

Grape King Bio Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Grape King Bio Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Grape King Bio Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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



Deloitte & Touche
Taipei, Taiwan
Republic of China

November 7, 2022

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, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)		LIABILITIES AND EQUITY	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 3,248,615	24	\$ 3,635,197	26	\$ 2,440,595	19	Contract liabilities (Note 25)	\$ 98,920	1	\$ 129,174	1	\$ 106,052	1
Financial assets at fair value through profit or loss (Note 7)	-	-	200,379	1	200,275	2	Notes and accounts payable	324,454	2	268,964	2	317,700	3
Financial assets at amortized cost (Note 9)	61,186	-	61,858	-	56,950	-	Other payables (Note 21)	1,537,865	11	1,817,560	13	1,373,933	11
Notes and accounts receivable, net (Notes 10 and 25)	240,287	2	232,957	2	236,853	2	Other payables to related parties (Note 32)	73,128	1	66,810	1	46,990	-
Accounts receivable from related parties (Notes 25 and 32)	99,188	1	67,739	1	68,278	1	Current tax liabilities (Note 27)	858,123	6	925,723	7	782,487	6
Other receivables	13,711	-	13,125	-	11,773	-	Liabilities directly related to non-current assets held for sale (Note 12)	40,360	-	-	-	-	-
Inventories (Note 11)	731,653	5	719,257	5	782,726	6	Lease liabilities (Notes 16 and 32)	54,204	1	48,311	-	41,741	-
Non-current assets held for sale (Note 12)	33,579	-	-	-	-	-	Other current liabilities (Notes 21 and 32)	32,798	-	30,766	-	35,576	-
Other current assets (Note 19)	102,110	1	54,785	-	65,076	-	Current portion of long-term borrowings (Notes 20 and 33)	-	-	6,990	-	14,693	-
Total current assets	4,530,329	33	4,985,297	35	3,862,526	30	Total current liabilities	3,019,852	22	3,294,298	24	2,719,172	21
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through other comprehensive income (Note 8)	8,576	-	11,390	-	11,459	-	Long-term borrowings (Notes 20 and 33)	-	-	87,375	1	194,689	1
Financial assets at amortized cost (Notes 9 and 33)	13,320	-	13,320	-	13,320	-	Provisions (Note 22)	9,559	-	7,362	-	7,388	-
Investments accounted for using the equity method (Note 14)	44,835	-	25,353	-	24,403	-	Deferred tax liabilities (Note 27)	69,001	1	69,001	-	68,804	1
Property, plant and equipment (Notes 15, 33 and 34)	7,223,625	53	7,207,655	51	7,198,881	56	Lease liabilities (Notes 16 and 32)	133,936	1	129,082	1	121,004	1
Right-of-use assets (Note 16)	217,937	2	209,768	2	196,458	2	Other non-current liabilities (Notes 21 and 32)	10,625	-	44,346	-	46,991	-
Investment properties (Note 17)	1,419,901	11	1,459,577	11	1,461,730	11	Total non-current liabilities	223,121	2	337,166	2	438,876	3
Intangible assets (Note 18)	42,214	-	33,340	-	35,050	-	Total liabilities	3,242,973	24	3,631,464	26	3,158,048	24
Deferred tax assets (Note 27)	9,033	-	8,705	-	9,565	-	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
Other non-current assets (Notes 19, 23 and 32)	185,504	1	106,474	1	117,745	1	Share capital						
Total non-current assets	9,164,945	67	9,075,582	65	9,068,611	70	Ordinary shares	1,481,374	11	1,481,374	11	1,481,374	12
							Capital surplus	2,874,232	21	2,869,691	20	2,869,691	22
							Retained earnings						
							Legal reserve	1,328,240	10	1,198,125	9	1,198,125	9
							Special reserve	92,205	-	86,465	1	86,465	1
							Unappropriated earnings	3,390,917	25	3,444,844	24	3,004,082	23
							Total retained earnings	4,811,362	35	4,729,434	34	4,288,672	33
							Other equity	(61,057)	(1)	(92,205)	(1)	(101,550)	(1)
							Total equity attributable to owners of the Company	9,105,911	66	8,988,294	64	8,538,187	66
							NON-CONTROLLING INTERESTS (Notes 13 and 24)						
							Total equity	10,452,301	76	10,429,415	74	9,773,089	76
TOTAL	\$ 13,695,274	100	\$ 14,060,879	100	\$ 12,931,137	100	TOTAL	\$ 13,695,274	100	\$ 14,060,879	100	\$ 12,931,137	100

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 25 and 32)	\$ 2,491,870	100	\$ 2,403,567	100	\$ 7,266,923	100	\$ 6,879,634	100
COST OF GOODS SOLD (Notes 11 and 26)	<u>(500,840)</u>	<u>(20)</u>	<u>(469,930)</u>	<u>(20)</u>	<u>(1,356,279)</u>	<u>(19)</u>	<u>(1,395,823)</u>	<u>(21)</u>
GROSS PROFIT	1,991,030	80	1,933,637	80	5,910,644	81	5,483,811	79
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATE	<u>(932)</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>(891)</u>	<u>-</u>	<u>(257)</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>1,990,098</u>	<u>80</u>	<u>1,933,658</u>	<u>80</u>	<u>5,909,753</u>	<u>81</u>	<u>5,483,554</u>	<u>79</u>
OPERATING EXPENSES (Notes 23, 26 and 32)								
Selling and marketing	(1,098,296)	(44)	(1,129,629)	(47)	(3,517,863)	(48)	(3,299,058)	(48)
General and administrative	(175,563)	(7)	(152,643)	(6)	(450,979)	(6)	(428,099)	(6)
Research and development	<u>(77,258)</u>	<u>(3)</u>	<u>(73,384)</u>	<u>(3)</u>	<u>(211,692)</u>	<u>(3)</u>	<u>(212,464)</u>	<u>(3)</u>
Total operating expenses	<u>(1,351,117)</u>	<u>(54)</u>	<u>(1,355,656)</u>	<u>(56)</u>	<u>(4,180,534)</u>	<u>(57)</u>	<u>(3,939,621)</u>	<u>(57)</u>
INCOME FROM OPERATIONS	<u>638,981</u>	<u>26</u>	<u>578,002</u>	<u>24</u>	<u>1,729,219</u>	<u>24</u>	<u>1,543,933</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14, 26 and 32)								
Interest income	4,593	-	1,287	-	11,191	-	4,472	-
Other income	23,031	1	26,342	1	63,156	1	67,675	1
Other gains and losses	3,902	-	160	-	11,118	-	(1,013)	-
Finance costs	(627)	-	(854)	-	(1,834)	-	(3,201)	-
Share of profit of associate	<u>2,230</u>	<u>-</u>	<u>771</u>	<u>-</u>	<u>8,616</u>	<u>-</u>	<u>1,059</u>	<u>-</u>
Total non-operating income	<u>33,129</u>	<u>1</u>	<u>27,706</u>	<u>1</u>	<u>92,247</u>	<u>1</u>	<u>68,992</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	672,110	27	605,708	25	1,821,466	25	1,612,925	23
INCOME TAX EXPENSE (Note 27)	<u>(129,304)</u>	<u>(5)</u>	<u>(125,223)</u>	<u>(5)</u>	<u>(347,853)</u>	<u>(5)</u>	<u>(311,221)</u>	<u>(4)</u>
NET PROFIT FOR THE PERIOD	<u>542,806</u>	<u>22</u>	<u>480,485</u>	<u>20</u>	<u>1,473,613</u>	<u>20</u>	<u>1,301,704</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 24)								
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	(1,171)	-	898	-	(2,814)	-	2,121	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	8,402	-	(944)	-	33,383	1	(16,733)	-
Exchange differences on translating the financial statements of foreign operations of associate	<u>248</u>	<u>-</u>	<u>(82)</u>	<u>-</u>	<u>578</u>	<u>-</u>	<u>(473)</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>7,479</u>	<u>-</u>	<u>(128)</u>	<u>-</u>	<u>31,147</u>	<u>1</u>	<u>(15,085)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 550,285</u>	<u>22</u>	<u>\$ 480,357</u>	<u>20</u>	<u>\$ 1,504,760</u>	<u>21</u>	<u>\$ 1,286,619</u>	<u>19</u>

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GRAPE KING BIO LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 364,848	15	\$ 302,031	13	\$ 985,566	13	\$ 860,393	13
Non-controlling interests	<u>177,958</u>	<u>7</u>	<u>178,454</u>	<u>7</u>	<u>488,047</u>	<u>7</u>	<u>441,311</u>	<u>6</u>
	<u>\$ 542,806</u>	<u>22</u>	<u>\$ 480,485</u>	<u>20</u>	<u>\$ 1,473,613</u>	<u>20</u>	<u>\$ 1,301,704</u>	<u>19</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 372,328	15	\$ 301,903	13	\$ 1,016,714	14	\$ 845,308	12
Non-controlling interests	<u>177,957</u>	<u>7</u>	<u>178,454</u>	<u>7</u>	<u>488,046</u>	<u>7</u>	<u>441,311</u>	<u>7</u>
	<u>\$ 550,285</u>	<u>22</u>	<u>\$ 480,357</u>	<u>20</u>	<u>\$ 1,504,760</u>	<u>21</u>	<u>\$ 1,286,619</u>	<u>19</u>
EARNINGS PER SHARE (Note 28)								
Basic earnings per share	<u>\$ 2.46</u>		<u>\$ 2.04</u>		<u>\$ 6.65</u>		<u>\$ 5.84</u>	
Diluted earnings per share	<u>\$ 2.45</u>		<u>\$ 2.03</u>		<u>\$ 6.62</u>		<u>\$ 5.81</u>	

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

(Concluded)

GRAPE KING BIO LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company										
	Share Capital - Ordinary Shares		Capital Surplus	Retained Earnings			Others		Statements of Total	Non-controlling Interests	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2021	136,286	\$ 1,362,864	\$ 971,717	\$ 1,070,880	\$ 100,752	\$ 3,204,726	\$ (67,775)	\$ (18,690)	\$ 6,624,474	\$ 1,353,980	\$ 7,978,454
Appropriation of 2020 earnings											
Legal reserve	-	-	-	127,245	-	(127,245)	-	-	-	-	-
Special reserve	-	-	-	-	(14,287)	14,287	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(948,079)	-	-	(948,079)	-	(948,079)
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(560,389)	(560,389)
Change in other capital surplus	-	-	1,814	-	-	-	-	-	1,814	-	1,814
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	860,393	-	-	860,393	441,311	1,301,704
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	(17,206)	2,121	(15,085)	-	(15,085)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	860,393	(17,206)	2,121	845,308	441,311	1,286,619
Issuance of ordinary shares for cash	11,851	118,510	1,896,160	-	-	-	-	-	2,014,670	-	2,014,670
BALANCE AT SEPTEMBER 30, 2021	148,137	\$ 1,481,374	\$ 2,869,691	\$ 1,198,125	\$ 86,465	\$ 3,004,082	\$ (84,981)	\$ (16,569)	\$ 8,538,187	\$ 1,234,902	\$ 9,773,089
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 by the Company	-	-	-	-	-	(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	148,137	\$ 1,481,374	\$ 2,874,232	\$ 1,328,240	\$ 92,205	\$ 3,390,917	\$ (41,605)	\$ (19,452)	\$ 9,105,911	\$ 1,346,390	\$ 10,452,301

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,821,466	\$ 1,612,925
Adjustments for:		
Depreciation expenses	325,794	311,219
Amortization expenses	10,253	8,248
Expected credit loss	-	29
Net gain on financial assets at fair value through profit or loss	(631)	(695)
Finance costs	1,834	3,201
Interest income	(11,191)	(4,472)
Dividend income	-	(2)
Share of profit of associates	(8,616)	(1,059)
Loss on disposal of property, plant and equipment, net	157	179
Loss on disposal of subsidiary	779	-
Write downs of inventories	6,401	-
Unrealized gain on transactions with associates	891	257
Changes in operating assets and liabilities		
Notes and accounts receivable, net	(7,330)	(37,405)
Accounts receivable from related parties	(31,449)	(66,030)
Other receivables	716	(8,403)
Other receivables from related parties	-	12
Inventories	(19,081)	(93,262)
Other current assets	(47,325)	6,952
Contract liabilities	(30,254)	9,812
Notes and accounts payable	55,490	62,382
Other payables	(343,184)	(379,551)
Other payables to related parties	6,318	9,349
Provisions	(779)	-
Other current liabilities	(29,853)	(11,982)
Net defined benefit liabilities	(1,922)	(2,507)
Cash generated from operations	1,698,484	1,419,197
Interest received	9,889	4,606
Interest paid	(184)	(2,339)
Income tax paid	(415,781)	(250,688)
Net cash generated from operating activities	<u>1,292,408</u>	<u>1,170,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	-	19,926
Proceeds from redemption of financial assets at amortized cost	5,000	-
Acquisition of financial assets at fair value through profit or loss	(800,000)	(1,200,000)
Proceeds from sale of financial assets at fair value through profit or loss	1,001,010	1,000,420
loss		(Continued)

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
Acquisition of investments accounted for using the equity method	\$ (8,089)	\$ (9,722)
Proceeds from disposal of non-current assets held for sale	40,360	-
Acquisition of property, plant and equipment	(306,317)	(219,177)
Proceeds from disposal of property, plant and equipment	6	10
Increase in refundable deposits	(5,531)	(4,577)
Decrease in refundable deposits	5,660	6,186
Acquisition of intangible assets	(13,047)	(2,130)
Acquisition of investment properties	-	(724)
Decrease in other non-current assets	1,797	3,012
Dividends received	<u>-</u>	<u>2</u>
Net cash used in investing activities	<u>(79,151)</u>	<u>(406,774)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	205,000	-
Repayments of short-term borrowings	(205,000)	(500,000)
Proceeds from long-term borrowings	100	-
Repayments of long-term borrowings	(94,465)	(1,211,879)
Proceeds from guarantee deposits received	8,005	679
Refund of guarantee deposits received	(9,775)	(5,259)
Repayment of the principal portion of lease liabilities	(33,090)	(34,160)
Dividends paid to owners of the Company	(903,638)	(948,079)
Proceeds from issuance of ordinary shares	-	2,014,670
Dividends paid to non-controlling interests	(582,777)	(560,389)
Other financing activities	<u>1,732</u>	<u>1,814</u>
Net cash used in financing activities	<u>(1,613,908)</u>	<u>(1,242,603)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>14,069</u>	<u>(7,833)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(386,582)	(486,434)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>3,635,197</u>	<u>2,927,029</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 3,248,615</u>	<u>\$ 2,440,595</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, 2022 AND 2021 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s Board of Directors and issued on November 7, 2022.

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

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

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

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

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

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

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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 13, 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, 2021.

1) Financial assets at FVTPL

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

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

2) 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.

3) 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.

4) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods. For other-related information, refer to Note 5 to the statements of critical accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 3,142	\$ 3,028	\$ 2,825
Checking accounts and demand deposits	1,895,888	1,858,713	1,685,420
Cash equivalents (investments with original maturities of less than 3 months)			
Repurchase agreements collateralized by commercial paper	1,149,585	1,508,038	651,996
Repurchase agreements collateralized by bonds	<u>200,000</u>	<u>265,418</u>	<u>100,354</u>
	<u>\$ 3,248,615</u>	<u>\$ 3,635,197</u>	<u>\$ 2,440,595</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets at fair value through profit or loss (FVTPL) - current			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
- Mutual funds	<u>\$ -</u>	<u>\$ 200,379</u>	<u>\$ 200,275</u>

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2022	December 31, 2021	September 30, 2021
Non-current - investments in equity instruments at FVTOCI			
Unlisted shares			
FU-Sheng International Inc. (Samoa)	\$ 8,566	\$ 11,380	\$ 11,450
Hsin Tung Yang Co., Ltd.	<u>10</u>	<u>10</u>	<u>9</u>
	<u>\$ 8,576</u>	<u>\$ 11,390</u>	<u>\$ 11,459</u>

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 61,186</u>	<u>\$ 61,858</u>	<u>\$ 56,950</u>
<u>Non-current</u>			
Pledged time deposits	<u>\$ 13,320</u>	<u>\$ 13,320</u>	<u>\$ 13,320</u>

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

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

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 19,232</u>	<u>\$ 14,808</u>	<u>\$ 10,929</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	224,234	221,328	229,103
Less: Loss allowance	<u>(3,179)</u>	<u>(3,179)</u>	<u>(3,179)</u>
	<u>221,055</u>	<u>218,149</u>	<u>225,924</u>
	<u>\$ 240,287</u>	<u>\$ 232,957</u>	<u>\$ 236,853</u>

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

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	
	2022	2021
Balance at January 1 and September 30	\$ 3,179	\$ 3,179

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, 2022	\$ 234,540	\$ 5,747	\$ -	\$ -	\$ 240,287
December 31, 2021	219,795	13,162	-	-	232,957
September 30, 2021	220,198	16,286	-	369	236,853

Notes and accounts receivable were not pledged.

11. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Finished goods	\$ 243,142	\$ 217,620	\$ 224,979
Semi-finished goods and work in progress	257,160	263,448	276,799
Raw materials	180,455	198,266	225,725
Supplies	50,768	39,766	55,065
Merchandise	<u>128</u>	<u>157</u>	<u>158</u>
	<u>\$ 731,653</u>	<u>\$ 719,257</u>	<u>\$ 782,726</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	
	2022	2021	2022	2021
Cost of inventories sold	\$ 500,840	\$ 469,930	\$ 1,356,279	\$ 1,395,823
Loss on retirement	\$ 453	\$ 1,059	\$ 3,203	\$ 12,033
Inventory write-downs	\$ 6,401	\$ -	\$ 6,401	\$ -
Gain from physical counts	\$ (811)	\$ (739)	\$ (1,258)	\$ (1,455)

Inventories were not pledged.

12. NON-CURRENT ASSETS HELD FOR SALE

	September 30, 2022	December 31, 2021	September 30, 2021
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.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership		
			September 30, 2022	December 31, 2021	September 30, 2021
The Company	Pro-partner Inc. (Pro-partner)	Sales	60%	60%	60%
The Company	GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI) (GKBVI)	Investment	100%	100%	100%
The Company	Rivershine Ltd. (Rivershine)	Sales	100%	100%	100%
The Company	Dongpu Biotech Corporation (Note)	Sales	(Note)	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 PROPANER HOLDINGS SDN. BHD.	Investment	100%	100%	-

Note: In March 2022, the Company resolved to liquidate Dongpu Biotech Corporation.

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, 2022	December 31, 2021	September 30, 2021
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, 2022	December 31, 2021	September 30, 2021
	2022	2021	2022	2021			
Pro-partner	\$ 177,958	\$ 178,454	\$ 488,047	\$ 441,311	\$ 1,346,390	\$ 1,441,121	\$ 1,234,902

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, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 1,969,437	\$ 2,591,126	\$ 1,584,849
Non-current assets	3,647,836	3,674,703	3,683,582
Current liabilities	(2,143,235)	(2,560,262)	(1,981,850)
Non-current liabilities	(108,064)	(102,764)	(199,326)
Equity	<u>\$ 3,365,974</u>	<u>\$ 3,602,803</u>	<u>\$ 3,087,255</u>
Equity attributable to:			
Owners of the Company	\$ 2,019,584	\$ 2,161,682	\$ 1,852,353
Non-controlling interests of Pro-partner	<u>1,346,390</u>	<u>1,441,121</u>	<u>1,234,902</u>
	<u>\$ 3,365,974</u>	<u>\$ 3,602,803</u>	<u>\$ 3,087,255</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue	<u>\$ 1,983,849</u>	<u>\$ 1,981,508</u>	<u>\$ 6,065,435</u>	<u>\$ 5,544,708</u>
Profit for the period	\$ 444,894	\$ 446,134	\$ 1,220,116	\$ 1,103,277
Other comprehensive income (loss)	(3)	-	(3)	-
Total comprehensive income (loss)	<u>\$ 444,891</u>	<u>\$ 446,134</u>	<u>\$ 1,220,113</u>	<u>\$ 1,103,277</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Profit for the period attributable to:				
Owners of the Company	\$ 266,936	\$ 267,680	\$ 732,069	\$ 661,966
Non-controlling interests of Pro-partner	<u>177,958</u>	<u>178,454</u>	<u>488,047</u>	<u>441,311</u>
	<u>\$ 444,894</u>	<u>\$ 446,134</u>	<u>\$ 1,220,116</u>	<u>\$ 1,103,277</u>
Total other comprehensive income attributable to:				
Owners of the Company	\$ 266,934	\$ 267,680	\$ 732,067	\$ 661,966
Non-controlling interests of Pro-partner	<u>177,957</u>	<u>178,454</u>	<u>488,046</u>	<u>441,311</u>
	<u>\$ 444,891</u>	<u>\$ 446,134</u>	<u>\$ 1,220,113</u>	<u>\$ 1,103,277</u> (Concluded)

	For the Nine Months Ended September 30	
	2022	2021
Net cash outflow from:		
Operating activities	\$ 817,183	\$ 801,834
Investing activities	(17,870)	(3,935)
Financing activities	<u>(1,478,291)</u>	<u>(1,431,388)</u>
Net cash outflow	<u>\$ (678,978)</u>	<u>\$ (633,489)</u>
Dividends paid to non-controlling interests of: Pro-partner	<u>\$ 582,777</u>	<u>\$ 560,389</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Associates that are not individually material</u>			
GK BIO INTERNATIONAL SDN. BHD.	\$ 32,362	\$ 11,767	\$ 9,652
Shanghai Changhong Biotechnology Co., Ltd.	2,895	4,114	5,278
Shanghai Xinquan Biotechnology Co., Ltd.	<u>9,578</u>	<u>9,472</u>	<u>9,473</u>
	<u>\$ 44,835</u>	<u>\$ 25,353</u>	<u>\$ 24,403</u>

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

Aggregate information of associates that are not individually material.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
The Company's share of:				
Net income	\$ 2,006	\$ 775	\$ 8,402	\$ 997
Other comprehensive income (loss)	<u>322</u>	<u>(91)</u>	<u>859</u>	<u>(509)</u>
Total comprehensive income (loss)	<u>\$ 2,328</u>	<u>\$ (684)</u>	<u>\$ 9,261</u>	<u>\$ (488)</u>

The Company had neither contingent liabilities nor capital commitments to the associates as of September 30, 2022 and 2021.

Investments in associates were not pledged.

15. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2022	December 31, 2021	September 30, 2021
Assets used by the Group	<u>\$ 7,223,625</u>	<u>\$ 7,207,655</u>	<u>\$ 7,198,881</u>

a. Assets used by the Group

	For the Nine Months Ended September 30, 2022					Balance at End of Period
	Balance at Beginning of Period	Additions	Disposals	Reclassification	Effects of Foreign Currency Exchange Differences	
Cost						
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	<u>104,070</u>	<u>199,906</u>	<u>-</u>	<u>(49,321)</u>	<u>39</u>	<u>254,694</u>
	<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>
Accumulated depreciation						
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
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<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>

For the Nine Months Ended September 30, 2021

	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	\$ -	\$ -	\$ -	\$ -	\$ 2,964,613
Land improvements	3,264	-	-	-	-	3,264
Buildings	4,321,322	47,571	(670)	37,857	(7,306)	4,398,774
Machinery and equipment	1,688,023	23,156	(6,221)	67,555	(4,315)	1,768,198
Transportation equipment	20,889	-	-	-	(64)	20,825
Leasehold improvements	85,529	600	(302)	-	(45)	85,782
Other equipment	493,673	11,557	(21,687)	18,794	(314)	502,023
Construction in progress	107,734	42,549	-	(83,496)	(128)	66,659
	<u>9,685,047</u>	<u>\$ 125,433</u>	<u>\$ (28,880)</u>	<u>\$ 40,710</u>	<u>\$ (12,172)</u>	<u>9,810,138</u>
<u>Accumulated depreciation</u>						
Land	-	\$ -	\$ -	\$ -	\$ -	-
Land improvements	1,695	204	-	-	-	1,899
Buildings	942,910	128,668	(670)	-	(2,233)	1,068,675
Machinery and equipment	1,032,350	90,300	(6,197)	-	(2,229)	1,114,224
Transportation equipment	13,422	1,627	-	-	(38)	15,011
Leasehold improvements	35,224	13,095	(181)	-	(23)	48,115
Other equipment	351,751	33,493	(21,643)	-	(268)	363,333
Construction in progress	-	-	-	-	-	-
	<u>2,377,352</u>	<u>\$ 267,387</u>	<u>\$ (28,691)</u>	<u>\$ -</u>	<u>\$ (4,791)</u>	<u>2,611,257</u>
Carrying amount at September 30, 2021	<u>\$ 7,307,695</u>					<u>\$ 7,198,881</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, 2022 and 2021 as there was no indication of impairment.

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Land	\$ 86,260	\$ 81,121	\$ 81,686
Buildings	123,605	117,490	105,091
Transportation equipment	6,571	9,148	7,681
Other equipment	<u>1,501</u>	<u>2,009</u>	<u>2,000</u>
	<u>\$ 217,937</u>	<u>\$ 209,768</u>	<u>\$ 196,458</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Additions to right-of-use assets			\$ 39,720	\$ 32,803
Depreciation charge for right-of-use assets				
Land	\$ 969	\$ 898	\$ 2,824	\$ 2,516
Buildings	11,015	9,136	30,613	30,233
Transportation equipment	1,407	1,402	4,079	4,594
Other equipment	169	161	508	477
	<u>\$ 13,560</u>	<u>\$ 11,597</u>	<u>\$ 38,024</u>	<u>\$ 37,820</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, 2022 and 2021.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Current	\$ 54,204	\$ 48,311	\$ 41,741
Non-current	<u>\$ 133,936</u>	<u>\$ 129,082</u>	<u>\$ 121,004</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	1.02%-4.75%	1.02%-4.75%	1.02%-4.75%
Buildings	1.00%-1.60%	1.00%-1.44%	1.00%-1.44%
Transportation equipment	1.00%-1.35%	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 17, other sublease transactions are set out below.

Sublease of right-of-use assets

Shanghai Grape King entered into an operating lease agreement for a term from June 2014 to May 2034 with a non-related party and the lease agreement between two parties was terminated in August 2022. As of December 31, 2021 and September 30, 2021, Shanghai Grape King had received prepaid rents,

which were recorded as advances received for the period of eight years and one month and eight years and four months, respectively. The movement schedule of prepaid rents is as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Beginning balance of prepaid rent	\$ 36,743	\$ 41,603	\$ 41,603
Rental income recognized in current period	(2,702)	(4,543)	(3,404)
Rent refund in current period	(34,602)	-	-
Effects of foreign currency exchange differences	<u>(561)</u>	<u>(317)</u>	<u>(659)</u>
Ending balance of prepaid rent	<u>\$ -</u>	<u>\$ 36,743</u>	<u>\$ 37,540</u>

Advances received for operating leases are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Other current liabilities	\$ -	\$ 4,545	\$ 4,505
Other non-current liabilities	<u>-</u>	<u>32,198</u>	<u>33,035</u>
Ending balance of prepaid rent	<u>\$ -</u>	<u>\$ 36,743</u>	<u>\$ 37,540</u>

e. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term and low-value asset leases	<u>\$ 3,764</u>	<u>\$ 4,556</u>	<u>\$ 11,588</u>	<u>\$ 12,116</u>
Total cash outflow for leases			<u>\$ (44,678)</u>	<u>\$ (46,276)</u>

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

17. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 1,173,821	\$ 395,223	\$ 1,569,044
Reclassification as held for sale	<u>(32,547)</u>	<u>(1,793)</u>	<u>(34,340)</u>
Balance at September 30, 2022	<u>\$ 1,141,274</u>	<u>\$ 393,430</u>	<u>\$ 1,534,704</u>

(Continued)

	Land	Buildings	Total
<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	<u>\$ -</u>	<u>\$ 114,803</u>	<u>\$ 114,803</u>
Carrying amount at January 1, 2022	<u>\$ 1,173,821</u>	<u>\$ 285,756</u>	<u>\$ 1,459,577</u>
Carrying amount at September 30, 2022	<u>\$ 1,141,274</u>	<u>\$ 278,627</u>	<u>\$ 1,419,901</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 1,173,942	\$ 394,499	\$ 1,568,441
Additions	-	724	724
Balance at September 30, 2021	<u>\$ 1,173,942</u>	<u>\$ 395,223</u>	<u>\$ 1,569,165</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 101,423	\$ 101,423
Depreciation expenses	-	6,012	6,012
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 107,435</u>	<u>\$ 107,435</u>
Carrying amount at September 30, 2021	<u>\$ 1,173,942</u>	<u>\$ 287,788</u>	<u>\$ 1,461,730</u> (Concluded)

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

The maturity analysis of lease payments receivable under operating leases of investment properties as of September 30, 2022 and December 31, 2021 and September 30, 2021 was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 16,084	\$ 15,753	\$ 15,882
Year 2	2,336	12,476	15,903
Year 3	948	1,690	2,215
Year 4	948	948	948
Year 5	948	948	948
Over 5 years	<u>2,660</u>	<u>3,290</u>	<u>3,500</u>
	<u>\$ 23,924</u>	<u>\$ 35,105</u>	<u>\$ 39,396</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, 2022 and 2021. 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, 2022	December 31, 2021	September 30, 2021
Fair value	\$ <u>1,862,577</u>	\$ <u>1,782,657</u>	\$ <u>1,779,834</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.

18. INTANGIBLE ASSETS

	Computer Software	Trademarks	Total
<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>118</u>
Balance at September 30, 2022	<u>\$ 87,577</u>	<u>\$ 16,137</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>32</u>
Balance at September 30, 2022	<u>\$ 45,885</u>	<u>\$ 15,615</u>	<u>\$ 61,500</u>
Carrying amount at January 1, 2022	<u>\$ 32,648</u>	<u>\$ 692</u>	<u>\$ 33,340</u>
Carrying amount at September 30, 2022	<u>\$ 41,692</u>	<u>\$ 522</u>	<u>\$ 42,214</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 62,698	\$ 16,070	\$ 78,768
Additions	2,065	65	2,130
Reclassified	2,869	-	2,869
Effects of foreign currency exchange differences	<u>(54)</u>	<u>-</u>	<u>(54)</u>
Balance at September 30, 2021	<u>\$ 67,578</u>	<u>\$ 16,135</u>	<u>\$ 83,713</u>

(Continued)

	Computer Software	Trademarks	Total
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 25,211	\$ 15,216	\$ 40,427
Amortization expenses	8,078	170	8,248
Effects of foreign currency exchange differences	<u>(12)</u>	<u>-</u>	<u>(12)</u>
Balance at September 30, 2021	<u>\$ 33,277</u>	<u>\$ 15,386</u>	<u>\$ 48,663</u>
Carrying amount at September 30, 2021	<u>\$ 34,301</u>	<u>\$ 749</u>	<u>\$ 35,050</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, 2022 and 2021. 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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2022	2021	2022	2021
An analysis of depreciation by function				
Operating costs	\$ 103	\$ 66	\$ 308	\$ 66
Selling and marketing expenses	1,656	1,353	4,769	4,019
General and administrative expenses	2,013	1,357	5,166	4,163
Research and development expenses	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>
	<u>\$ 3,782</u>	<u>\$ 2,776</u>	<u>\$ 10,253</u>	<u>\$ 8,248</u>

19. OTHER ASSETS

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current assets</u>			
Prepayments for purchases	\$ 26,752	\$ 21,107	\$ 15,164
Office supplies	3,757	3,101	3,560
Other prepaid expense	27,966	28,382	41,760
Other current assets	<u>43,635</u>	<u>2,195</u>	<u>4,592</u>
	<u>\$ 102,110</u>	<u>\$ 54,785</u>	<u>\$ 65,076</u> (Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Non-current assets</u>			
Prepayments for equipment	\$ 144,291	\$ 65,213	\$ 72,391
Refundable deposits	18,740	18,846	23,419
Net defined benefit assets	17,485	15,631	14,589
Overdue receivables	-	-	2,244
Less: Loss allowance	-	-	(2,244)
Other non-current assets	<u>4,988</u>	<u>6,784</u>	<u>7,346</u>
	<u>\$ 185,504</u>	<u>\$ 106,474</u>	<u>\$ 117,745</u> (Concluded)

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

20. BORROWINGS

Details of long-term borrowings are as follows:

Lender	December 31, 2021	Interest Rate (%)	Maturity and Terms
<u>Secured borrowings</u>			
Secured Long-Term Loan from Hua Nan Commercial Bank	\$ 94,365	1.02	Effective from June 8, 2020 to June 8, 2035. Principal is repaid with interest payments due on a monthly basis.
Less: Current portions	<u>(6,990)</u>		
	<u>\$ 87,375</u>		
Lender	September 30, 2021	Interest Rate (%)	Maturity and Terms
<u>Secured borrowings</u>			
Secured Long-Term Loan from Taiwan Cooperative Bank	\$ 113,269	1.19	Effective from May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Hua Nan Commercial Bank	<u>96,113</u>	1.02	Effective from June 8, 2020 to June 8, 2035. Principal is repaid with interest payments due on a monthly basis.
	209,382		
Less: Current portions	<u>(14,693)</u>		
	<u>\$ 194,689</u>		

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

21. OTHER LIABILITIES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Other payables			
Bonus to direct sellers	\$ 821,511	\$ 1,058,365	\$ 774,798
Bonus to employees	158,359	208,321	139,152
Salaries and incentive bonus	120,708	156,128	113,666
Payables for purchases of equipment	116,121	52,571	18,608
Accrued VAT payable	28,461	79,242	25,021
Bonus to directors and supervisors	22,811	29,824	19,632
Other accrued expenses	231,984	228,569	278,004
Others	<u>37,910</u>	<u>4,540</u>	<u>5,052</u>
	<u>\$ 1,537,865</u>	<u>\$ 1,817,560</u>	<u>\$ 1,373,933</u>
Other liabilities			
Unearned rent	\$ 1,449	\$ 5,996	\$ 6,078
Guarantee deposits received	2,141	2,454	1,990
Other current liabilities	<u>29,208</u>	<u>22,316</u>	<u>27,508</u>
	<u>\$ 32,798</u>	<u>\$ 30,766</u>	<u>\$ 35,576</u>
<u>Non-current</u>			
Guarantee deposits received	\$ 9,102	\$ 10,557	\$ 12,456
Net defined benefit liabilities	1,523	1,591	1,500
Other non-current liabilities - other	<u>-</u>	<u>32,198</u>	<u>33,035</u>
	<u>\$ 10,625</u>	<u>\$ 44,346</u>	<u>\$ 46,991</u>

22. PROVISIONS

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Non-current</u>			
Decommissioning, restoration and rehabilitation	\$ 9,559	\$ 7,362	\$ 7,388

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

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 7,362	\$ 7,322
Additional provisions recognized	2,919	-
Amount used	(779)	-
Discount rate adjustment and unwinding of discount from the passage of time	<u>57</u>	<u>66</u>
Balance at September 30	<u>\$ 9,559</u>	<u>\$ 7,388</u>

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

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

Expenses under the defined contribution plan for the three months ended September 30, 2022 and 2021 were NT\$8,471 thousand and NT\$8,094 thousand, respectively, while for the nine months ended September 30, 2022 and 2021 were NT\$24,600 thousand and NT\$23,896 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, 2022 and 2021 were NT\$65 thousand and NT\$49 thousand, respectively, while for the nine months ended September 30, 2022 and 2021 were NT\$193 thousand and NT\$146 thousand, respectively.

24. EQUITY

a. Share capital

1) Ordinary shares

	September 30, 2022	December 31, 2021	September 30, 2021
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, 2022	December 31, 2021	September 30, 2021
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	-	-
Other (2)	<u>11,412</u>	<u>9,680</u>	<u>9,680</u>
	<u>\$ 2,874,232</u>	<u>\$ 2,869,691</u>	<u>\$ 2,869,691</u>

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

2) Other is unclaimed dividend.

c. Retained earnings and dividends policy

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

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

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 26-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 2021 and 2020 that were approved in the shareholders' meetings on May 27, 2022 and July 15, 2021, were as follows:

	For the Years Ended December 31	
	2021	2020
Legal reserve	<u>\$ 130,115</u>	<u>\$ 127,245</u>
Special reserve	<u>\$ 5,740</u>	<u>\$ (14,287)</u>
Cash dividends	<u>\$ 903,638</u>	<u>\$ 948,079</u>
Cash dividends per share (NT\$)	\$ 6.1	\$ 6.4

Pro-Partner's appropriations of earnings for 2021 and 2020 that were approved in the shareholders' meetings on April 19, 2022 and April 20, 2021, respectively, were as follows:

	For the Years Ended December 31	
	2021	2020
Legal reserve	<u>\$ 161,882</u>	<u>\$ 155,664</u>
Cash dividends	<u>\$ 1,456,942</u>	<u>\$ 1,400,972</u>
Cash dividends per share (NT\$)	\$ 82.78	\$ 79.60

d. Other equity items

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

	For the Nine Months Ended September 30	
	2022	2021
Balance at beginning of period	\$ (75,567)	\$ (67,775)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	<u>33,962</u>	<u>(17,206)</u>
Balance at end of period	\$ (41,605)	\$ (84,981)

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

	For the Nine Months Ended September 30	
	2022	2021
Balance at beginning of period	\$ (16,638)	\$ (18,690)
Recognized for the period		
Unrealized gain (loss) - equity instruments	<u>(2,814)</u>	<u>2,121</u>
Balance at end of period	<u>\$ (19,452)</u>	<u>\$ (16,569)</u>

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2022	2021
Balance at beginning of period	\$ 1,441,121	\$ 1,353,980
Profit for the period	488,047	441,311
Other comprehensive income (loss) during this period		
Exchange differences on translating the financial statements of foreign operations	(1)	-
Dividends paid to non-controlling interests	<u>(582,777)</u>	<u>(560,389)</u>
Balance at end of period	<u>\$ 1,346,390</u>	<u>\$ 1,234,902</u>

25. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 2,305,555	\$ 2,214,841	\$ 6,869,306	\$ 6,227,733
Revenue from the rendering of services	<u>186,315</u>	<u>188,726</u>	<u>397,617</u>	<u>651,901</u>
	<u>\$ 2,491,870</u>	<u>\$ 2,403,567</u>	<u>\$ 7,266,923</u>	<u>\$ 6,879,634</u>

a. Disaggregation of revenue

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

For the three months ended September 30, 2022

	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
<u>Type of goods or services</u>				
Sale of goods	\$ 1,983,849	\$ 210,596	\$ 111,110	\$ 2,305,555
Rendering of services	<u>-</u>	<u>-</u>	<u>186,315</u>	<u>186,315</u>
	<u>\$ 1,983,849</u>	<u>\$ 210,596</u>	<u>\$ 297,425</u>	<u>\$ 2,491,870</u>

(Continued)

	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
<u>Timing of revenue recognition</u>				
Satisfied at a point in time	\$ 1,983,849	\$ 210,596	\$ 297,425	\$ 2,491,870 (Concluded)

For the three months ended September 30, 2021

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

Timing of revenue recognition

Satisfied at a point in time	\$ 1,981,508	\$ 168,894	\$ 253,165	\$ 2,403,567
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For the nine months ended September 30, 2022

	Reportable Segments			Total
	MLM	Distribution	ODM/OEM	
<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
	\$ 6,065,435	\$ 553,912	\$ 647,576	\$ 7,266,923

Timing of revenue recognition

Satisfied at a point in time	\$ 6,065,435	\$ 553,912	\$ 647,576	\$ 7,266,923
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For the nine months ended September 30, 2021

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

Timing of revenue recognition

Satisfied at a point in time	\$ 5,544,708	\$ 488,038	\$ 846,888	\$ 6,879,634
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2) Type of goods

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
<u>Type of goods</u>				
Health food	\$ 2,000,086	\$ 1,956,344	\$ 6,124,316	\$ 5,639,316
ODM/OEM	297,425	253,165	647,576	846,888
Beverage	92,252	71,186	233,151	169,218
Cosmetics	93,551	117,998	242,426	211,961
Others (Note)	<u>8,556</u>	<u>4,874</u>	<u>19,454</u>	<u>12,251</u>
	<u>\$ 2,491,870</u>	<u>\$ 2,403,567</u>	<u>\$ 7,266,923</u>	<u>\$ 6,879,634</u>

Note: Others include general food and pet food.

b. Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Notes and accounts receivable, net	<u>\$ 240,287</u>	<u>\$ 232,957</u>	<u>\$ 236,853</u>	<u>\$ 199,448</u>
Accounts receivable from related parties	<u>\$ 99,188</u>	<u>\$ 67,739</u>	<u>\$ 68,278</u>	<u>\$ 2,248</u>
Contract liabilities - current				
Sale of goods	\$ 54,119	\$ 55,966	\$ 38,052	\$ 4,801
Rendering of services	<u>44,801</u>	<u>73,208</u>	<u>68,000</u>	<u>91,439</u>
	<u>\$ 98,920</u>	<u>\$ 129,174</u>	<u>\$ 106,052</u>	<u>\$ 96,240</u>

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

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Financial assets at amortized cost	<u>\$ 4,593</u>	<u>\$ 1,287</u>	<u>\$ 11,191</u>	<u>\$ 4,472</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Rental income	\$ 7,145	\$ 7,098	\$ 22,497	\$ 22,439
Others	<u>15,886</u>	<u>19,244</u>	<u>40,659</u>	<u>45,236</u>
	<u>\$ 23,031</u>	<u>\$ 26,342</u>	<u>\$ 63,156</u>	<u>\$ 67,675</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	\$ 83	\$ 364	\$ 631	\$ 695
Net foreign exchange gain (loss)	5,229	(73)	12,873	(1,323)
Gain (loss) on disposal of property, plant and equipment	6	-	(157)	(179)
Loss disposal of accounted for using the equity method	-	-	(779)	-
Others	<u>(1,416)</u>	<u>(131)</u>	<u>(1,450)</u>	<u>(206)</u>
	<u>\$ 3,902</u>	<u>\$ 160</u>	<u>\$ 11,118</u>	<u>\$ (1,013)</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest on bank loans	\$ -	\$ 603	\$ 242	\$ 3,043
Interest on lease liabilities	582	462	1,654	1,378
Imputed interest on deposit	21	16	32	59
Unwinding of discount on provisions	24	19	57	66
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>(246)</u>	<u>(151)</u>	<u>(1,345)</u>
	<u>\$ 627</u>	<u>\$ 854</u>	<u>\$ 1,834</u>	<u>\$ 3,201</u>

Information about capitalized interest is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Capitalized interest amount	\$ -	\$ 246	\$ 151	\$ 1,345
Capitalization rate	-	1.02%	1.02%	1.03%

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
An analysis of depreciation by function				
Operating costs	\$ 58,060	\$ 53,651	\$ 169,325	\$ 155,863
Operating expenses	<u>51,926</u>	<u>50,320</u>	<u>156,469</u>	<u>155,356</u>
	<u>\$ 109,986</u>	<u>\$ 103,971</u>	<u>\$ 325,794</u>	<u>\$ 311,219</u>
An analysis of amortization by function				
Operating costs	\$ 103	\$ 66	\$ 308	\$ 66
Operating expenses	<u>3,679</u>	<u>2,710</u>	<u>9,945</u>	<u>8,182</u>
	<u>\$ 3,782</u>	<u>\$ 2,776</u>	<u>\$ 10,253</u>	<u>\$ 8,248</u>

f. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Direct operating expenses from investment properties generating rental income	\$ 915	\$ 936	\$ 2,747	\$ 2,809
Direct operating expenses from investment properties not generating rental income	<u>1,116</u>	<u>1,084</u>	<u>3,349</u>	<u>3,203</u>
	<u>\$ 2,031</u>	<u>\$ 2,020</u>	<u>\$ 6,096</u>	<u>\$ 6,012</u>

g. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term benefits	\$ 262,547	\$ 236,443	\$ 879,796	\$ 817,598
Post-employment benefits (Note 23)				
Defined contribution plan	8,471	8,094	24,600	23,896
Defined benefit plans	<u>65</u>	<u>49</u>	<u>193</u>	<u>146</u>
	<u>8,536</u>	<u>8,143</u>	<u>24,793</u>	<u>24,042</u>
Other employee benefits	<u>4,552</u>	<u>4,365</u>	<u>13,366</u>	<u>13,009</u>
Total employee benefits expense	<u>\$ 275,635</u>	<u>\$ 248,951</u>	<u>\$ 917,955</u>	<u>\$ 854,649</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 59,525	\$ 67,960	\$ 192,624	\$ 197,839
Operating expenses	<u>216,110</u>	<u>180,991</u>	<u>725,331</u>	<u>656,810</u>
	<u>\$ 275,635</u>	<u>\$ 248,951</u>	<u>\$ 917,955</u>	<u>\$ 854,649</u>

h. Compensation of employees and remuneration of directors and supervisors

According to the resolution of the board of directors, 6%-8% of profit of the current year is distributable as compensation of employees and no higher than 2% of profit of the current year is distributable as remuneration of directors and supervisors. However, the Company has to first offset accumulated losses, if any. For the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the compensation of employees and the remuneration of directors and supervisors are as follows:

Accrual rate

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Compensation of employees	8%	8%	8%	8%
Remuneration of directors and supervisors	2%	2%	2%	2%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Compensation of employees	\$ 34,142	\$ 28,803	\$ 91,242	\$ 78,530
Remuneration of directors and supervisors	8,536	7,200	22,811	19,632

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

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

	For the Years Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 119,297	\$ 118,532
Remuneration of directors and supervisors	29,824	29,633

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

27. 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	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 129,472	\$ 119,591	\$ 358,351	\$ 324,434
Income tax on unappropriated earnings	-	10,571	13,083	10,571
Adjustments for prior periods	<u>321</u>	<u>(4,107)</u>	<u>(24,496)</u>	<u>(24,091)</u>
	129,793	126,055	346,938	309,914
Deferred tax				
In respect of the current period	(1,231)	-	(310)	-
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	<u>742</u>	<u>(832)</u>	<u>1,225</u>	<u>1,307</u>
Income tax expense recognized in profit or loss	<u>\$ 129,304</u>	<u>\$ 125,223</u>	<u>\$ 347,853</u>	<u>\$ 311,221</u>

b. Income tax assessments

The tax authorities have assessed the income tax returns of the Company through 2020.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Basic earnings per share	\$ <u>2.46</u>	\$ <u>2.04</u>	\$ <u>6.65</u>	\$ <u>5.84</u>
Diluted earnings per share	\$ <u>2.45</u>	\$ <u>2.03</u>	\$ <u>6.62</u>	\$ <u>5.81</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	
	2022	2021	2022	2021
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 364,848</u>	<u>\$ 302,031</u>	<u>\$ 985,566</u>	<u>\$ 860,393</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	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	148,137	148,137	148,137	147,356
Effect of potentially dilutive ordinary shares				
Compensation of employees	<u>681</u>	<u>485</u>	<u>834</u>	<u>621</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>148,818</u>	<u>148,622</u>	<u>148,971</u>	<u>147,977</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.

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, 2022 and 2021:

	For the Nine Months Ended September 30	
	2022	2021
Additions of property, plant and equipment	\$ (262,598)	\$ (125,433)
Changes in prepayments for purchases	(107,269)	(93,926)
Changes in payables for purchase of equipment	<u>63,550</u>	<u>182</u>
Payments for acquisition of property, plant and equipment	<u>\$ (306,317)</u>	<u>\$ (219,177)</u>

b. Changes in liabilities arising from financing activities

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>

For the nine months ended September 30, 2021

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

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENTS

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

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

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

- 1) Fair value hierarchy

September 30, 2022

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

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 200,379	\$ -	\$ -	\$ 200,379

Financial assets at FVTOCI

Investments in equity instruments - unlisted shares	\$ -	\$ -	\$ 11,390	\$ 11,390
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September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ <u>200,275</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>200,275</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments - unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>11,459</u>	\$ <u>11,459</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, 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>

For the nine months ended September 30, 2021

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

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, 2022	December 31, 2021	September 30, 2021
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, 2022	December 31, 2021	September 30, 2021
Discount for lack of marketability			
1% increase	\$ (122)	\$ (163)	\$ (164)
1% decrease	\$ 122	\$ 163	\$ 164

c. Categories of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ -	\$ 200,379	\$ 200,275
Financial assets at amortized cost			
Cash and cash equivalents	3,248,615	3,635,197	2,440,595
Financial assets at amortized cost	74,506	75,178	70,270
Notes and accounts receivable, net	240,287	232,957	236,853
Accounts receivable from related parties	99,188	67,739	68,278
Other receivables	13,711	13,125	11,773
Financial assets at FVTOCI			
Equity instruments	<u>8,576</u>	<u>11,390</u>	<u>11,459</u>
	<u>\$ 3,684,883</u>	<u>\$ 4,235,965</u>	<u>\$ 3,039,503</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Notes and accounts payable	\$ 324,454	\$ 268,964	\$ 317,700
Other payables	1,537,865	1,817,560	1,373,933
Other payables to related parties	73,128	66,810	46,990
Long-term borrowings (current portion included)	<u>-</u>	<u>94,365</u>	<u>209,382</u>
	<u>\$ 1,935,447</u>	<u>\$ 2,247,699</u>	<u>\$ 1,948,005</u>

d. Financial risk management objectives and policies

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

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

1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of 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	
	2022	2021
Profit or loss	\$ 14,103	\$ 13,752

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, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 74,506	\$ 75,178	\$ 70,270
Financial liabilities	188,140	271,758	372,127
Cash flow interest rate risk			
Financial assets	3,241,443	3,627,219	2,432,833

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, 2022 and 2021 would change by NT\$2,431 thousand and NT\$1,825 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, 2022, December 31, 2021 and September 30, 2021, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

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	32,864	20,571	35,154	60,114	50,382	199,085
	<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	\$ 53,435	\$ 95,268	\$ 13,735	\$ 9,860	\$ 9,860	\$ 16,927

December 31, 2021

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

Additional information about the maturity analysis for lease liabilities:

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

September 30, 2021

	On Demand or Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Notes and accounts payable	\$ 317,700	\$ -	\$ -	\$ -	\$ -	\$ 317,700
Other payables (related parties included)	1,212,391	208,532	-	-	-	1,420,923
Lease liabilities	21,767	18,969	32,493	48,434	51,344	173,007
Variable interest rate liabilities	3,978	3,960	7,866	23,171	63,917	102,892
Fixed interest rate liabilities	<u>4,532</u>	<u>4,551</u>	<u>9,140</u>	<u>27,418</u>	<u>79,206</u>	<u>124,847</u>
	<u>\$ 1,560,368</u>	<u>\$ 236,012</u>	<u>\$ 49,499</u>	<u>\$ 99,023</u>	<u>\$ 194,467</u>	<u>\$ 2,139,369</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 40,736	\$ 80,927	\$ 16,870	\$ 8,802	\$ 8,802	\$ 16,870
Variable interest rate liabilities	7,938	31,037	37,193	26,724	-	-
Fixed interest rate liabilities	<u>9,083</u>	<u>36,558</u>	<u>45,697</u>	<u>33,509</u>	<u>-</u>	<u>-</u>
	<u>\$ 57,757</u>	<u>\$ 148,522</u>	<u>\$ 99,760</u>	<u>\$ 69,035</u>	<u>\$ 8,802</u>	<u>\$ 16,870</u>

b) Financing facilities

	September 30, 2022	December 31, 2021	September 30, 2021
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
Pu Hsing Enterprise Co., Ltd. (Pu Hsing)	Other related party	Director of Pro-partner
Taipei City Pro-partner Technology and Human Development Foundation (Pro-partner Foundation)	Other related party	Pro-partner is its sole founder
Gongju Co., Ltd. (Gongju)	Other related party	Supervisor of Pro-partner (from June 3, 2018 to June 2, 2021)
Laser Solution Technology Co., Ltd. (Laser Solution)	Other related party	Supervisor of Pro-partner (from June 3, 2021 to June 2, 2024)
Pu-Lin Ltd. (Pu-Lin)	Other related party	Related party in substance of Pro-partner
Xinlin Enterprise Co., Ltd. (Xinlin)	Other related party	Related party in substance of Pro-partner

(Continued)

Related Party Name	Related Party Category	Relationship with the Group
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 Enterprise Corp. (Tong-Yeen)	Other related party	Subsidiary of a director of the Company
Wei-Tong Enterprise Corp. (Wei-Tong)	Other related party	Subsidiary of a director of the Company
President Transnet Corp. (President Transnet)	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 Collect Services Corp. (President Collect Services)	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
Uni-President Shanghai Management Consulting Co., Ltd. (Uni-President Shanghai Management Consulting)	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 Enterprise 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
President (Shanghai) Health Product Trading Company Ltd. (President (Shanghai) Health Trading)	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		For the Nine Months Ended	
		September 30		September 30	
		2022	2021	2022	2021
Sales	Associate	\$ 13,717	\$ 5,806	\$ 22,899	\$ 14,167
	Other related party	<u>79,656</u>	<u>37,714</u>	<u>175,384</u>	<u>38,442</u>
		<u>\$ 93,373</u>	<u>\$ 43,520</u>	<u>\$ 198,283</u>	<u>\$ 52,609</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		For the Nine Months Ended	
		September 30		September 30	
		2022	2021	2022	2021
Purchase	Other related party	\$ 26,478	\$ -	\$ 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, 2022	December 31, 2021	September 30, 2021
Contract liabilities	Other related party	<u>\$ 503</u>	<u>\$ 564</u>	<u>\$ 326</u>

e. Receivables from related parties

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable from related parties	Tung Hsyng	\$ 37,719	\$ 33,663	\$ 33,668
	Tung-Ju	21,867	19,076	16,948
	GK BIO INTERNATIONAL SDN. BHD.	15,253	8,908	8,361
	Uni-President Shanghai Management Consulting	13,803	-	9
	Retail support	8,734	4,467	6,993
	Other related party	<u>1,812</u>	<u>1,625</u>	<u>2,299</u>
		<u>\$ 99,188</u>	<u>\$ 67,739</u>	<u>\$ 68,278</u>

f. Payables to related parties

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Other payables to related parties	Tung Hsyng	\$ 22,467	\$ 19,170	\$ 14,440
	Pu Hsing	13,999	18,563	12,662
	Laser Solution	13,967	18,532	12,630
	Tung-Ju	12,261	6,402	2,784
	Other related party	<u>10,434</u>	<u>4,143</u>	<u>4,474</u>
		<u>\$ 73,128</u>	<u>\$ 66,810</u>	<u>\$ 46,990</u>

g. Prepayments

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Prepayments	Other related party	<u>\$ 5,337</u>	<u>\$ 110</u>	<u>\$ 64</u>

h. Lease arrangements

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Lease liabilities	Pu-Lin	<u>\$ 30,131</u>	<u>\$ 29,866</u>	<u>\$ 29,773</u>

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
<u>Interest expense</u>				
Other related party	<u>\$ 86</u>	<u>\$ 99</u>	<u>\$ 265</u>	<u>\$ 306</u>

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

i. Other transactions with related parties

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Refundable deposits	Other related party	<u>\$ 1,619</u>	<u>\$ 1,619</u>	<u>\$ 1,619</u>
Guarantee deposits received	Other related party	<u>\$ 360</u>	<u>\$ 2</u>	<u>\$ 2</u>
Advance receipts (classified as other current liabilities)	Other related party	<u>\$ 13</u>	<u>\$ 25</u>	<u>\$ 25</u>

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2022	2021	2022	2021
Operating costs - freight expense	Other related party	\$ <u>4</u>	\$ <u>5</u>	\$ <u>10</u>	\$ <u>5</u>
Operating costs - inspection expense	Other related party	\$ <u>25</u>	\$ <u>-</u>	\$ <u>175</u>	\$ <u>-</u>
Selling and marketing expenses - commissions expense	Other related party	\$ <u>10,444</u>	\$ <u>3,754</u>	\$ <u>18,645</u>	\$ <u>6,139</u>
Selling and marketing expenses - advertisement expense	Other related party	\$ <u>4,683</u>	\$ <u>4,819</u>	\$ <u>11,802</u>	\$ <u>4,819</u>
Selling and marketing expenses - freight expense	Other related party	\$ <u>4,819</u>	\$ <u>1,001</u>	\$ <u>11,702</u>	\$ <u>1,001</u>
Selling and marketing expenses - entertainment expense	Other related party	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5</u>	\$ <u>-</u>
Selling and marketing expenses - other expense	Other related party	\$ <u>118</u>	\$ <u>-</u>	\$ <u>118</u>	\$ <u>-</u>
General and administrative expenses - donations	Other related party	\$ <u>650</u>	\$ <u>-</u>	\$ <u>650</u>	\$ <u>-</u>
General and administrative expenses - freight expense	Other related party	\$ <u>2</u>	\$ <u>2</u>	\$ <u>6</u>	\$ <u>2</u>
Research and development expenses - freight expense	Other related party	\$ <u>19</u>	\$ <u>26</u>	\$ <u>64</u>	\$ <u>26</u>
Rental income	Other related party	\$ <u>3</u>	\$ <u>3</u>	\$ <u>9</u>	\$ <u>9</u>
Other income	Other related party	\$ <u>9</u>	\$ <u>9</u>	\$ <u>26</u>	\$ <u>28</u>

The terms and conditions of the above-mentioned related party transactions are similar to those of general non-related parties. The calculation method and payment terms are the same as the general

membership in accordance with the regulations of the Business Manual, and rental prices were similar to those of general transactions. The term of collection was either in monthly installments or in full at the beginning of each year.

j. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 63,816	\$ 52,343	\$ 176,379	\$ 175,303
Post-employment benefits	<u>71</u>	<u>75</u>	<u>214</u>	<u>221</u>
	<u>\$ 63,887</u>	<u>\$ 52,418</u>	<u>\$ 176,593</u>	<u>\$ 175,524</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, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment - land	\$ 3,004,762	\$ 3,004,629	\$ 3,004,629
Property, plant and equipment - building	998,053	1,014,043	1,025,132
Pledged time deposits (classified as financial assets at amortized cost - non-current)	<u>13,320</u>	<u>13,320</u>	<u>13,320</u>
	<u>\$ 4,016,135</u>	<u>\$ 4,031,992</u>	<u>\$ 4,043,081</u>

Secured bank facilities used in response to operating funds by the Group's property, plant and equipment - land/building as of September 30, 2022 and December 31, 2021 and September 30, 2021, respectively, are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
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>1,113,269</u>
	<u>\$ 2,238,000</u>	<u>\$ 2,238,000</u>	<u>\$ 2,351,269</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, 2022.

- b. Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of September 30, 2022 were as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Plant and machinery	\$ 433,800	\$ 172,385	\$ 261,415

- c. For operational needs, Pro-partner established operational bases in Taoyuan, Hsinchu, Fengyuan, Taichung, Hualien, Tainan and Kaohsiung. The information concerning the operating leases as of September 30, 2022 is listed below:

Operating Location	Lessor	Lease Periods	Monthly Rental
Taoyuan City	Taoyuan Irrigation Association	2020.02.01-2025.01.31	\$ 360
Taoyuan City	Passion Technology Co., Ltd.	2020.05.01-2025.04.30	280
Hsinchu City	Lin, Zhuang-Long, Wu, Yi-Wan	2021.11.01-2026.10.31	350
Fengyuan Dist.	Lin, Fen-Ling	2020.06.01-2023.05.31	70
Taichung City	Pu-Lin Ltd.	2007.11.01-2027.11.01 (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
Hualien City	Liou, Chuen-Hou, Liou, Chuen-Lung	2021.09.01-2023.08.31	130
Tainan City	Cathay Life Insurance Co., Ltd.	2021.08.01-2026.07.31	418
Kaohsiung City	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, 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>
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 198	7.110 (USD:CNY)	<u>\$ 6,287</u> (Concluded)
<u>December 31, 2021</u>			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,493	27.68 (USD:NTD)	<u>\$ 96,686</u>
USD	1,938	6.367 (USD:CNY)	<u>\$ 53,644</u>
<u>Financial liabilities</u>			
Monetary items			
USD	42	27.68 (USD:NTD)	<u>\$ 1,163</u>
USD	483	6.367 (USD:CNY)	<u>\$ 13,369</u>
<u>September 30, 2021</u>			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,117	27.850 (USD:NTD)	<u>\$ 86,808</u>
USD	1,964	6.470 (USD:CNY)	<u>\$ 54,697</u>
<u>Financial liabilities</u>			
Monetary items			
USD	143	6.470 (USD:CNY)	<u>\$ 3,983</u>

For the three months ended September 30, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were NT\$5,229 thousand; and NT\$(73) thousand, respectively, while for the nine months ended September 30, 2022 and 2021, realized and unrealized net foreign exchange losses were NT\$12,873 thousand; and NT\$(1,323) 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, 2022 and 2021, the Group had the following segments: MLM (Multi-level marketing), Distributors, and ODM/OEM (Original Design Manufacturer/Original Equipment Manufacturer).

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

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

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

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

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

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

Segment revenue and results

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

For the nine months Ended September 30, 2022

	MLM	Distribution	ODM/OEM	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>	<u>-</u>
Segment revenue	<u>\$ 7,256,906</u>	<u>\$ 880,941</u>	<u>\$ 664,366</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>\$ 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.

For the nine months ended September 30, 2021

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

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2022

(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, 2022				Note
				Units/Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Grape King Bio Ltd.	<u>Shares</u> FU-Sheng International Inc. (SAMOA)	-	Financial assets at fair value through other comprehensive income - non-current	917,700	\$ 8,566	18.77	\$ 8,566	-
	Hsin Tung Yang Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	10	-	10	-

GRAPE KING BIO LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(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	\$ 1,191,468	61.22%	30 days after monthly closing	By contract	-	\$ 146,318	35.86%	Note 2
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	206,599	10.62%	120 days after monthly closing	By contract	-	156,982	38.47%	Note 2
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,191,468	98.15%	30 days after monthly closing	By contract	-	(146,318)	93.68%	Note 2
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	206,599	100.00%	120 days after monthly closing	By contract	-	(156,982)	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, 2022

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Days	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	\$ 146,318	9.26	\$ -	-	\$ 146,318	\$ -
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	156,982	2.21	-	-	28,511	-

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, 2022

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

No (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Net revenue from sale of goods	\$ 1,191,468	By contract	16.40%
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts receivable	146,318	By contract	1.07%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Net revenue from sale of goods	206,599	By contract	2.84%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Accounts receivable	156,982	By contract	1.15%

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, 2022

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2022			Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				September 30, 2022	December 31, 2021	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	\$ 1,137,175	\$ 25,022	\$ 25,162	Notes 1, 2 and 3
	Pro-partner Inc.	Taoyuan, Taiwan	Import and selling of health food, drink, cosmetics, sports apparatus, cleaning products, etc.	15,000	15,000	10,560,000	60	1,995,706	1,220,116	732,446	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	40,267	6,168	6,168	Note 2
	GK BIO INTERNATIONAL SDN. BHD.	Malaysia	Import and selling of health products	14,899	6,810	2,100,000	35	32,362	32,983	10,118	Note 1 and 5
Pro-partner Inc.	ELITE PROPARTNER HOLDINGS SDN. BHD.	Malaysia	Investment activities	Note 4	Note 4	1	100	(123)	(120)	(120)	Notes 2 and 4

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT\$ 697 thousand has been adjusted.

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

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

Note 4: The subsidiary Pro-partner Inc. invested in one share of ELITE PROPARTNER HOLDINGS SDN. BHD. in Malaysia in December 2021. The shareholding ratio was 100%.

Note 5: In September 2022, the Company increased its equity interest by MYR1,200 thousand in GK BIO INTERNATIONAL SDN. BHD, and the proportion of ownership increased from 30% to 35%.

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of September 30, 2022	Accumulated Inward Remittance of Earnings as of September 30, 2022
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsule, tablet, related products and services.(Warehousing services)	USD 28,900	Note 1(2) Note 3	\$ 847,672 (USD 27,350)	\$ -	\$ -	\$ 847,672 (USD 27,350)	\$ 19,730 Note 2(2)B	100%	\$ 19,870 Note 2 (2)B	\$ 1,085,024	\$ -
Shanghai Yusong Co., Ltd.	Stock management and related services of the thermostatic fresh freezing warehouse.	USD 4,890	Note 1(2) Note 4	26,794 (USD 878)	-	-	26,794 (USD 878)	- Note 2(3)	18.77%	- Note 2(3)	8,566 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)	476 Note 2(2)B	100%	476 Note 2(2)B	18,779	-
Dongpu Biotech Corporation	Biotechnology R&D and transfer; sales of biological products, special foods (health foods), food materials, food packaging materials, cosmetics, daily necessities; commission agents (excluding auctions); import and export of goods.	RMB 5,000	Note 1(1) Note 6	23,200 (RMB 5,000)	-	23,200 (RMB5,000)	-	Note 6	Note 6	Note 6	Note 6	27,586 (RMB 6,224)

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of September 30, 2022	Accumulated Inward Remittance of Earnings as of September 30, 2022
					Outflow	Inflow						
Shanghai Changhong Biotechnology Co., Ltd.	Biotechnology consultation, biotechnology R&D and transfer, import and export of goods or transfers of technology, brand planning, corporate image and marketing planning, conference services, social and economic consulting services, business information consulting, self-owned equipment leasing, domestic cargo transportation agent, sales and online retail of knitted textiles, etc.	USD 700	Note 1(1) Note 7	\$ 7,273 (USD 246)	\$ -	\$ -	\$ 7,273 (USD 246)	\$ (3,784) Note 2(2)B	35.1%	\$ (1,328) Note 2(2)B	\$ 2,895	\$ -
Shanghai Xinquan Biotechnology Co., Ltd.	Biotechnology technical technology development, consultation, service and transfer, sales of cosmetic and daily necessities, etc.	RMB 5,000	Note 1(2) Note 8	-	-	-	-	(386) Note 2(2)B	45%	(174) Note 2(2)B	9,578	-

Accumulated Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 900,029	\$ 900,029	\$ 6,271,381

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).

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

Note 6: The Company directly invested in Dongpu Biotech Corporation. In March 2022, Dongpu Biotech Corporation had been liquidated, and the investment was repatriated to the Company in July 2022.

Note 7: The Company directly invested in Shanghai Changhong Biotechnology Co., Ltd.

Note 8: The Company invested in Shanghai Xinquan Biotechnology Co., Ltd. through subsidiary Shanghai Rivershine Ltd.

(Concluded)

GRAPE KING BIO LTD.**INFORMATION ON MAJOR SHAREHOLDERS
SEPTEMBER 30, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Uni-President Enterprises Corp.	11,851,000	8.00%
Fubon Life Assurance Co., Ltd.	10,757,000	7.26%

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

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual 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.