373</u> | <u>\$ 199,849</u> | <u>\$ 198,283</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. Purchase

| Line Item | Related Party Category/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-----------|-----------------------------|--|-----------|---|-----------|
| | | 2023 | 2022 | 2023 | 2022 |
| Purchase | Other related party | \$ 87,749 | \$ 26,478 | \$ 87,749 | \$ 28,139 |

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

d. Contract liabilities

| Line Item | Related Party Category/Name | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|----------------------|-----------------------------|-----------------------|----------------------|-----------------------|
| Contract liabilities | Other related party | \$ 494 | \$ 662 | \$ 503 |

e. Receivables from related parties

| Line Item | Related Party Category/Name | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|---|-----------------------|----------------------|-----------------------|
| Accounts receivable from related parties | Tung Hsyng | \$ 42,222 | \$ 37,365 | \$ 37,719 |
| | Tung-Ju | 19,320 | 18,597 | 21,867 |
| | GK BIO INTER- NATIONAL SDN. BHD. | 14,816 | 7,785 | 15,253 |
| | Retail support | 13,513 | 8,038 | 8,734 |
| | Uni-President Shanghai Management Consulting | - | - | 13,803 |
| | Other related party | <u>9,233</u> | <u>1,182</u> | <u>1,812</u> |
| | | <u>\$ 99,104</u> | <u>\$ 72,967</u> | <u>\$ 99,188</u> |

f. Payables to related parties

| Line Item | Related Party Category/Name | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|-----------------------------|-----------------------|----------------------|-----------------------|
| Accounts payable to related parties | Hefei President | \$ 3,074 | \$ - | \$ - |
| | Changsha President | 2,934 | - | - |
| | Nanchang President | 1,949 | - | - |
| | Other related party | <u>528</u> | <u>-</u> | <u>-</u> |
| | | <u>\$ 8,485</u> | <u>\$ -</u> | <u>\$ -</u> |
| Other payables to related parties | Tung Hsyng | \$ 28,590 | \$ 25,769 | \$ 22,467 |
| | Pu Hsing | 13,140 | 20,419 | 13,999 |
| | Laser Solution | 13,107 | 20,388 | 13,967 |
| | Tung-Ju | 12,275 | 16,560 | 12,261 |
| | Other related party | <u>12,143</u> | <u>8,935</u> | <u>10,434</u> |
| | | <u>\$ 79,255</u> | <u>\$ 92,071</u> | <u>\$ 73,128</u> |

g. Prepayments

| Line Item | Related Party Category/Name | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|------------------|------------------------------------|---------------------------|--------------------------|---------------------------|
| Prepayments | Changsha President Associate | \$ 8,896 | \$ - | \$ - |
| | Other related party | 450 | - | - |
| | | <u>11,092</u> | <u>145</u> | <u>5,337</u> |
| | | <u>\$ 20,438</u> | <u>\$ 145</u> | <u>\$ 5,337</u> |

h. Lease arrangements

| Line Item | Related Party Category/Name | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|-------------------|------------------------------------|---------------------------|--------------------------|---------------------------|
| Lease liabilities | Pu-Lin Substantive related party | \$ 6,419 | \$ 6,419 | \$ 30,131 |
| | | <u>4,801</u> | <u>5,662</u> | <u>-</u> |
| | | <u>\$ 11,220</u> | <u>\$ 12,081</u> | <u>\$ 30,131</u> |

| Related Party Category | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|-------------------------------|--|--------------|---|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| <u>Interest expense</u> | | | | |
| Other related party | \$ - | \$ 86 | \$ - | \$ 265 |
| Substantive related party | <u>13</u> | <u>-</u> | <u>40</u> | <u>-</u> |
| | <u>\$ 13</u> | <u>\$ 86</u> | <u>\$ 40</u> | <u>\$ 265</u> |

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

i. Other transactions with related parties

| Line Item | Related Party Category/Name | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|--|------------------------------------|---------------------------|--------------------------|---------------------------|
| Refundable deposits | Other related party | <u>\$ 2,061</u> | <u>\$ 1,619</u> | <u>\$ 1,619</u> |
| Guarantee deposits received | Other related party | <u>\$ 353</u> | <u>\$ 355</u> | <u>\$ 360</u> |
| Advance receipts (classified as other current liabilities) | Other related party | <u>\$ 13</u> | <u>\$ 25</u> | <u>\$ 13</u> |

| Line Item | Related Party Category/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|-----------------------------|--|------------------|---|------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Operating costs - inspection expense | Other related party | \$ <u>52</u> | \$ <u>25</u> | \$ <u>117</u> | \$ <u>175</u> |
| Operating costs - freight expense | Other related party | \$ <u>15</u> | \$ <u>4</u> | \$ <u>26</u> | \$ <u>10</u> |
| Selling and marketing expenses - advertisement expense | Other related party | \$ <u>7,455</u> | \$ <u>4,683</u> | \$ <u>21,355</u> | \$ <u>11,802</u> |
| Selling and marketing expenses - freight expense | Other related party | \$ <u>5,033</u> | \$ <u>4,819</u> | \$ <u>15,031</u> | \$ <u>11,702</u> |
| Selling and marketing expenses - commissions expense | Other related party | \$ <u>4,575</u> | \$ <u>10,444</u> | \$ <u>12,149</u> | \$ <u>18,645</u> |
| Selling and marketing expenses - entertainment expense | Other related party | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>5</u> |
| Selling and marketing expenses - inspection expense | Other related party | \$ <u>7</u> | \$ <u>-</u> | \$ <u>7</u> | \$ <u>5</u> |
| Selling and marketing expenses - other expense | Other related party | \$ <u>30</u> | \$ <u>118</u> | \$ <u>37</u> | \$ <u>118</u> |
| General and administrative expenses - donations | Other related party | \$ <u>600</u> | \$ <u>650</u> | \$ <u>600</u> | \$ <u>650</u> |
| General and administrative expenses - freight expense | Other related party | \$ <u>1</u> | \$ <u>2</u> | \$ <u>4</u> | \$ <u>6</u> |
| General and administrative expenses - other expense | Other related party | \$ <u>9</u> | \$ <u>-</u> | \$ <u>9</u> | \$ <u>-</u> |

(Continued)

| Line Item | Related Party Category/Name | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|--|-----------------------------|---|--------------|--|--------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Research and development expenses - inspection expense | Other related party | \$ <u>52</u> | \$ <u>-</u> | \$ <u>189</u> | \$ <u>-</u> |
| Research and development expenses - freight expense | Other related party | \$ <u>23</u> | \$ <u>19</u> | \$ <u>56</u> | \$ <u>64</u> |
| Rental income | Other related party | \$ <u>3</u> | \$ <u>3</u> | \$ <u>9</u> | \$ <u>9</u> |
| Other income | Other related party | \$ <u>19</u> | \$ <u>9</u> | \$ <u>41</u> | \$ <u>26</u> |

(Concluded)

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

j. Compensation of key management personnel

| | For the Three Months Ended September 30 | | For the Nine Months Ended September 30 | |
|------------------------------|---|------------------|--|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Short-term employee benefits | \$ 68,803 | \$ 63,816 | \$ 175,060 | \$ 176,379 |
| Post-employment benefits | <u>23</u> | <u>71</u> | <u>214</u> | <u>214</u> |
| | \$ <u>68,826</u> | \$ <u>63,887</u> | \$ <u>175,274</u> | \$ <u>176,593</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, 2023 | December 31, 2022 | September 30, 2022 |
|--|---------------------|---------------------|---------------------|
| Property, plant and equipment - land | \$ 3,004,762 | \$ 3,004,762 | \$ 3,004,762 |
| Property, plant and equipment - building | 948,134 | 994,544 | 998,053 |
| Pledged time deposits (classified as financial assets at amortized cost - non-current) | <u>24,520</u> | <u>24,520</u> | <u>13,320</u> |
| | \$ <u>3,977,416</u> | \$ <u>4,023,826</u> | \$ <u>4,016,135</u> |

Secured bank facilities used in response to operating funds by the Group's property, plant and equipment - land/building as of September 30, 2023 and December 31, 2022 and September 30, 2022, respectively, are as follows:

| | September 30, 2023 | December 31, 2022 | September 30, 2022 |
|---|-------------------------------|------------------------------|-------------------------------|
| Short-term financing facilities | \$ 1,238,000 | \$ 1,238,000 | \$ 1,238,000 |
| Medium and long-term financing facilities | <u>1,000,000</u> | <u>1,000,000</u> | <u>1,000,000</u> |
| | <u>\$ 2,238,000</u> | <u>\$ 2,238,000</u> | <u>\$ 2,238,000</u> |

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. The Company's guarantee notes issued to banks for credit lines amounted to NT\$400,000 thousand as of September 30, 2023.
- b. Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of September 30, 2023 were as follows:

| Nature of Contract | Contract Amount | Amount Paid | Outstanding Balance |
|---------------------------|----------------------------|--------------------|--------------------------------|
| Plant and machinery | <u>\$ 815,436</u> | <u>\$ 434,596</u> | <u>\$ 380,840</u> |

- c. For operational needs, Pro-partner established operational bases in Taoyuan, Hsinchu, Taichung, Hualien, Tainan and Kaohsiung. The information concerning the operating leases as of September 30, 2023 is listed below:

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

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

35. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2023

| | Foreign Currency | Exchange Rate | Carrying Amount |
|------------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 5,055 | 32.27 (USD:NTD) | <u>\$ 163,125</u> |
| USD | 432 | 7.172 (USD:CNY) | <u>\$ 13,941</u> |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 146 | 32.27 (USD:NTD) | <u>\$ 4,711</u> |
| USD | 41 | 7.172 (USD:CNY) | <u>\$ 1,323</u> |

December 31, 2022

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

September 30, 2022

| | Foreign Currency | Exchange Rate | Carrying Amount |
|------------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 4,158 | 31.75 (USD:NTD) | <u>\$ 132,017</u> |
| USD | 482 | 7.110 (USD:CNY) | <u>\$ 15,304</u> |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 198 | 7.110 (USD:CNY) | <u>\$ 6,287</u> |

For the three months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange gains were NT\$4,851 thousand; and NT\$5,229 thousand, respectively, while for the nine months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange losses were NT\$8,786 thousand; and NT\$12,873 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: None;
- 2) Endorsements/guarantees provided: None;
- 3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): Table 1;
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 2;
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3;
- 9) Trading in the derivative instruments: None;
- 10) Others: intercompany relationships and significant intercompany transactions: Table 4;

b. Information on investees: Table 5;

c. Information on investments in mainland China

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, net income (losses) of the investee, investment income (losses), ending balance, amount received as dividends from the investee, and the limitation on investee: Table 6.
- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment and unrealized gain or loss: None;

d. Information on major shareholders:

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

37. SEGMENTS INFORMATION

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

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

Transfer prices between operating segments are determined 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, ODM/OEM includes ODM/OEM in Taiwan and Shanghai, and Sales channel is the Group's business of selling products from other companies for the purpose of building its own brand channels.

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

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

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

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, 2023

| | MLM | Distribution | ODM/OEM | Sales Channel | Adjustment/ Elimination | Total |
|---------------------------------|---------------------|-------------------|-------------------------|------------------|----------------------------|---------------------|
| Revenue from external customers | \$ 5,955,297 | \$ 639,595 | \$ 748,151 | \$ 92,003 | \$ - | \$ 7,435,046 |
| Inter-segment revenue | <u>1,137,535</u> | <u>217,530</u> | <u>26,437</u> (Note) | - | <u>(1,381,502)</u> | - |
| Segment revenue | <u>\$ 7,092,832</u> | <u>\$ 857,125</u> | <u>\$ 774,588</u> | <u>\$ 92,003</u> | <u>\$ (1,381,502)</u> | <u>\$ 7,435,046</u> |
| Segment income | <u>\$ 1,424,735</u> | <u>\$ 63,176</u> | <u>\$ 131,467</u> | <u>\$ 1,202</u> | <u>\$ 53,777</u> | <u>\$ 1,674,357</u> |

Note: ODM/OEM revenues come from external customers in Taiwan and Shanghai amounted to NT\$312,246 thousand and NT\$435,905 thousand, respectively.

For the nine months Ended September 30, 2022

| | MLM | Distribution | ODM/OEM | Sales Channel | Adjustment/ Elimination | Total |
|---------------------------------|---------------------|-------------------|----------------------|---------------|----------------------------|---------------------|
| Revenue from external customers | \$ 6,065,435 | \$ 553,912 | \$ 647,576 (Note) | \$ - | \$ - | \$ 7,266,923 |
| Inter-segment revenue | <u>1,191,471</u> | <u>327,029</u> | <u>16,790</u> | - | <u>(1,535,290)</u> | - |
| Segment revenue | <u>\$ 7,256,906</u> | <u>\$ 880,941</u> | <u>\$ 664,366</u> | <u>\$ -</u> | <u>\$ (1,535,290)</u> | <u>\$ 7,266,923</u> |
| Segment income | <u>\$ 1,572,446</u> | <u>\$ 18,389</u> | <u>\$ 79,186</u> | <u>\$ -</u> | <u>\$ 59,198</u> | <u>\$ 1,729,219</u> |

Note: ODM/OEM revenues come from external customers in Taiwan and Shanghai amounted to NT\$249,959 thousand and NT\$397,617 thousand, respectively.

GRAPE KING BIO LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2023

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

| Holding Company Name | Marketable Securities Type and Name | Relationship with the Holding Company | Financial Statement Account | September 30, 2023 | | | | Note |
|----------------------|-------------------------------------|---------------------------------------|---|--------------------|-----------------|-----------------------------|------------|------|
| | | | | Units/Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Grape King Bio Ltd. | Shares Hsin Tung Yang Co., Ltd. | - | Financial assets at fair value through other comprehensive income - non-current | 2,000 | \$ 133 | - | \$ 133 | - |

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, 2023
(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 | \$ 1,137,536 | 55.90 | 30 days after monthly closing | By contract | - | \$ 99,821 | 28.25 | Note 2 |
| Grape King Bio Ltd. | Rivershine Ltd. | Subsidiary | Sales | 217,528 | 10.69 | 120 days after monthly closing | By contract | - | 168,795 | 47.77 | Note 2 |
| Pro-partner Inc. | Grape King Bio Ltd. | Parent company | Purchases | 1,137,536 | 97.31 | 30 days after monthly closing | By contract | - | (99,821) | 95.62 | Note 2 |
| Rivershine Ltd. | Grape King Bio Ltd. | Parent company | Purchases | 217,528 | 100.00 | 120 days after monthly closing | By contract | - | (168,795) | 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, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| Company Name | Related Party | Nature of Relationship | Ending Balance | Turnover Days | Overdue | | Amount Received in Subsequent Period | Allowance for Bad Debts |
|---------------------|-----------------|------------------------|----------------|---------------|---------|--------------|--------------------------------------|-------------------------|
| | | | | | Amount | Action Taken | | |
| Grape King Bio Ltd. | Rivershine Ltd. | Subsidiary | \$ 168,795 | 2.01 | - | - | \$ 34,543 | \$ - |

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, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| No (Note 1) | Company Name | Counterparty | Nature of Relationship (Note 2) | Intercompany Transactions | | | |
|----------------|---------------------|------------------|------------------------------------|--------------------------------|--------------|-------------|--|
| | | | | Financial Statement Account | Amount | Terms | Percentage to Consolidated Net Revenue or Total Assets (Note 3) |
| 0 | Grape King Bio Ltd. | Pro-partner Inc. | 1 | Net revenue from sale of goods | \$ 1,137,536 | By contract | 15.30% |
| 0 | Grape King Bio Ltd. | Rivershine Ltd. | 1 | Net revenue from sale of goods | 217,528 | By contract | 2.93% |
| 0 | Grape King Bio Ltd. | Rivershine Ltd. | 1 | Accounts receivable | 168,795 | By contract | 1.20% |

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, 2023

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

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of September 30, 2023 | | | Net Income (Losses) of the Investee | Investment Income (Losses) | Note |
|---------------------|--|-----------------|--|----------------------------|-------------------|----------------------------------|-----------------------------|-----------------|-------------------------------------|----------------------------|------------------|
| | | | | September 30, 2023 | December 31, 2022 | 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 | \$ 1,147,076 | \$ 26,194 | \$ 27,641 | Notes 1, 2 and 3 |
| | Pro-partner Inc. | Taoyuan, Taiwan | Import and selling of health food, drink, cosmetics, sports apparatus, cleaning products, etc. | 15,000 | 15,000 | 10,560,000 | 60 | 2,059,584 | 1,145,045 | 685,753 | 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 | 51,119 | 16,169 | 16,169 | Note 2 |
| | GK BIO INTERNATIONAL SDN. BHD. | Malaysia | Import and selling of health products | 14,899 | 14,899 | 2,100,000 | 35 | 46,472 | 37,223 | 13,415 | Note 1 |
| Pro-partner Inc. | ELITE PROPARTNER HOLDINGS SDN. BHD. | Malaysia | Investment activities | 2,017 | 2,017 | 300,000 | 100 | 1,504 | (195) | Note 4 | Note 2 |

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NTS556 thousand has been adjusted.

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

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

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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

| Investee Company | Main Businesses and Products | Total Amount of Paid-in Capital | Method of Investment (Note 1) | Accumulated Outflow of Investment from Taiwan as of January 1, 2023 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of September 30, 2023 | Net Income (Losses) of the Investee Company | Percentage of Ownership | Investment Income (Losses) (Note 2) | Carrying Amount as of September 30, 2023 | Accumulated Inward Remittance of Earnings as of September 30, 2023 |
|--|--|---------------------------------|-------------------------------|---|------------------|---------------------|--|---|-------------------------|-------------------------------------|--|--|
| | | | | | Outflow | Inflow | | | | | | |
| Shanghai Grape King Enterprise Co., Ltd. | Manufacturing and selling capsule, tablet, related products and services. (Warehousing services) | USD 28,900 | Note 1(2) Note 3 | \$ 847,672 (USD 27,350) | \$ - | \$ - | \$ 847,672 (USD 27,350) | \$ 23,405 Note 2(2)B | 100% | \$ 24,852 Note 2 (2)B | \$ 1,103,143 | \$ - |
| Shanghai Yusong Co., Ltd. | Stock management and related services of the thermostatic fresh freezing warehouse. | USD 4,890 | Note 1(2) Note 4 | 26,794 (USD 878) | - | 26,794 (USD 878) | - Note 4 | - Note 2(3) | - | - Note 2(3) | - Note 2(3) | - |
| Shanghai Rivershine Ltd. | Food distribution (except grain), food packaging materials, cosmetics wholesale, import and export, commission agents (except auction), related products and services. | USD 650 | Note 1(2) Note 5 | 18,290 (USD 650) | - | - | 18,290 (USD 650) | 255 Note 2(2)B | 100% | 255 Note 2(2)B | 18,824 | - |
| Shanghai Pujun Trading Co., Ltd. | Sale of food; transporting road cargo (excluding dangerous goods); wholesale of edible agricultural products; retail of edible agricultural products; sale of agricultural and sideline products; marketing planning; brand management; project planning and public relations services; information consulting services (excluding licensing information consulting services), etc | RMB 2,000 | Note 1(2) Note 8 | - | - | - | - | 1,759 Note 2(2)B | 51% | 649 Note 2(2)B | 34,955 | - |

(Continued)

| Investee Company | Main Businesses and Products | Total Amount of Paid-in Capital | Method of Investment (Note 1) | Accumulated Outflow of Investment from Taiwan as of January 1, 2023 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of September 30, 2023 | Net Income (Losses) of the Investee Company | Percentage of Ownership | Investment Income (Losses) (Note 2) | Carrying Amount as of September 30, 2023 | Accumulated Inward Remittance of Earnings as of September 30, 2023 |
|--|--|---------------------------------|-------------------------------|---|------------------|--------|--|---|-------------------------|-------------------------------------|--|--|
| | | | | | Outflow | Inflow | | | | | | |
| Shanghai Changhong Biotechnology Co., Ltd. | Biotechnology consultation, biotechnology R&D and transfer, import and export of goods or transfers of technology, brand planning, corporate image and marketing planning, conference services, social and economic consulting services, business information consulting, self-owned equipment leasing, domestic cargo transportation agent, sales and online retail of knitted textiles, etc. | USD 700 | Note 1(1) Note 6 | \$ 7,273 (USD 246) | \$ - | \$ - | \$ 7,273 (USD 246) | \$ - Note 2(2)B | 35.1% | \$ - Note 2(2)B | \$ - | \$ - |
| Shanghai Xinquan Biotechnology Co., Ltd. | Biotechnology technical technology development, consultation, service and transfer, sales of cosmetic and daily necessities, etc. | RMB 5,000 | Note 1(2) Note 7 | - | - | - | - | (233) Note 2(2)B | 45% | (105) Note 2(2)B | 9,259 | - |

| Accumulated Investment in Mainland China as of September 30, 2023 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|--|---------------------------|
| \$ 873,235 | \$ 873,235 | \$ 6,572,836 |

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

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

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

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

(Continued)

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

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

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

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

Note 3: The Company invested in Shanghai Grape King Enterprise Co., Ltd. through subsidiary GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI), and Shanghai Grape King Enterprise Co., Ltd. transferred its surplus to capital by US\$1,000 thousand in July 2022.

Note 4: The Company invested in Shanghai Yusong Co., Ltd. through Fu-Sheng International Inc. (SAMOA). Shanghai Yusong Co., Ltd. was liquidated in December 2022, and the proceeds were remitted into Taiwan in March 2023.

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

Note 6: The Company directly invested in Shanghai Changhong Biotechnology Co., Ltd. Shanghai Changhong Biotechnology Co., Ltd is currently undergoing its liquidation procedures in November 2022, resulting in a recoverable amount less than the amount of the Company's investment, the Company recognized investment losses of \$2,538 thousand for the year ended December 31, 2022.

Note 7: The Company invested in Shanghai Xinquan Biotechnology Co., Ltd. through subsidiary Shanghai Rivershine Ltd.

Note 8: The Company invested in Shanghai Pujun Trading Co., Ltd. through subsidiary Shanghai Grape King Enterprise Co., Ltd.

(Concluded)

GRAPE KING BIO LTD.**INFORMATION ON MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023**

| Name of Major Shareholder | Shares | |
|---------------------------------|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| Uni-President Enterprises Corp. | 11,851,000 | 8.00 |
| Fubon Life Assurance Co., Ltd. | 10,445,000 | 7.05 |

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

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