



**GRAPE KING BIO LTD**

TSE 1707

# 2018 Shareholders Meeting Handbook

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

Published on May 29, 2018

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# Grape King Bio Ltd.

## Agenda of the 2018 Annual General Meeting of Shareholders

Time: 9:00 a.m. May. 29, Year 2018

Place: No.402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City 324, Taiwan  
(R.O.C.), (Pingzhen Headquarters 8F)

1. Commencement of Meeting
2. Chairman's Statement
3. Report Items
  - (1) 2017 Business Report
  - (2) Supervisors' Review Report on the 2017 Financial Statements
  - (3) Report on Remuneration Distribution for Employees, Directors and Supervisors for the Year 2017
  - (4) 2017 Implementation of Investments in the PRC
  - (5) Amendments to the Rules for Transferring Share Repurchases to Employees
4. Matters for Ratification
  - (1) Adoption of the 2017 Business Report and Financial Statements
  - (2) Adoption of the Proposal for Distribution of 2017 Profits
5. Matters for Discussion
  - (1) To amend the Company's Procedures for Loaning Funds to Others
  - (2) To amend the Company's Procedures for Election of Directors and Supervisors
6. Matters for Election
  - (1) To elect Directors and Supervisors
7. Other matters
  - (1) To release the Directors elected from non-competition restrictions
8. Extempore motion
9. Adjournment

## 1. 2017 Business Report

In the year 2017, the Company overcame a series of challenges. The annual consolidated revenue growth is more than 2% compared with 2016 and reached NT\$9.388 billion. Aside from this, the Company has continued its R&D efforts. It is currently setting up a new R&D facility at the Hsinchu Science Park- the Longtan Plant, which is expected to be completed by the end of 2018. In addition, the opening of the tourism factory, "Grape King Health and Vitality Power Center" in July 2017 will allow the public to experience more brand stories and philosophies of Grape King Bio Ltd..

Thanks to the relentless efforts of all employees, and the shareholders' trust and support, Grape King Bio Ltd. is prospering and continues to create outstanding results. We would like to present the following report, which is the summary of our operating results for the past year:

Compared with the year 2016, the Company's consolidated revenue for the year 2017 was 9,388,128 thousand, up by 2%. The operating net income was 2,254,295 thousand, an increase of 1%. After-tax net profit was 1,934,732 thousand, up by 3%. After tax earnings per share was 10.03 dollars, an increase of 2%.

In 2017 the Company had an outstanding performance in the corporate, product and the core technology aspects. The awards won by the Company included "No. 32 among the Top 100 Enterprises the New Generation Wants to Work for in 2016" and "No. 1 in the Medical and Biotechnology Category" of Cheers Magazine Special Issue No. 184, "No. 3 in Pharmaceutical and Biotechnology Category for Four Consecutive Years, 2017 Top 2000 Enterprise Survey" of Commonwealth Magazine Issue No. 622. The Company was certified as a "Healthy Workplace" by the National Health Administration of the Department of Health and

Welfare, and in the mean time, it was assessed as a "Sports Enterprise" by the Sports Department of the Ministry of Education.

In the technology research and development aspect, in 2017 the Company won 8 gold, 6 silver and 2 bronze medals and 4 special awards in 6 countries. With its patented technologies of Cicada, Hericium erinaceus and Antrodia cinnamomea, the Company won various domestic and international awards, including 1 gold, 1 silver and 1 bronze medals and 1 special award at the 45th Geneva Invention Award, 1 gold and 1 silver medals and 1 special award at the 2017 Pittsburgh International Invention Award, 2 gold medals and 1 special award at the 2017 Nuremberg International Invention Exhibition, 2 gold and 1 silver medals at the 2017 IIC International Innovation & Invention Competition, and the "14th National Innovation Award".

The Company's subsidiary Pro-Partner Ltd. (hereinafter referred to as "Pro-Partner"), under the outstanding leadership of Chairwoman Chang-Yeh Tseng and General Manager Mei-ching Tseng as well as the guidance of the six consultants, has been growing steadily and rapidly in recent years, and has been number one in the local direct sale business for many years. In 2017 its business turnover exceeded NT\$8 billion, and ranked number two in Taiwan's direct sale business. It can be called the pride of Taiwan's direct sale business.

With the continuing growth of the Company, we not only attach importance to the Company's operating performance, but are grateful to the society for its assistance and support, and will continue to actively strive toward a sustainable operating environment and social welfare contribution. Under our core values of "Technology, Health and Hope", the Company upholds the idea of "caring social responsibility and making a better society".

Lastly, we would like to wish you all good health and prosperity.

Chairman : **Andrew Tseng**    General Manager : **Andrew Tseng**    Chief Accountant : **Nick Hung**

## 2. Supervisors' Review Report on the 2017 Financial Statements

Description: The Supervisor's Review Report is attached as Appendix 1. (page 15).

## 3. Report on Remuneration Distribution for Employees, Directors and Supervisors for the Year 2017

Description:

- (1) The profit of the Company is NT\$1,593,374,286 (i.e., pre-tax profit before deducting the remuneration of employees, directors and supervisors). In accordance with Article 29 of the Articles of Incorporation, it has been proposed that the Company disburses 8% in cash, amounting to NT\$127,469,942, to employees and 2%, amounting to NT \$ 31,867,485, to directors and supervisors.
- (2) There is no difference between the amount of distribution and the amount of recognized expenses in 2017.

## 4. 2017 Implementation of Investments in the PRC

Description:

The Company's investment in Shanghai Yi Zhao Trade Co., Ltd. in 2017 was as follows:

On May 12, 2016, the Board of Directors approved the investment of the Company in Shanghai Yi Zhao Trade Co., Ltd. in Mainland China indirectly through GRAPE KING INTERNATIONAL INVESTMENT INC., British Virgin Islands. The amount invested by GRAPE KING INTERNATIONAL INVESTMENT INC., British Virgin Islands in Shanghai Yi Zhao Trading Co., Ltd. amounted to US\$50,000 and US\$100,000 on April 12 and June 28, 2017 respectively. The Company has also obtained a letter of approval from the Investment Commission, MOEA on September 26, 2017.

As the end of 2017, the total investment is US\$150,000 (approximately NT\$4,060 Thousand). This is a 100% held subsidiary of the reinvestment by GRAPE KING INTERNATIONAL INVESTMENT INC., British Virgin Islands.

## 5. Amendments to the Rules for Transferring Share Repurchases to Employees

Description:

(1) In order to meet the actual needs of the Company, amend the Rules for Transferring Share Repurchases to Employees.

(2) Comparison Table on the Amendments to Articles of Association:

Clause	After Amendment	Before Amendment	Explanation
Article 8	(Rights and obligations subsequent to transfer) <u>Such shares may not be transferred to others within two years,</u> the rights and obligations associated with the transferred shares, following the transfer of shares in the present share repurchase to employees and registration of share transfer will be the same as those originally associated with the shares.	(Rights and obligations subsequent to transfer) <del>Except where otherwise provided,</del> the rights and obligations associated with the transferred shares, following the transfer of shares in the present share repurchase to employees and registration of share transfer will be the same as those originally associated with the shares.	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.

Item 1

Proposed by the Board of Directors

Item: Adoption of the 2017 Business Report and Financial Statements

Description:

- (1) The Company's 2017 Financial Statements have been audited by Mars Hong and Julia Lo, Certified Public Accountants of Ernst & Young, and an audit report has been issued.
- (2) The Business Report and Financial Statements have been examined by the supervisors.

Business Report (Please refer to page 3)

2017 Financial Statements (Please refer to page 19 to 27)

Resolution:





Item 2

Proposed by the Board of Directors

Item: Adoption of the Proposal for Distribution of 2017 Profits

Description:

- (1) The Company's 2017 Profit Distribution Table was approved by the 19th meeting of the 18th Board of Directors on March 9, 2018. It was proposed that the Company disburses cash dividend amounting to NT\$903,199,074 which is obtained from retained earnings, valued at NT\$6.7 per share, and estimated by rounding down to the dollar unit. The fractional amount will be included in the Company's other income. Upon approval during the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues.
- (2) In the event that the subsequent changes in capital affect the number of outstanding shares and cause changes in the dividend payout ratio, it is proposed that the Board of Directors be authorized to adjust the payout ratio.
- (3) Profit Distribution Table for 2017 please refer to Page 28.)

Resolution:

Item 1

Proposed by the Board of Directors

Item: To amend the Company's Procedures for Loaning Funds to Others

Description:

- (1) In order to meet the actual needs of the Company, amend some provisions of the Company's Procedures for Loaning Funds to Others.
- (2) Comparison Table on the Amendments to Articles of Association:

Clause	After Amendment	Before Amendment	Explanation
Article 9	Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights: Upon the release of the funds, the Company shall pay attention to the borrower's and guarantor's financial, business and credit status, etc. In cases involving collateral, the Company shall pay attention to its guarantee value and any change thereto. In case of material change in the value of the collateral, the chairman of the board of directors shall immediately be notified and proper measures be taken as instructed by the chairman. When the loan is due or the borrower pays the load before the due date, the borrower shall calculate the payable interests and pay the interests with the principal before the notes or other collaterals may be rescinded and returned to the	Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights: Upon the release of the funds, the Company shall pay attention to the borrower's and guarantor's financial, business and credit status, etc. In cases involving collateral, the Company shall pay attention to its guarantee value and any change thereto. In case of material change in the value of the collateral, the chairman of the board of directors shall immediately be notified and proper measures be taken as instructed by the chairman. When the loan is due or the borrower pays the load before the due date, the borrower shall calculate the payable interests and pay the interests with the principal before the notes or other collaterals may be rescinded and returned to the	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.

	<p>lender or the mortgage registration may be cancelled.</p> <p>The lender shall demand repayment of principals and interests when the loan becomes due.</p> <p>If the borrower fails to pay back the load within the time limit as scheduled, the Company will dispose the collateral or lodge a claim with the guarantor in accordance with the law.</p>	<p>lender or the mortgage registration may be cancelled.</p> <p>The lender shall demand repayment of principals and interests when the loan becomes due.</p> <p><del>Unless the borrower has put forward a proposal</del>, if the borrower fails to pay back the load within the time limit as scheduled, the Company will dispose the collateral or lodge a claim with the guarantor in accordance with the law.</p>	
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Resolution:

Item 2

Proposed by the Board of Directors

Item: To amend the Company's Procedures for Election of Directors and Supervisors

Description:

- (1) In order to meet the actual needs of the Company, amend the Company's Procedures for the Election of Directors and Supervisors.
- (2) Comparison Table on the Amendments to Articles of Association:

Clause	After Amendment	Before Amendment	Explanation
Article 3	Elections of directors and supervisors shall be elected by the shareholders' meeting <u>from a list of candidates, in accordance with the candidate nomination system.</u> The number of directors and supervisors will be as specified in the Company's articles of incorporation, those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more two persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. If single candidate is elected as director and supervisor at the same time, then that certain individual shall decide which seat to fill. Where, Upon above decision, the candidate	Elections of directors and supervisors shall be elected by the shareholders' meeting from <u>among the persons with disposing capacity.</u> The number of directors and supervisors will be as specified in the Company's articles of incorporation, those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more two persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. If single candidate is elected as director and supervisor at the same time, then that certain individual shall decide which seat to fill. Where, upon above decision, the candidate receiving second most votes to	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.

	receiving second most votes to such director or supervisor shall be elected to fill the vacancy.	such director or supervisor shall be elected to fill the vacancy.	
Article 4	The election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.	The election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.	The Company hereby proposes to amend the wording in Chinese.

Resolution:

Item 1

Proposed by the Board of Directors

Item: To elect Directors and Supervisors

Description:

- (1) The 18th session of the Company's directors and supervisors expired on June 25, 2018. The Company intends to conduct a general re-election of directors and supervisors at the general shareholders' meeting in 2018. The original directors and supervisors will be dismissed after the new directors and supervisors are elected.
- (2) According to the provisions of Article 20 of the Articles of Incorporation of the Company, nine directors (including three independent directors) and two supervisors should be elected at the current session, and the candidate nomination system is to be adopted. The term of office for new directors and supervisors will be three years, starting from May 29, 2018 to May 28, 2021.
- (3) The list of directors (including independent directors) and supervisors has been reviewed and approved by the Board of Directors on April 17, 2018. Please refer to page 36.

Election results:

Item 1

Proposed by the Board of Directors

Item: To release the Directors elected from non-competition restrictions

Description:

- (1) According to the provisions of Article 209 of the Company Law, a director acting for himself or another person within the company's business scope shall explain the important contents of his acts in the shareholders' meeting and obtain their approval.
- (2) For the new director of the Company who invests or operates other companies with the same or similar business scope and acts as the Company's director or manager, the shareholders' meeting agreed to release the restrictions on competitive activities thereon.
- (3) The position details of directors (including independent directors) who hold positions with other companies are as follows:

Job Title	Name	Current position in other companies
Director	Andrew Tseng	Pro-Partner Ltd., Director
Director	Mei-Ching Tseng	Pro-Partner Ltd., Director
Director	Zhijia Chang	Pro-Partner Ltd., Director

Resolution:

VII. Extempore motion

VIII. Adjournment

Appendix 1

## Grape King Bio Ltd. Supervisors' Review Report

Approved

The Board of Directors submit the 2017 Business Report, Financial Statements and Profit Distribution Table which were inspected and affirmed by the Supervisors to ensure that there was no violation of the law and the Company is in compliance with all regulations.

For review

Sincerely,

Grape King Bio Ltd  
2018 Annual Shareholders' Meeting

Supervisors : **Chih-Sheng Chang**  
**Mei-Li Chen**

March 9, 2018



## Appendix 2

**Rules for Transferring Share Repurchases to Employees**

Approved by the Board of Directors held on January 3, 2017

**Article 1**

In order to care for and encourage its employees, the Company adopts these Rules for the Repurchase of Shares and Transfer to Employees in accordance with Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act and the provisions of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies issued by the Financial Supervisory Commission, Executive Yuan. Any repurchase of shares and transfer to employees by the Company, in addition to complying with related laws and regulations, will be carried out in accordance with these Rules.

**Article 2**

(Type of shares transferred, associated rights, and restrictions on rights)

The shares in the present transfer of shares to employees will be common shares, and the rights and obligations associated with those shares, unless otherwise provided by applicable laws and regulations or these Rules, will be the same as other outstanding common shares of the Company.

**Article 3**

(Period of transfer)

In accordance with these Rules, the shares in the present share repurchase may be transferred to employees in a single transfer or multiple transfers within three years from the date of the share repurchase.

**Article 4**

(Eligibility of transferees)

For employees who have joined the Company above from the date of subscription record date or those who have special contribution to the Company and being approved by Chairman or the Company's subsidiaries (the subsidiaries are companies over 50% of the common stocks of which are held by the Company directly or indirectly), are entitled to subscribe the amount specified in article five of this procedure.

**Article 5**

(Transfer procedures)

To set the standard for share subscription according to employee's rank, years of service, and special contribution to the Company. The number of the Company's own shares to be purchased held on the date of subscription record date and the limit of share subscription, adopted by the board of directors.

**Article 6**

Procedures for the present repurchase of shares and transfer to employees:

1. The repurchase of the Company shares will be publicly announced, reported, and carried out during the implementation period in accordance with a resolution of the board of directors.
2. The Board of Directors is hereby authorized to adopt and to publicly announce operating procedures relating to the record date for employee subscriptions, the standards for numbers of shares to which employees may subscribe, the period for payment for subscriptions, and the rights associated with share subscriptions and any restrictive conditions.
3. Statistics will be compiled on the numbers of shares actually subscribed and paid for, and the registration of share transfers will be carried out.

**Article 7**

(Stipulation of share transfer price)

The share transfer price for the present repurchase of shares and transfer to employees will be the average of the actual share repurchase prices, provided that if, prior to the transfer, there is either an increase or a decrease in the number of issued shares of the Company common stock, the transfer price may be adjusted within a range proportional to the increase or decrease.

Formula for transfer price adjustment:

Adjusted transfer price = average actual repurchase price per share × (total number of common stock shares after the repurchase has been executed by the Company ÷ total number of common stock shares prior to the Company's transfer of the repurchased shares to employees)

**Article 8**

(Rights and obligations subsequent to transfer)

Except where otherwise provided, the rights and obligations associated with the transferred shares, following the transfer of shares in the present share repurchase to employees and registration of share transfer will be the same as those originally associated with the shares.

**Article 9**

(Others)

These Rules will be adopted and take effect following a resolution of the Board of Directors authorizing the chairman and their approval by the chairman, and may be amended by submission to the Board of Directors for a resolution.

**Article 10**

These Rule, and any amendments hereto, shall be reported to the shareholders meeting.

English Translation of a Report Originally Issued in Chinese

## AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

To Grape King Bio Ltd.

### Opinion

We have audited the accompanying consolidated balance sheets of Grape King Bio Ltd. (the “Company”) and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditor (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2017 and 2016, and their consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2017 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

English Translation of a Report Originally Issued in ChineseRevenue Recognition

We have determined that revenue recognition is one of the key audit matters due to the following consideration. First of all, the consolidated revenue amounting to NT\$9,388,128 thousand for the year ended December 31, 2017 is a significant account to the Company's consolidated financial statements. Secondly, the Company's revenue sources include a variety of business models, including direct-sale, sale through distributors, subcontracting services, etc. Furthermore, the various and complicated sale terms & conditions embedded in the Company's multiple sales contracts and/or orders also increase the complexity of revenue recognition. As a result, our audit procedures for distributors-sale and subcontracting services include, but are not limited to, identifying the models, assessing the appropriateness of revenue recognition policy, testing the effectiveness of the related controls established by the management, performing test of detail for shipping document to be agreed with underlying sale contracts, sale cutoff testing, and searching for significant subsequent sale return or allowance. For the direct-sale conducted by the Company's subsidiary, Pro-partner Inc., the other auditors have tested the effectiveness of relevant controls. The other auditors' procedures included vouching to related orders, shipping document and collection records, testing the detail of direct-sale transactions, testing sale cutoff, and searching for significant subsequent sale return or allowance. We, as the primary auditors, have reviewed and assessed the other auditors' procedures described above. We also consider the appropriateness of the disclosure of operating revenues in Note 6 to the consolidated financial statements.

Inventory valuation

The net carrying value of inventory as of December 31, 2017 for Grape King Bio Ltd. and its subsidiaries amounted to NT\$492,058 thousand, which were significant to the consolidated financial statements. We have determined that valuation on inventory is one of the key audit matters in considering that the maturity of the Company's main products, including health foods and beverages, may be short and the policy for provision against inventory normally involves the management's significant judgment. Our audit procedures therefore mainly include, but are not limited to, assessing the appropriateness of policy for inventory provision including those for identifying slow-moving inventory and analysis on inventory movement, testing the management's execution and compliance with the control policy for identifying products maturity including test on correctness of calculating the duration, analyzing the reasonableness of expiring inventory movement, examining the compliance of computing net realizable value of inventory based on different product maturity, and performing the observation procedure on the Company's inventory physical taking, etc. We also considered the appropriateness of the disclosure of inventories in Note 5 and 6 to the consolidated financial statements.

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**Other Matter – Making Reference to the Audit of a Component Auditor**

We did not audit the financial statements of Pro-partner Inc., a 60%-owned subsidiary of the Company, while they were audited by the other auditors. Our audits, insofar as it relates to the financial statements of Pro-partner Inc. are based solely on the reports of the other auditors. As of December 31, 2017 and 2016, total assets of Pro-partner Inc. were NT\$4,950,253 thousand and NT\$4,994,993 thousand, representing 50.04% and 52.30% of the consolidated total assets of the Company, while the operating revenues for the years then ended were NT\$8,050,198 thousand and NT\$8,169,428 thousand, representing 85.75% and 88.94% of the consolidated operating revenues.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

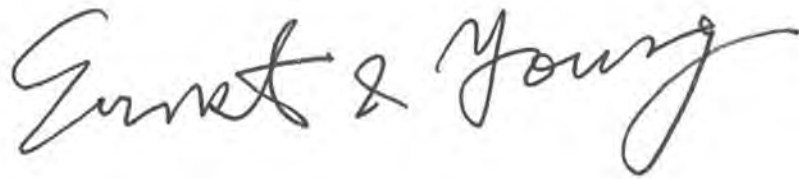
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

English Translation of a Report Originally Issued in Chinese

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2016 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of December 31, 2017 and 2016 and for the years then ended.



Ernst & Young  
February 22<sup>nd</sup>, 2018  
Taipei, Taiwan,  
Republic of China

Notices to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 accepted and applied in the Republic of China.*



English Translation of Consolidated Financial Statements Originally Issued in Chinese  
 GRAPE KING BIO LTD.  
 CONSOLIDATED BALANCE SHEETS  
 As of December 31, 2017 and 2016  
 (Amounts Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	2017	2016	Liabilities and Stockholders' Equity	Notes	2017	2016
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and cash equivalents	4,6(1)	\$1,920,497	\$1,899,302	Short-term debt	4,6(12),8	\$300,000	\$50,000
Financial assets at fair value through profit or loss, current	4,6(2),(15)	70,376	346,062	Notes payable		7,207	11,335
Debt investments without active market	4,6(4)	180,075	43,385	Accounts payable		316,108	186,737
Notes receivable, net	4,6(5),(6)	5,753	5,098	Other payables	6(13)	1,618,259	1,686,213
Accounts receivable, net	4,6(6)	154,616	196,383	Other payables-related parties	7	32,773	33,079
Accounts receivable-related parties, net	4,6(6),7	-	2,907	Current tax liabilities	4,5,6(25)	250,431	288,031
Other receivables	4	6,111	4,056	Other current liabilities	6(14),7	151,078	174,668
Inventories, net	4,5,6(7)	492,058	434,990	Current portion of bonds payable	4,6(15)	171,207	-
Prepayments	6(8)	48,892	32,645	Current portion of long-term loans payable	4,6(16),8	31,974	43,087
Other current assets	6(8)	11,643	5,736	<b>Total current liabilities</b>		<b>2,879,037</b>	<b>2,473,150</b>
<b>Total current assets</b>		<b>2,890,021</b>	<b>2,970,564</b>	<b>Non-current liabilities</b>			
<b>Non-current assets</b>				Bonds payable	4,6(15)	-	168,981
Financial assets at fair value through profit or loss, non-current	4,5,6(2),(15)	-	87	Long-term debt	4,6(16),8	518,670	943,523
Financial assets measured at cost	4,6(3)	28,028	28,028	Deferred tax liabilities	4,5,6(25)	68,463	69,272
Debt investments without active market	4,6(4),8	4,460	4,460	Other liabilities	4,5,6(17),(19)	97,514	111,881
Property, plant and equipment	4,6(9),8	6,355,416	6,084,377	<b>Total non-current liabilities</b>		<b>684,647</b>	<b>1,293,657</b>
Investment properties	4,6(10)	185,985	185,985	<b>Total liabilities</b>		<b>3,563,684</b>	<b>3,766,807</b>
Intangible assets	4,6(11)	22,442	26,635	<b>Equity attributable to the parent company</b>			
Deferred tax assets	4,5,6(25)	5,752	22,381	<b>Capital</b>	6(20)		
Other assets-others	6(8)	399,552	227,239	Common stock		1,352,211	1,352,142
<b>Total non-current assets</b>		<b>7,001,635</b>	<b>6,579,192</b>	<b>Additional paid-in capital</b>	6(15),(20)	800,246	799,221
				<b>Retained earnings</b>	6(20)		
				Legal reserve		675,213	545,536
				Special reserve		74,671	74,671
				Unappropriated earnings		2,418,570	2,062,646
				<b>Other components of equity</b>		(34,603)	(26,204)
				Treasury stock	4,6(20)	(91,062)	-
				<b>Non-controlling interests</b>	6(20),(27)	1,132,726	974,937
				<b>Total equity</b>		<b>6,327,972</b>	<b>5,782,949</b>
<b>Total assets</b>		<b>\$9,891,656</b>	<b>\$9,549,756</b>	<b>Total liabilities and equity</b>		<b>\$9,891,656</b>	<b>\$9,549,756</b>

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

## English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRAPE KING BIO LTD.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	2017	2016
<b>Operating revenues</b>	4,6(21),7	\$9,388,128	\$9,185,021
<b>Operating costs</b>	7	<u>(1,523,444)</u>	<u>(1,265,989)</u>
<b>Gross profit</b>		<u>7,864,684</u>	<u>7,919,032</u>
<b>Operating expenses</b>	7		
Sales and marketing		(4,983,215)	(5,003,657)
General and administrative		(467,511)	(567,321)
Research and development		<u>(159,663)</u>	<u>(114,032)</u>
Operating expenses total		<u>(5,610,389)</u>	<u>(5,685,010)</u>
<b>Operating income</b>		<u>2,254,295</u>	<u>2,234,022</u>
<b>Non-operating income and expenses</b>			
Other income	6(23),7	177,933	109,990
Other gain and losses	6(23)	(9,179)	194
Finance costs	6(23)	<u>(17,579)</u>	<u>(31,707)</u>
Non-operating income and expenses total		<u>151,175</u>	<u>78,477</u>
<b>Income from continuing operations before income tax</b>		2,405,470	2,312,499
<b>Income tax expense</b>	4,6(25)	<u>(470,738)</u>	<u>(425,579)</u>
<b>Net income</b>		<u>1,934,732</u>	<u>1,886,920</u>
<b>Other comprehensive income</b>	6(24)		
<b>Items that may not be reclassified subsequently to profit or loss</b>			
Actuarial gain (loss) from defined benefit plans		(5,267)	584
Income tax related to items that may not be reclassified subsequently to P/L		926	(99)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations		(8,399)	(26,599)
Income tax related to items that may be reclassified subsequently to P/L		-	-
Total other comprehensive income, net of tax		<u>(12,740)</u>	<u>(26,114)</u>
<b>Total comprehensive income</b>		<u>\$1,921,992</u>	<u>\$1,860,806</u>
<b>Net income attributable to:</b>			
<b>Stockholders of the parent</b>		\$1,351,941	\$1,296,769
<b>Non-controlling interests</b>	6(27)	<u>582,791</u>	<u>590,151</u>
		<u>\$1,934,732</u>	<u>\$1,886,920</u>
<b>Total comprehensive income attributable to:</b>			
<b>Stockholders of the parent</b>		\$1,339,322	\$1,270,689
<b>Non-controlling interests</b>	6(27)	<u>582,670</u>	<u>590,117</u>
		<u>\$1,921,992</u>	<u>\$1,860,806</u>
<b>Earnings per share-basic (in NT\$)</b>	6(26)	<u>\$10.03</u>	<u>\$9.82</u>
<b>Earnings per share-diluted (in NT\$)</b>	6(26)	<u>\$9.93</u>	<u>\$9.57</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
GRAPE KING BIO LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollar)

	Common Stock	Additional Paid-in Capital	Retained Earnings			Unappropriated Earnings	Foreign Operations	Treasury stock	Total	Non-Controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Exchange Differences on Translation of						
Balance as of January 1, 2016	\$1,303,001	\$59,567	\$440,371	\$74,671	\$1,600,204	\$395	\$-	\$3,478,209	\$741,347	\$4,219,556	
Appropriations of prior year's earnings											
Legal reserve			105,165		(105,165)						
Cash dividends					(729,681)			(729,681)	(356,527)	(1,086,208)	
Changes in capital surplus											
Shares from bonds converted	49,141	739,654			1,296,769			788,795	-	788,795	
Net income, 2016					519	(26,599)		(26,599)	590,151	1,886,920	
Other comprehensive income, 2016					1,297,288	(26,599)		(26,599)	(34)	(26,114)	
Total comprehensive income, 2016					2,062,646	(26,204)		(26,204)	590,117	1,860,806	
Balance as of December 31, 2016	1,352,142	799,221	545,536	74,671	2,062,646		-	4,808,012	974,937	5,782,949	
Appropriations of prior year's earnings											
Legal reserve			129,677		(129,677)						
Cash dividends					(862,120)			(862,120)	(424,881)	(1,287,001)	
Changes in capital surplus											
Shares from bonds converted	69	1,025			1,351,941			1,094	-	1,094	
Net income, 2017					(4,220)	(8,399)		(12,619)	(121)	(12,740)	
Other comprehensive income, 2017					1,347,721	(8,399)		1,339,322	582,670	1,921,992	
Total comprehensive income, 2017					\$2,418,570	\$(34,603)		\$(91,062)	\$1,132,726	\$(91,062)	
Treasury stock purchased											
Balance as of December 31, 2017	\$1,352,211	\$800,246	\$675,213	\$74,671	\$2,418,570	\$(34,603)	\$(91,062)	\$5,195,246	\$1,132,726	\$6,327,972	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
GRAPE KING BIO LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016

(Amounts Expressed in Thousands of New Taiwan Dollars)

	2017	2016	2017	2016
<b>Cash flows from operating activities:</b>				
Net income before tax	\$2,405,470	\$2,312,499	(136,950)	(40,990)
Adjustments to reconcile net income (loss) before tax to net cash provided by (used in) operating activities:			(772,361)	(736,118)
Depreciation	218,064	205,015	580	276
Amortization	6,608	4,281	5,422	(11,528)
Bad debt expenses	43	2,299	(2,415)	(17,721)
Net gain of financial assets at fair value	(723)	(1,472)	(2,577)	(2,659)
Interest expense	17,579	31,707	2	2
Interest revenue	(4,632)	(3,432)	(908,299)	(808,738)
Dividend revenue	(2)	(2)		
Loss (gain) from disposal of property, plant and equipment	7,274	1,230		
<b>Changes in operating assets and liabilities:</b>				
Financial asset held for trading	276,496	377,532	250,000	50,000
Notes receivable	(655)	3,214	(435,966)	(506,724)
Accounts receivable	41,748	(122,874)	2,513	16,372
Accounts receivable-related parties	2,907	9,813	(1,287,001)	(1,086,208)
Other receivables	(2,023)	(2,397)	(91,062)	-
Inventories	(57,068)	(75,516)	(4,646)	(1,088)
Prepayments	(13,956)	(3,524)	21,195	466,742
Other current assets	(5,907)	4,683	1,899,302	1,432,560
Notes payable	(4,128)	10,561	\$1,920,497	\$1,899,302
Accounts payable	129,371	34,660		
Accounts payable-related parties	-	-		
Other payables	9,379	293,060		
Other payables-related parties	(306)	5,732		
Advance receipts	33,809	(11,241)		
Other current liabilities	(48,349)	111,264		
Accrued pension liabilities	(14,249)	(22,357)		
Cash generated from operations	2,996,750	3,164,735		
Interest received	4,600	3,461		
Interest paid	(14,102)	(18,500)		
Income tax paid	(491,592)	(346,568)		
Net cash provided by (used in) operating activities	2,495,656	2,803,128		
<b>Cash flows from investing activities:</b>				
Acquisition of bond investments without active market			250,000	50,000
Acquisition of property, plant and equipment			(435,966)	(506,724)
Disposal of property, plant and equipment			2,513	16,372
Decrease (increase) in refundable deposits			(1,287,001)	(1,086,208)
Acquisition of intangible assets			(91,062)	-
Other non-financial assets			(1,561,516)	(1,526,560)
Cash dividends received				
Net cash provided by (used in) investing activities			(4,646)	(1,088)
<b>Cash flows from financing activities:</b>				
Increase (decrease) in short-term loans			21,195	466,742
Decrease in long-term loans			1,899,302	1,432,560
Guarantee deposit received			\$1,920,497	\$1,899,302
Cash dividends				
Cost of Treasury stock				
Net cash provided by (used in) financing activities			(4,646)	(1,088)
<b>Effect of exchange rate changes on cash and cash equivalents</b>				
Net increase (decrease) in cash and cash equivalents			21,195	466,742
Cash and cash equivalents at beginning of period			1,899,302	1,432,560
Cash and cash equivalents at end of period			\$1,920,497	\$1,899,302

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

## Appendix 4

**Grape King Bio Ltd.**  
**Profit Distribution Table**  
Year 2017

(Unit : NTD \$)

Items	Amount	Note
Beginning retained earnings	1,070,849,347	
Add (minus):		
Other Comprehensive Income (remeasurements of defined benefit plans,2017)	(4,039,392)	
Other Comprehensive Income (Investment adjustments for Using Equity Method)	(180,816)	
2017 Net Profit after Tax	1,351,941,276	
Subtotal	2,418,570,415	
Designated item:		
10% legal reserve	(135,194,128)	
Distributable net profit	2,283,376,287	
Distributable items:		
Cash dividend to shareholders-NT\$6.7 per share	(903,199,074)	
Unappropriated retained earnings	1,380,177,213	

Note : 1. Profit distribution was first allocated in the 2017 unallocated earnings.

2. The above dividend is based on the number of common shares issued by the Company as of March 1, 2018 (excluding 508,000 treasury shares); 134,805,832 shares were the bases for the calculation.

Chairman: **Andrew Tseng** General Manager: **Andrew Tseng** Chief accountant: **Nick Hung**

**Grape King Bio Ltd.**  
**Procedures for Loaning Funds to Others**

Approved by the Shareholder's meeting held on June 23, 2014

**Article 1 Purpose:**

These Regulations are adopted for the procedural rules and standards to strengthen its internal management of the Loaning Funds to others.

**Article 2 Entities to which the company shall not loan funds to any of its shareholders or any other person except under the following circumstances:**

1. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or
2. Where an inter-company or inter-firm short-term financing facility is necessary. The term "short-term" means one year, or one operating cycle (whichever is longer).

**Article 3 Evaluation standards for loaning funds to others:**

The Company shall not loan funds to other companies or enterprises except under the following circumstances:

1. Where more than 20% of the equity is in need of short-term financing in connection with its financial and operational demands.
2. Where an inter-company or inter-firm business transaction is in need of short-term financing in connection with its material-purchasing or operational needs.

**Article 4 The aggregate amount of loans and the maximum amount permitted to a single borrower:**

1. The total amount of the loans for funds to others provided by the Company to others shall not exceed 40% of the Company's net worth of the latest financial statements.
2. In the case of lending funds to companies or firms who have a business relationship with the Company, the total lending amount of an individual borrower shall not exceed the total amount of the business transactions between the Company and the borrower. The "total amount of the business transactions" refers the amount of purchases or sales during the prior year.
3. In the case of lending funds to the companies or firms in need of short-term financing, the total lending amount to an individual borrower shall not exceed 80% of lending funds.

The above restriction shall not apply to inter-company loans of funds between foreign companies in which the company holds, directly or indirectly, 100% of the voting shares. Lending funds of short-term financing, the total amount shall not exceeding 50% of the Company's net worth of the latest financial statements, the individual amount shall not exceeding 50% of the Company's net worth of the latest financial statements.

**Article 5 Duration of loans and calculation of interest:**

The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year, one operating cycle.

The interest rate of the load shall not be lower than the highest interest of the Company from its short-term loan with the financial institution. The interest of loans of funds shall be adjusted variably according to the funding cost of the Company. Any adjustment of the interest rates shall be submitted by the financial department to the chairman for approval and then be executed.

The above restriction shall not apply to the terms of the load and the way of calculate interest when the offshore companies which are 100% owned directly and indirectly by the Company. The funding offered by the Company shall not exceed six years and the interest of loans of funds shall be adjusted variably according to the funding cost of the Company.

**Article 6 Procedures for handling loans of funds:****1. Credit status**

The borrower applying for the loan shall present a written application specifying the credit line of the loan to the Company with the necessary documents. The Finance Department shall conduct an investigation and evaluation on the application with respect to the borrower's business, financial status, ability to repay the debt, credit, profitability and purpose for lending.

- (1) The necessity of and reasonableness of extending loans to others.
- (2) Borrower credit status and risk assessment.
- (3) Impact on the company's business operations, financial condition, and shareholders' equity.
- (4) Whether collateral must be obtained and appraisal of the value thereof.

**2. Pledge**

When lending funds to others, the Company shall require the borrower to provide guarantee notes or receipt for a loan and if necessary, shall require the borrower to provide personal property or real property as collaterals and to perfect the liens on the collaterals.

With regards to the aforementioned collateral, the borrower could provide guarantee from individual or corporation with considerable financial capability and credit worthiness as a substitute for the collaterals; in the case of corporate guarantee, it is required to review if the guarantor's articles of incorporation provide that the provision of corporate guarantee is allowed.

**3. Scope of authority**

Before making a loan of funds to others, the company shall carefully evaluate whether the loan is in compliance with these Regulations and the company's Operational Procedures for Loaning Funds to Others. The company may loan funds to others only after the evaluation results under this Article 6, have been submitted to and resolved upon by the board of directors. The company shall not empower any other person to make such decision.

Loans of funds between the company and parent company or subsidiaries, or between subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

The "certain monetary limit" mentioned in the preceding paragraph shall be in compliance with Article 4, paragraph 2. In addition, the authorized limit on loans extended by the company or any of subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company.

4. "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where the company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Article 7 Announcement and reporting procedures:**

1. The company announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month.
2. The company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
  - (1) The aggregate balance of loans to others by the company and subsidiaries reaches 20 percent or more of the company's net worth as stated in latest financial statement.
  - (2) The balance of loans by the company and subsidiaries to a single enterprise reaches 10 percent or more of the company's net worth as stated in latest financial statement.
  - (3) The amount of new loans of funds by the company or subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the company's net worth as stated in latest financial statement.

The company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

"Date of occurrence" means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

The term "announce and report" means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

**Article 8 Management for loaning funds to others:**

1. The company shall prepare a memorandum book for fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated.
2. The company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.
3. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the



company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.

4. The company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

**Article 9 Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights:**

Upon the release of the funds, the Company shall pay attention to the borrower's and guarantor's financial, business and credit status, etc. In cases involving collateral, the Company shall pay attention to its guarantee value and any change thereto. In case of material change in the value of the collateral, the chairman of the board of directors shall immediately be notified and proper measures be taken as instructed by the chairman. When the loan is due or the borrower pays the load before the due date, the borrower shall calculate the payable interests and pay the interests with the principal before the notes or other collaterals may be rescinded and returned to the lender or the mortgage registration may be cancelled. The lender shall demand repayment of principals and interests when the loan becomes due.

Unless the borrower has put forward a proposal, if the borrower fails to pay back the load within the time limit as scheduled, the Company will dispose the collateral or lodge a claim with the guarantor in accordance with the law.

**Article 10**

This Company's managers and persons-in-charge shall follow the Procedures in order to prevent the Company from incurring any losses. Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related Personnel Articles of this Company.

**Article 11**

The subsidiary could own its Procedures for Loans of Funds to Others in accordance with the Company's procedures, and report the implement status to the Company on a monthly basis.

**Article 12 Amendment for effect and resolve**

1. The Operational Procedures, after being passed by the board of directors, submit the same to each supervisor and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.
2. The matters that shall be submitted to the Company's Board of Directors for a resolution, the Board of Directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Director's meeting.

**Grape King Bio Ltd.**  
**Procedures for Election of Directors and Supervisors**

Approved by the Shareholder's meeting held on June 13, 2012

**Article 1**

Elections of directors and supervisors shall be conducted in accordance with these Procedures.

**Article 2**

The single-named cumulative voting method shall be used for election of the directors and supervisors at the Company. Except as otherwise provided by law and regulation, each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

**Article 3**

Elections of directors and supervisors shall be elected by the shareholders' meeting from among the persons with disposing capacity. The number of directors and supervisors will be as specified in the Company's articles of incorporation, those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more two persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. If single candidate is elected as director and supervisor at the same time, then that certain individual shall decide which seat to fill. Where, upon above decision, the candidate receiving second most votes to such director or supervisor shall be elected to fill the vacancy.

**Article 4**

The election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel.

**Article 5**

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its

representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

The shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided.

#### **Article 6**

A ballot is invalid under any of the following circumstances:

1. The ballot will be as specified in the Procedures.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or other words or marks are entered in addition to the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Contains two or more candidates.
6. Other words or marks are entered in addition to the candidate's account name and shareholder account number or identity card number and the number of voting rights allotted.
7. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

#### **Article 7**

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair on the site.

#### **Article 8**

The board of directors of the Company shall issue notifications to the persons elected as directors or supervisors.

#### **Article 9**

These Procedures shall be implemented after approval by a shareholders meeting.

#### **Article 10**

For the events not stipulated in The Article, it comply with the regulations of The Company Act. and related laws.

## Grape King Bio Ltd.

## List of Candidates for Director (Including Independent Directors) and Supervisors

Candidate Position	Shareholder NO / Company ID	Name	Education	Experience	Rationale	Shares
Director	5	Andrew Tseng	Ph.D./University of Strathclyde	<ul style="list-style-type: none"> <li>■ Marketing Manager, Elitegroup Computer Systems Co., Ltd. (U.K.)</li> <li>■ Marketing Director, Pan-European market at Elitegroup Computer Systems Co., Ltd. (U.K.)</li> <li>■ Senior Marketing Manager, Proxima Procurement Ltd.</li> </ul>	<p>Dr. Tseng holds a Master's degree in Business Administration and a Ph.D. in Marketing from University of Strathclyde. He specializes in corporate strategic planning, understanding cultural differences, as well as management and implementation of branding and product marketing. During his fifteen years living in the U.K., Dr. Tseng worked as the Pan European Marketing Director at Elitegroup Computer Systems Co., Ltd. (U.K.) and was in charge of brand re-positioning and market strategy. He later joined one of the UK's leading procurement consultancy firms, Proxima in London in the role of Marketing Manager, responsible for setting up a marketing department to help build the company's brand image and promote their services.</p> <p>Dr. Tseng returned to Taiwan and began working at Grape King Bio Ltd in October 2010. Through his transformative leadership of the company, revenue has increased dramatically from NT\$3.28 billion to NT\$9.39 billion over the past seven years, with a growth rate of 186%. In addition, its subsidiary, Shanghai Grape King Enterprises Corp., became profitable in the first year of Dr. Tseng's leadership. In the following year, the subsidiary generated greater profit than it had in its previous 18 years. This trend continued into the third year when revenue was 11 times greater than the year before Dr. Tseng began managing the subsidiary. This one year saw revenue equal to the total amount of revenue of the previous 20 years combined. In recognition of the successful transformation of Grape King Bio, Dr. Tseng was awarded the EY "Entrepreneur Of The Year", "Manager Today" "Top 100 MVP Managers", "Golden Summit Award" "Top 10 Outstanding Leaders", "Golden Torch Award" "Top 10 Performance Managers" and "Excellent Food Entrepreneur", as well as the Asia Pacific Entrepreneurship Awards "Most Promising Award".</p>	5,761,244
Director	4	Tseng, Meiching	Master/Andrew Jackson University	<ul style="list-style-type: none"> <li>■ Deputy General Manager, Pro-Partner Ltd.</li> <li>■ Deputy Supervisor, Editorial Team in Independent Morning Post</li> </ul>	<p>Ms. Tseng joined the board in 2015 and has been a strong asset to board discussions and comprehensive decision-making. Ms. Tseng is currently the General Manager of Pro-Partner Ltd. Her previous experience in management, strategic marketing, human resources, and role in the editorial department within the media industry enhances the overall capabilities of the board. Ms. Tseng's insight and innovative thinking have been very much valued by the board.</p>	4,505,117
Director	94724	Huang, Yanxiang	University of Wisconsin-Madison B.S.	<ul style="list-style-type: none"> <li>■ Transamerica Audit</li> <li>■ Executive Director/Vice Chairman, Kingwhale Industries Corp.</li> <li>■ Chairman, CING-BIAO BIO Corp.</li> </ul>	<p>Mr. Huang has strong experience in both auditing and management. He is currently an Executive Director and General Manager of Kingwhale Industries Corp, a textile firm whose fleece is used by leading outdoor sports brands, including the Winter Olympics in 2002. Its customers are globally-recognized names throughout Taiwan, United States and Southeast Asia.</p> <p>Mr. Huang graduated from the University of Wisconsin-Madison and has also worked as an Auditor at Transamerica Audit. Mr. Huang's expertise and experience in leading businesses to reach international standards complements Grape King's overseas market strategy and development into international markets.</p>	13,000
Director	16	Chang, Zhihua	MBA-Marketing, The George Washington University	<ul style="list-style-type: none"> <li>■ General Manager, MEC Taiwan</li> <li>■ Global Activation Manager, Heineken International</li> <li>■ Marketing Director, Heineken Taiwan</li> <li>■ Marketing Director, CIBA Vision/Novartis Taiwan</li> <li>■ Senior Brand Manager, GSK Taiwan</li> </ul>	<p>Mr. Chang has been serving as a Director on the board of Grape King since 2009 and specializes in Marketing and Corporate Operations.</p> <p>Mr. Chang holds an MBA in Marketing from the George Washington University. He has had a successful career as the General Manager of MEC Taiwan, Marketing Director of Heineken Taiwan, and Marketing Director of CIBA Vision/Novartis Taiwan.</p> <p>Mr. Chang is currently a Senior Consultant of BTS Taiwan, a professional consulting company founded in Sweden in 1986. Sixty of the Fortune 100 companies worldwide are clients of BTS. Mr. Chang has provided services to several global clients such as Microsoft, Disney, SAP, GSK, Novartis, Boehringer Ingelheim, PPG, Bluescope, and UCB. This rich experience has given Mr. Chang expertise in advising enterprises on business management and strategic decision-making. He excels in enhancing the competitiveness of enterprises through motivating leadership and inspiring innovative thinking in organizations and is an asset to the board in challenging more diversified thinking.</p>	1,538,386
Director	99831	Lai, Zhiwei	M.S. in Department of Industrial Design, National Taipei University of Technology	<ul style="list-style-type: none"> <li>■ Department Leader, Products Strategy Department, Technology Research &amp; Development Center, Carmax Company Ltd.</li> <li>■ Design Director, Paper ariacorporation</li> <li>■ Eyewear Designer, All-Logic Int.Co.,Ltd.</li> </ul>	<p>Mr. Lai is the youngest nominee to the board in 2018 as Grape King aims to refresh the board and promote diversity in age as well as thought and expertise. Mr. Lai is currently the Head of the Commodity Strategy Department at Carmax Corporate of Hotal Motor Group. He specializes in innovation and design and has been awarded several patents and design awards since 2007.</p> <p>As Grape King continues to promote brand rejuvenation, actively reaches out to younger customers and expands in overseas markets, we welcome the fresh perspectives of Mr. Lai as a new board member.</p>	653,000
Director	129223	Ding Fu Investment Co., Ltd.				1,293,000

Candidate Position	Shareholder NO / Company ID	Name	Education	Experience	Rationale	Shares
Independent director		Lin, Fengyi	<ul style="list-style-type: none"> <li>■ M.S. in School of Economics, Nankai University</li> <li>■ B.S. in Accounting, Soochow University</li> </ul>	<ul style="list-style-type: none"> <li>■ Director and Vice President, Want Want China Holdings Limited</li> </ul>	<p>Mr. Lin joined the board in 2015 as an Independent Director. He brings his strong knowledge in Accounting and Finance to the board and in the past has helped numerous companies to list publicly. Mr. Lin has also previously worked in the food industry as a Vice-President at Want Want China Holdings Limited. His professional knowledge and independent oversight helps to strengthen minority shareholder rights and improve overall corporate governance for the company.</p>	-
Independent director		Chen, Ching-Fu	<ul style="list-style-type: none"> <li>■ Ph.D. in Decision Sciences, Harvard University</li> <li>■ M.S. in Engineering Sciences, Harvard University</li> <li>■ B.S. in Electrical Engineering and Mathematics, Virginia Military Institute</li> </ul>	<ul style="list-style-type: none"> <li>■ Independent Director, ADDA Corporation</li> </ul>	<p>Dr. Chen, a professor of Yuan Ze University, was nominated as an independent director in 2015 and also helps to enhance cooperation between the industry and academia.</p> <p>Transitioning from a military career to education, Dr. Chen holds a Ph.D. in Decision Sciences from Harvard University and specializes in decision sciences, policy analysis and planning, crisis decision-making and management, as well as leadership and transformation. He has also been selected as one of the "Ten Outstanding Young Persons."</p> <p>Dr. Chen's management expertise and independence is a great resource in discussions on Grape King's transformation, brand repositioning, and future strategy.</p>	-
Independent director		Miao, Yifan	<ul style="list-style-type: none"> <li>■ M.S. in Peking University Law School</li> <li>■ M.S. in Law, Peking University</li> </ul>	<ul style="list-style-type: none"> <li>■ Duty Solicitor, Awakening Foundation</li> <li>■ Deputy Secretary General, Consumers' Foundation, Chinese Taipei</li> <li>■ Committee member, Jing Chuan Child Safety Foundation</li> <li>■ Examining Commissioner/Legal Aid Lawyer, Legal Aid Foundation</li> <li>■ Sewerage System Examiner, Construction and Planning Agency, Ministry of The Interior</li> <li>■ Deputy Secretary General/Vice Director, "Consumer Reports" Magazine in Consumers' Foundation, Chinese Taipei</li> <li>■ Committee member, Taipei Traffic Accident Arbitrated Commission</li> </ul>	<p>Ms. Miao is a new nominee to the board as an Independent Director. She holds a Master's degree in Law from Peking University and focuses on building bridges between consumers and companies, working with the Consumers' Foundation Chinese Taipei for many years. As a healthcare company, Grape King is vigilant about consumers' food safety and the addition of Ms. Miao to the board will help not only in adding legal expertise but also as an advocate for consumers' health and other interests.</p>	-
Supervisor	15	Chih Sheng Chang	<ul style="list-style-type: none"> <li>■ Bachelor's degree in Department of Pharmacy, Chia Nan University of Pharmacy &amp; Science</li> </ul>	<ul style="list-style-type: none"> <li>■ Person in charge of Yuanlin Huihengtang Pharmacy</li> <li>■ Manager, SUPER STAR PHARMACEUTICAL Co.LTD</li> <li>■ Supervisor, SUN POWER PHARMACEUTICAL CO.LTD</li> <li>■ Director, Changhua Pharmaceutical Business Association</li> <li>■ General Manager, KUOWANG FOOD CO.LTD</li> <li>■ Director, YUSONG INTERNATIONAL INC</li> </ul>	<p>Mr. Chang has held roles as a director or a supervisor of Grape King since 1997 and has a deep understanding of the company and its transformation.</p> <p>Mr. Chang holds a Bachelor's degree from the Department of Pharmacy at Chia Nan University of Pharmacy &amp; Science and is a professional pharmacist. He previously worked with the Pharmaceutical Business Association and has been a professional manager for various firms. Mr. Chang's experience is a strong fit for Grape King's board, operating in the pharmaceutical industry and having now obtained the PIC/S GMP license. In addition, Mr. Chang has a solid understanding of Chinese markets and continuously provides Grape King with the latest insight of the current landscape and other relevant information.</p>	2,093,957
Supervisor	68613	Hsing-Chun Chen	<ul style="list-style-type: none"> <li>■ EMBA in Executive Management, College of Management, National Chung Cheng University</li> </ul>	<ul style="list-style-type: none"> <li>■ Distributing Department, Taiwan Tobacco and Wine Monopoly Bureau (Taichung)</li> <li>■ Department of Securities/ Department of Loan Management, Land Bank of Taiwan, Taichung Branch</li> <li>■ Safe Deposit Box Department, Land Bank of Taiwan, Tainan Branch</li> <li>■ Managing Director, Chiayi City Childhood Education Association</li> </ul>	<p>Ms. Chen is a new nominee as an independent director in 2018 and will contribute greatly to a stronger and more diverse board.</p> <p>Ms. Chen has expertise in management, foreign languages, as well as early childhood education. She has completed an EMBA in Executive Management as well as studies in Foreign Languages and Literatures. Ms. Chen has previously worked in the banking industry and is currently in the education industry as the Principal of Chiayi City Jianan Kindergarten.</p> <p>Grape King is strongly committed to our CSR activities that not only support the communities we operate in but also support our values and long-term strategy. Ms. Chen's diverse skill set and strength in the education system will be an asset to our board.</p>	1,038,596

The qualifications of the above directors (including independent directors) and supervisors nominees have been reviewed and approved by the Board of Directors of the Company on

April 17, 2018.

## Grape King Bio Ltd. Articles of Incorporation

### Chapter 1    General Principles

Article 1 : The Company is named by Grape King Bio Ltd., which is organized in accordance with the regulation of company limited by share in The Company Act.

Article 2 : Business items of the Company is shown as follows.

1. C103050 Canned, Frozen, Dehydrated Food Manufacturing
2. C106010 Flour Milling
3. F203010 Retail sale of Food and Grocery
4. F102170 Wholesale of Food and Grocery
5. C201010 Prepared Animal Feeds Manufacturing
6. F202010 Retail sale of Animal Feeds
7. F102040 Wholesale of Nonalcoholic Beverages
8. C114010 Food Additives Manufacturing
9. F121010 Wholesale of food additives
10. F221010 Retail of food additives
11. C109010 Seasoning Manufacturing
12. F501030 Coffee/Tea Shops and Bars
13. C802041 Drugs and Medicines Manufacturing
14. F108021 Wholesale of Drugs and Medicines
15. F208021 Retail Sale of Drugs and Medicines
16. F208050 Retail Sale of the Second Type Patent Medicine
17. F108031 Wholesale of Drugs, Medical Goods
18. F208031 Retail sale of Medical Equipment's
19. C802100 Cosmetics Manufacturing
20. F108040 Wholesale of Cosmetics
21. F208040 Retail Sale of Cosmetics
22. C802090 Cleaning Products Manufacturing
23. F207030 Retail Sale of Cleaning Preparations
24. F107030 Wholesale of Cleaning Preparation
25. C105010 Edible Oil Manufacturing
26. C102010 Dairy Products Manufacturing
27. F206020 Retail Sale of Articles for Daily Use
28. F106020 Wholesale of Articles for Daily Use

29. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
30. F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
31. F401010 International Trade
32. H201010 Investment
33. H701010 Residence and Buildings Lease Construction and Development
34. C110010 Beverage Manufacturing
35. C199990 Other Food Manufacturing Not Elsewhere Classified
36. F102030 Wholesale of Tobacco Products and Alcoholic Beverages
37. F203020 Retail Sale of Tobacco and Alcoholic Beverages
38. I401010 General Advertising Services
39. JE01010 Rental and Leasing Business
40. IZ12010 Manpower Services
41. A101040 Edible Fungus and Algae
42. A101030 Special Crops
43. A101050 Flower Gardening
44. IG01010 Biotechnology Services
45. F401171 Alcohol Drink Import
46. F107080 Wholesale of Environment Medicines
47. F207080 Retail Sale of Environment Medicine
48. C802080 Pesticides Manufacturing
49. H703100 Real Estate Rental and Leasing
50. F601010 Intellectual Property
51. I101090 Food Consultancy
52. C201020 Pet food processing
53. F106060 Wholesale of pet food and appliances
54. F206050 Retail of pet food and appliances
55. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 : The Company is situated in Taoyuan City and may set up a subsidiary company at home and abroad through the resolution of Board of Directors and depends on the demand of business.

Article 3-1 : In the case of investment abroad for the Company, the total investment amount may be over 40% of paid-in capital, and it shall authorize Board of Directors to handle with investment related affairs.

Article 3-2 : The Company shall make endorsement and guarantee externally and the procedure shall be handled according to the regulation of endorsement and guarantee for the Company.

Article 4 : Deleted.

## **Chapter 2     Shares**

Article 5 : The total capital of the Company is 1.8 billion NTD, divided into 180 million shares with per vale of 10 NTD. It authorizes Board of Directors to issue the share separately if necessary.

Article 6 : The Company adopts registered stock system and issue shares without printing out of share but it shall contact and register at the Institute of Chartered Secretaries & Administrators

Article 7 : Deleted.

Article 8 : The Shareholder shall take his/her seal to make registration to The Company. The Shareholders exercises every right depends on the seal kept in the Company

Article 9 : Unless otherwise specified in ordinance or regulation of securities, for the Shareholder of the Company handles Stockholder affairs such as stock transfer, setting the pledge, inheritance, favor, report the loss of seal, change of seal or change of address, it shall be handled according to “The Company Act” and “Criteria Governing Handling of Stock Affairs by Public Stock Companies”.

Article 10 : In the event of missing or destroying shares, the Company will handle according to “The Company Act” and “Criteria Governing Handling of Stock Affairs by Public Stock Companies” issued by the competent authority.

Article 11 : Deleted

Article 12 : In the case of performing negotiable endorsement of shares, shareholder cannot go against the change of the Stockholders’ list unless recording the name or tile of transferee on the share, recording the name or tile and address of transferee on the shareholders’ list 60 days prior to Stockholder’s regular meeting/ 30 days prior to provisional Stockholders’ meeting or 5 days prior to base date of determining distribution of stock dividend or other interests.

Article 13 : Deleted °

## **Chapter 3     Stockholders’ Meeting**

Article 14 : Shareholders’ meeting consists of two types, one is regular shareholders’ meeting, the other is provisional shareholders meeting. The regular shareholders’ meeting will be conducted



by the Chairman of the Board and may be held within six months after the end of fiscal year every year. The provisional shareholders' meeting may be held if necessary.

Article 15 : The convening of regular shareholders' meeting shall be conducted according to the regulations of The Company Act

Article 16 : Unless other regulations in law, the Shareholder of the Company has the voting right, and one stock for one voting right.

Article 17 : On the occasion of being unable to attend shareholders' meeting, a shareholder can issue a power of attorney listing range of authorization with his/her signature or seal to delegate a deputy for attendance. Authority for the regulations of delegating attendance of a shareholder, in addition to conducting according to the regulations of Article 177, The Company Act, it shall handle according to "Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" proclaimed by competent authority

Article 18 : Unless otherwise specified in The Company Act, for the resolution of Shareholders' meeting, it shall be made by the attendance with over a half of the shareholders holding outstanding number of shares and agreement of over a half of attending shareholders with voting rights. In the event of case insufficient number of attending shareholders, it shall be made by the attendance with over one third of shareholders holding outstanding number of shares, conforming to the Article 175 of The Company Act. The Company also could exercise the voting power by way of electronic transmission, however, a shareholder who exercises his/her/its voting power by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person. For the related events comply with the regulations of laws.

Article 19 : The resolution events of Shareholders' meeting shall be made as meeting minutes, and then signed or sealed by the chairman and dispatched the meeting minutes to each Stockholder within 20 days after the meeting. The dispatch of the previous meeting minutes shall be performed through announcement to those whom signed the sign-in book for attending Shareholders meeting. The power of attorney acting on behalf of other Director's attendance shall be kept in the Company according to Article 183, The Company Act.

#### **Chapter 4     Director and Supervisor**

Article 20 : The Company shall set up a Board of between 9 – 11 persons to act as Directors and the Board of Directors is authorized to determine the number of Directors with tenure of three years. 2 persons will be appointed supervisors for tenure of three years. The aforesaid

Board of Directors must have at least two independent directors and not less than one-fifth of the total number of directors. All Directors and supervisors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the Company Law. The nomination of directors and supervisors and related announcement shall comply with the relevant regulations of the Company Law and the Securities and Exchange Law. The election of independent directors and non-independent directors and non-independent directors elected shall be calculated separately. Total amount of registered stock that all Directors and supervisors may hold shall not lower than the ratio regulated by competent authority.

Article 20-1 : Deleted.

Article 21 : Upon Directors organize Board of Directors it shall elect one of them within Board of Directors as the Chairman of the Board. The Chairman of the Board holds Shareholders' meeting internally and acts on behalf of the Company externally. In the event of absence, the Chairman of the Board shall designate a Director to be deputed. Directors may elect one of them in case of no designation hereof.

Article 22 : The Directors may issue a power of attorney when unable attend the Directors' meeting to delegate other Director for acting on behalf of the Director to attend the meeting. However, the deputy is subjected to be delegated by one person. When holding video conference, the Director may be regarded as attending in person for the case that Director attending the video conference.

Article 22-1 : Directors' meeting shall be convened once a quarter with the written purpose to inform every Director and supervisor seven days prior to the meeting date. In the event of emergency, Directors may convene at any time. The convening of the previous paragraph may be made at any time by written mail, facsimile, and E-mail etc.

Article 23 : Unless other regulations in The Company Act or Article of Association, it shall be made a resolution by Directors' meeting for all its business policies and important events, on occasion of resolution, it shall be made by over a half of the Directors' attendances and over a half of the agreement of attending Directors.

Article 24 : The proceedings of Directors' meeting shall be made as meeting minutes and then issued to every Director within 20 days after the meeting.

Article 25 : The Supervisor shall take charge of auditing all businesses of the Company according to the regulations of The Company Act.

Article 25-1 : Board of Directors is authorized to determine the transportation allowance and remuneration based on reference of the industrial compensation level but not over the standard of highest level salary according to Guideline for Remuneration Criteria.

Article 25-2 : Deleted

Article 25-3 : The Company shall purchase liability insurance for Directors and supervisors to guarantee Director or Supervisor to take potential legal responsibility occurring from the implementation of duties thereof.

## **Chapter 5     Manager**

Article 26 : The Company shall set up managers, and the appointment, discharge and remuneration shall be handled in accordance with the regulations of Article 29, The Company Act.

## **Chapter 6     Accounting**

Article 27 : The fiscal year of The Company begins on January 1 and ends on December 31 every year.

Article 28 : Board of Directors shall prepare the following financial reports according to the regulations of The Company Act at the end of fiscal year of The Company and hand over to the Supervisor for auditing or delegating certified public accountant to certify and issue relevant reports by the Supervisor, and propose in shareholders' meeting for admission.

1. Annual Business Report
2. Financial Report
3. Proposal for Appointment of Profit or Loss

Article 29 : The Company shall make appropriate provisions for Employee bonus and remuneration to Director and Supervisor according to the proportion as below on the occasion of a profit making year.

However, it shall preserve amount to cover the deficit and then make appropriate provisions to employee bonuses and remunerations to Directors and Supervisors by following proportion in case that there is accumulated deficits in the Company.

(1) Employee Bonus:

The Company shall make appropriate provisions based on Income Before Tax (Employee Bonus and Remuneration to Director and Supervisor excluded) for 6-8% as employee bonus and distribute and issue stock or cash depends on the resolution of Board of Directors. The distributed targets include the employees of subsidiary company on the proviso of meeting certain conditions.

(2) Remuneration to Director and Supervisor:

The Company shall make appropriate provisions but not more than 2% based on Income before Tax (Employee Bonus and Remuneration to Director and Supervisor excluded) for Remuneration to Director and Supervisor).

The distribution proposal of employee bonus and remuneration to Director and Supervisor shall be proposed in Directors' meeting.

Article 30 : The Company shall pay taxes and cover accumulated deficits and then make appropriate provisions of about 10% for legal reserve. In the case of making profit earnings at the close of business year after settlement, while the legal reserve reaches the paid-in capital of the Company, it may not make an provision anymore. The Company may make appropriate provision or reverse to special reserve for the surplus. In the event of an undistributed earnings of current year, it shall combine with accumulated undistributed earnings to apply for formulating earning distribution proposal to Board of Directors and propose it in the shareholders' meeting for distribution of dividends to shareholders. The dividend policy of The Company shall conform to the current and future development plans and consider the investment environment. Capital demand and domestic and international competitive conditions in addition to taking into account of stockholder's interest. It shall make an appropriate provision but not lower than 60% of the undistributed earnings of current year for distributing dividends to shareholders.

The Company may not distribute when the accumulated undistributed earnings is lower than paid-in capital. It may adopt cash or stock for distribution of dividends to shareholders. The cash dividend is subjected to not lower than 10% of stock dividends.

## Chapter 7 Supplementary Articles

Article 31 : For the events not stipulated in The Article, it complies with the regulations of The Company Act.

Article 32 : The Article is stipulated on March 6 1971. The 1st amendment was on July 31, 1973. The 2nd amendment was on January 20 1774. The 3rd amendment was on April 11, 1977. The 4th amendment was on February 5 1979. The 5th amendment was on May 6 1979. The 6th amendment was on March 29, 1980. The 7th amendment was on March 29 1981. The 8th amendment was on February 21, 1982. The 9th amendment was on May 3, 1985. The 10th amendment was on June 17 , 1986. The 11th amendment was on November 20, 1986. The twelve amendment was on May 23, 1987. The 13th amendment was May 25, 1988. The 14th amendment was on May 24 1989. The 15th amendment was on November 3, 1989. The 16th amendment was on April 19, 1990. The 17th amendment was on September 9, 1991. The 18th amendment was on May 25, 1992. The 19th amendment was on April 23, 1993. The 20th amendment was on May 30, 1994. The 21st amendment was on May 31, 1995. The 22nd amendment was on May 29, 1996. The 23rd amendment was on June 16,

1997. The 24th amendment was on June 26, 1998. The 25th amendment was on June 26, 1998. The 26th amendment was on June 25, 1999. The 27th amendment was on June 12, 2000. The 28th amendment was on June 14, 2001. The 29th amendment was on June 12, 2002. The 30th amendment was on June 18, 2003. The 31st amendment was on June 21, 2004. The 32nd amendment was on June 17, 2005. The 33rd amendment was on June 14, 2006. The 34th amendment was on June 18, 2008. The 35th amendment was on June 19, 2009. The 36th amendment was June 13, 2012. The 37th amendment was on June 23 2014. The 38th amendment was on June 26, 2015. The 39th amendment was on June 16, 2016. The 40th amendment was on June 13, 2017.

**Grape King Bio Ltd.**  
**Rules of Procedure for Shareholders Meetings**

Approved by the shareholders' meeting held on June 13, 2012

**Article 1**

The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, shall be as provided in these Rules.

**Article 2**

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book or sign-in cards handed.

**Article 3**

A shareholder except as otherwise provided by law, shall be entitled to one vote for each share held.

**Article 4**

The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

**Article 5**

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the Managing Directors to act as chair, or, if there are no Managing Directors, one of the Directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the Managing Directors or the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors the convening party shall chair the meeting.

**Article 6**

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

**Article 7**

The Company shall make an audio or video recording of the shareholders meeting and retained for at least 1 year.

**Article 8**

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

**Article 9**

If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

After the meeting is adjourned, shareholders may not separately elect a chair and resume the meeting at the original or another venue

**Article 10**

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

**Article 11**

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

**Article 12**

When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

**Article 13**

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

**Article 14**

When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

**Article 15**

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

**Article 16**

When a meeting is in progress, the chair may announce a break based on time considerations.



**Article 17**

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after inquiry by the chairman.

**Article 18**

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

**Article 19**

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

**Article 20**

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

## Appendix 10

**Shareholdings of All Directors and Supervisors**

## 1. Minimum shares held by the Directors &amp; Supervisors and recorded shares held

Title	Minimum legally-held shares	Recorded shares held
Directors	8,135,192 shares	21,006,178 shares
Supervisors	813,519 shares	3,559,340 shares

## 2. Directors and Supervisors Shareholding Structure in detail

Account number	Title	Name	Recorded shares held	Note
5	Chairman	Andrew Tseng	5,761,244	
2	Director	Chang-Yeh Tseng	4,488,114	
4	Director	Mei-ching Tseng	4,505,117	
69197	Director	Yan-Yi Huang	1,953,542	
16	Director	Zhijia Chang	1,538,386	
47	Director	Cheng-An Lai	1,466,775	
129223	Director	Ding Fu Investment Co., Ltd.	1,293,000	
	Independent Director	Fengyi Lin	0	
	Independent Director	Ching-Fu Chen	0	
15	Supervisor	Chih-Sheng Chang	2,093,057	
466	Supervisor	Mei-Li Chen	1,465,383	

Note: as of March 31, 2018



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