

English Translation of Financial Statements and a Report Originally Issued in Chinese

GRAPE KING BIO LTD.
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
AS OF SEPTEMBER 30, 2017 AND 2016
AND FOR THE NINE-MONTH PERIODS THEN ENDED
(REVIEWED BUT UNAUDITED)

Address: No.402, Sec. 2, Jinling Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)
Telephone: 886-3-457-2121

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To: The Board of Directors of
Grape King Bio Ltd.

We have reviewed the accompanying consolidated balance sheets of Grape King Bio Ltd. and subsidiaries as of September 30, 2017 and 2016, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended and the consolidated statements of changes in equity and cash flows for the nine-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews. We did not review the financial statements of Pro-partner Inc., a 60%-owned subsidiary of the Company, as of September 30, 2017 and 2016 and for the nine-month periods then ended while they were reviewed by other auditors. Our reviews, insofar as it relates to the financial statements of Pro-partner Inc. are based solely on the reports of the other auditors. As of September 30, 2017 and 2016, total assets of Pro-partner Inc. were NT\$4,342,033 thousand and NT\$4,251,858 thousand, representing 47.86% and 48.36% of the consolidated total assets, respectively, while the operating revenues for the three-month periods then ended were NT\$1,851,791 thousand and NT\$1,972,358 thousand, representing 82.51% and 85.87%, of the consolidated operating revenues, respectively, and the operating revenues for the nine-month periods then ended were NT\$5,719,159 thousand and NT\$5,998,579 thousand, representing 86.63% and 90.12%, of the consolidated operating revenues, respectively.

We conducted our reviews in accordance with the Taiwan R.O.C.'s Statements of Auditing Standards No. 36, "Review of Financial Statements". A review is limited primarily to applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

(To be continued)

(Continued)

Based on our reviews and the reports of other auditors, we are not aware of any material modifications or adjustments that should be made to the consolidated financial statements referred to above in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34, “Interim Financial Reporting” which are recognized by Financial Supervisory Commission of the Republic of China.



ERNST & YOUNG

November 8th, 2017

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 September 30, 2017, December 31, 2016 and September 30, 2016 (September 30, 2017 and 2016 are Reviewed but Unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			Liabilities and Stockholders' Equity	Notes	As of		
		September 30, 2017	December 31, 2016	September 30, 2016			September 30, 2017	December 31, 2016	September 30, 2016
Current assets					Current liabilities				
Cash and cash equivalents	4,6(1)	\$1,235,295	\$1,899,302	\$1,047,715	Short-term debt	4,6(12),8	\$330,000	\$50,000	\$30,000
Financial assets at fair value through profit or loss, current	4,6(2)	70,274	346,062	476,166	Notes payable		198	11,335	2,225
Debt investments without active market	4,6(4)	43,055	43,385	43,765	Accounts payable		283,407	186,737	217,841
Notes receivable, net	4,6(5)	4,433	5,098	5,647	Other payables	6(13)	1,282,770	1,686,213	1,485,570
Accounts receivable, net	4,6(6)	282,468	196,383	117,375	Other payables-related parties	7	22,241	33,079	23,782
Accounts receivable-related parties, net	4,6(6),7	-	2,907	10,774	Current tax liabilities	4,6(25)	137,009	288,031	164,150
Other receivables	4	8,490	4,056	4,157	Other current liabilities	6(9)(14),7	222,528	174,668	287,235
Inventories, net	4,6(7)	526,384	434,990	498,230	Current portion of bonds payable	4,6(15)	171,459	-	-
Prepayments	4,6(8)	65,689	32,645	50,684	Current portion of long-term loans payable	4,6(16),8	46,518	43,087	34,671
Other current assets	4,6(8)	16,883	5,736	8,139	Total current liabilities		<u>2,496,130</u>	<u>2,473,150</u>	<u>2,245,474</u>
Total current assets		<u>2,252,971</u>	<u>2,970,564</u>	<u>2,262,652</u>	Non-current liabilities				
Non-current assets					Bonds payable	4,6(15)	-	168,981	371,744
Financial assets at fair value through profit or loss, non current	4,6(2)(15)	-	87	662	Long-term debt	4,6(16),8	713,176	943,523	957,698
Financial assets measured at cost	4,6(3)	28,028	28,028	28,028	Deferred tax liabilities	4,6(25)	69,272	69,272	69,155
Debt investments without active market	4,6(4),8	4,460	4,460	4,460	Other liabilities	4,6(17)	97,170	111,881	116,766
Property, plant and equipment	4,6(9),8	6,268,347	6,084,377	6,038,243	Total non-current liabilities		<u>879,618</u>	<u>1,293,657</u>	<u>1,515,363</u>
Investment properties	4,6(10)	185,985	185,985	185,985	Total liabilities		<u>3,375,748</u>	<u>3,766,807</u>	<u>3,760,837</u>
Intangible assets	4,6(11)	22,664	26,635	27,169	Equity attributable to the parent company				
Deferred tax assets	4,6(25)	6,211	22,381	5,952	Capital	6(20)			
Other assets-others	4,6(8)	303,291	227,239	238,935	Common stock		1,352,142	1,352,142	1,339,502
Total non-current assets		<u>6,818,986</u>	<u>6,579,192</u>	<u>6,529,434</u>	Additional paid-in capital	6(15)(20)	799,221	799,221	608,360
					Retained earnings	6(20)			
					Legal reserve		675,213	545,536	545,536
					Special reserve		74,671	74,671	74,671
					Unappropriated earnings		1,980,394	2,062,646	1,676,600
					Other components of equity		(36,401)	(26,204)	(19,916)
					Treasury stock	6(20)	(91,062)	-	-
					Non-controlling interests	6(20)(27)	942,031	974,937	806,496
					Total equity		<u>5,696,209</u>	<u>5,782,949</u>	<u>5,031,249</u>
Total assets		<u>\$9,071,957</u>	<u>\$9,549,756</u>	<u>\$8,792,086</u>	Total liabilities and equity		<u>\$9,071,957</u>	<u>\$9,549,756</u>	<u>\$8,792,086</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 COMPREHENSIVE INCOME

For the three-month and nine-month periods ended September 30, 2017 and 2016 (Reviewed but Unaudited)

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

	Notes	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2017	2016	2017	2016
Operating revenues	4,6(21),7	\$2,244,411	\$2,296,914	\$6,601,747	\$6,656,555
Operating costs	7	(398,512)	(361,342)	(1,035,981)	(859,128)
Gross profit		1,845,899	1,935,572	5,565,766	5,797,427
Operating expenses	7				
Sales and marketing		(1,136,967)	(1,196,950)	(3,613,631)	(3,714,941)
General and administrative		(120,862)	(146,523)	(338,594)	(399,054)
Research and development		(42,179)	(26,276)	(116,932)	(84,495)
Operating expenses total		(1,300,008)	(1,369,749)	(4,069,157)	(4,198,490)
Operating income		545,891	565,823	1,496,609	1,598,937
Non-operating income and expenses					
Other income	6(23),7	27,876	24,905	156,264	79,061
Other gain or losses	6(23)	845	(578)	(4,461)	(210)
Finance costs	6(23)	(4,266)	(6,894)	(13,282)	(26,982)
Non-operating income and expenses total		24,455	17,433	138,521	51,869
Income from continuing operations before income tax		570,346	583,256	1,635,130	1,650,806
Income tax expense	4,6(25)	(90,169)	(91,732)	(333,610)	(317,888)
Net income		480,177	491,524	1,301,520	1,332,918
Other comprehensive income (loss)	6(24)				
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		4,517	(11,362)	(10,197)	(20,311)
Income tax related to components of other comprehensive income		-	-	-	-
Total other comprehensive income (loss), net of tax		4,517	(11,362)	(10,197)	(20,311)
Total comprehensive income		\$484,694	\$480,162	\$1,291,323	\$1,312,607
Net income (loss) attributable to:					
Stockholders of the parent		\$329,664	\$332,641	\$909,545	\$911,242
Non-controlling interests	6(27)	150,513	158,883	391,975	421,676
		\$480,177	\$491,524	\$1,301,520	\$1,332,918
Total comprehensive income (loss) attributable to:					
Stockholders of the parent		\$334,181	\$321,279	\$899,348	\$890,931
Non-controlling interests	6(27)	150,513	158,883	391,975	421,676
		\$484,694	\$480,162	\$1,291,323	\$1,312,607
Earnings per share-basic (in NTS)	6(26)	\$2.45	\$2.51	\$6.75	\$6.96
Earnings per share-diluted (in NTS)	6(26)	\$2.43	\$2.46	\$6.68	\$6.76

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 nine-month periods ended September 30, 2017 and 2016 (Reviewed but Unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings					Other Components of Equity		Total	Non-Controlling	
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Treasury stock		Interests	Total Equity
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	\$36,501	548,793						585,294	-	585,294
Net income for the nine-months period ended September 30, 2016					911,242			911,242	421,676	1,332,918
Other comprehensive income, net of tax for the nine-months period ended September 30, 2016						(20,311)		(20,311)	-	(20,311)
Total comprehensive income	-	-	-	-	911,242	(20,311)	-	890,931	421,676	1,312,607
Balance as of September 30, 2016	\$1,339,502	\$608,360	\$545,536	\$74,671	\$1,676,600	\$(19,916)	\$-	\$4,224,753	\$806,496	\$5,031,249
Balance as of January 1, 2017	\$1,352,142	\$799,221	\$545,536	\$74,671	\$2,062,646	\$(26,204)	\$-	\$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)
Net income for the nine-months period ended September 30, 2017					909,545			909,545	391,975	1,301,520
Other comprehensive income, net of tax for the nine-months period months ended September 30, 2017						(10,197)		(10,197)	-	(10,197)
Total comprehensive income	-	-	-	-	909,545	(10,197)	-	899,348	391,975	1,291,323
Treasury stock purchased							(91,062)	(91,062)		(91,062)
Balance as of September 30, 2017	\$1,352,142	\$799,221	\$675,213	\$74,671	\$1,980,394	\$(36,401)	\$(91,062)	\$4,754,178	\$942,031	\$5,696,209

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 nine-month periods ended September 30, 2017 and 2016 (Reviewed but Unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the nine-month periods ended September 30,			For the nine-month periods ended September 30,	
	2017	2016		2017	2016
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$1,635,130	\$1,650,806	Acquisition of debt investments without active market	-	(41,370)
Adjustments to reconcile net income (loss) before tax to net cash provided by (used in) operating activities:			Acquisition of property, plant and equipment	(618,812)	(556,624)
Depreciation	161,854	150,141	Disposal of property, plant and equipment	46	186
Amortization	4,881	2,725	Decrease (increase) in refundable deposits	3,798	(4,802)
Bad debt expenses (reversal)	(142)	2,432	Acquisition of intangible assets	(910)	(16,699)
Net gain of financial assets at fair value	(621)	(1,445)	Other non-financial assets	(2,608)	(562)
Interest expense	13,282	26,982	Net cash provided by (used in) investing activities	(618,486)	(619,871)
Interest income	(3,486)	(2,582)	Cash flows from financing activities:		
Loss (gain) from disposal of property, plant and equipment	3,452	862	Increase (decrease) in short-term loans	280,000	30,000
Changes in operating assets and liabilities:			Decrease in long-term loans	(226,916)	(500,965)
Financial asset held for trading	276,496	247,175	Guarantee deposit received	2,513	16,173
Notes receivable	641	2,665	Cash dividends	(1,287,001)	(1,086,208)
Accounts receivable	(85,919)	(46,520)	Cost of Treasury stock	(91,062)	-
Accounts receivable-related parties	2,907	1,946	Net cash provided by (used in) financing activities	(1,322,466)	(1,541,000)
Other receivables	(4,418)	(2,473)	Effect of exchange rate changes on cash and cash equivalents	(5,552)	542
Inventories	(91,394)	(138,756)	Net increase (decrease) in cash and cash equivalents	(664,007)	(384,845)
Prepayments	(31,047)	(22,808)	Cash and cash equivalents at beginning of period	1,899,302	1,432,560
Other current assets	(11,147)	2,280	Cash and cash equivalents at end of period	\$1,235,295	\$1,047,715
Notes payable	(11,137)	1,451			
Accounts payable	96,670	65,764			
Other payables	(242,319)	2,022			
Other payables-related parties	-	(3,565)			
Advance receipts	99,050	90,997			
Other current liabilities	(40,789)	124,429			
Accrued pension liabilities	(13,585)	(20,454)			
Cash generated from operations	1,758,359	2,134,074			
Interest received	3,470	2,586			
Interest paid	(10,870)	(14,847)			
Income tax paid	(468,462)	(346,329)			
Net cash provided by (used in) operating activities	1,282,497	1,775,484			

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

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As Of September 30, 2017 And 2016 And For The Nine-month Periods Then Ended

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

1. History and organization

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

2. Date and procedures of authorization of financial statements for issuance

The consolidated financial statements of the Company and subsidiaries ("the Group") for the nine-month periods ended September 30, 2017 and 2016 were authorized for issuance at November 8, 2017 by the Board of Directors.

3. Newly issued or revised standards and interpretations

- (1) The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2017.
- (2) Standards or interpretations issued, revised or amended, which are endorsed by FSC, but not yet adopted by the Group at the date of issuance of the Group's financial statements are listed below.
 - (a) IFRS 15 "Revenue from Contracts with Customers"

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after January 1, 2018.

(b) IFRS 9“Financial Instruments”

The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9 *Financial Instruments* (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).

Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that 'own credit risk' adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

The new standard is effective for annual periods beginning on or after January 1, 2018. Consequential amendments on the related disclosures also become effective for annual periods beginning on or after January 1, 2018.

- (c) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

The effective date of this amendment has been postponed indefinitely, but early adoption is allowed.

- (d) IAS 12“Income Taxes” — Recognition of Deferred Tax Assets for Unrealized Losses

The amendment clarifies how to account for deferred tax assets for unrealized losses. The amendment is effective for annual periods beginning on or after January 1, 2017.

- (e) Disclosure Initiative — Amendment to IAS 7 “Statement of Cash Flows”:

The amendment relates to changes in liabilities arising from financing activities and to require a reconciliation of the carrying amount of liabilities at the beginning and end of the period. The amendment is effective for annual periods beginning on or after January 1, 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(f) IFRS 15 “Revenue from Contracts with Customers” — Clarifications to IFRS 15

The amendment clarifies how to identify a performance obligation in a contract, determine whether an entity is a principal or an agent, and determine whether the revenue from granting a licence should be recognized at a point in time or over time. The amendment is effective for annual periods beginning on or after January 1, 2018.

(g) IFRS 2 “Share-Based Payment” — Amendments to IFRS 2

The amendment contains (1) clarifying that vesting conditions (service and non-market performance conditions), upon which satisfaction of a cash-settled share-based payment transaction is conditional, are not taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, these are taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction, (2) clarifying if tax laws or regulations require the employer to withhold a certain amount in order to meet the employee’s tax obligation associated with the share-based payment, such transactions will be classified in their entirety as equity-settled share-based payment transactions if they would have been so classified in the absence of the net share settlement feature, and (3) clarifying that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date and is recognised in equity, on the modification date, to the extent to which goods or services have been received. The liability for the cash-settled share-based payment transaction as at the modification date is derecognised on that date. Any difference between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss. The amendment is effective for annual periods beginning on or after January 1, 2018.

(h) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts — Amendments to IFRS 4

The amendments help to resolve issues arising from the different effective dates for IFRS 9 “Financial Instruments” (January 1, 2018) and the new insurance contracts standard about to be issued by the IASB (still to be decided, but not before January 1, 2020). The

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

amendments allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 “Financial Instruments” before the IASB’s new insurance contracts standard becomes effective. The amendments introduce two approaches: an overlay approach and a temporary exemption. The overlay approach allows an entity applying IFRS 9 to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before the new insurance contracts standard is applied. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 until 2021 (these entities that defer the application of IFRS 9 will continue to apply IAS 39).

(i) Transfers of Investment Property — Amendments to IAS 40

The amendments relate to the transfers of investment property. The amendments clarify that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use, the entity should transfer property into and out of investment property accordingly. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after January 1, 2018.

(j) Improvements to International Financial Reporting Standards (2014-2016 cycle):

IFRS 1 “First-time Adoption of International Financial Reporting Standards”

The amendments amend transition requirements relating to certain standards and delete short-term exemptions under Appendix E for first-time adopter. The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 12 “Disclosure of Interests in Other Entities”

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity’s interests that are classified as held for sale or discontinued operations. The amendments are effective for annual periods beginning on or after January 1, 2017.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

IAS 28“Investments in Associates and Joint Ventures”

The amendments clarify that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and other qualifying entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9 “Financial Instruments” on an investment-by-investment basis. Besides, if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries on an investment-by-investment basis. The amendments are effective for annual periods beginning on or after January 1, 2018.

(k) IFRIC 22 “*Foreign Currency Transactions and Advance Consideration*”

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 “The Effects of Changes in Foreign Exchange Rates”, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after January 1, 2018.

The abovementioned standards and interpretations issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2018. Apart from the potential impact of the standards and interpretations listed under (a), (b), (e), and (f) which is described below, all other standards and interpretations have no material impact on the Group:

(a) IFRS 15 “Revenue from Contracts with Customers” and (f) IFRS 15 “Revenue from Contracts with Customers” — Clarifications to IFRS 15

In addition to provide more extensive disclosure, IFRS 15 impacts on the Group’s accounting treatment as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(i) The consideration paid to customers

In accordance with IFRS 15, the Group will treat such consideration as a reduction toward the transaction price or revenue. The foregoing treatment is different from the current and the extent of impact is still under evaluation.

(ii) Transition clause

The Group is still evaluating the choice of transitional terms.

(b) IFRS 9 “Financial Instruments”

The Group elects not to restate prior periods in accordance with the requirements of IFRS 9 at the date of initial application (1 January 2018). The adoption of IFRS 9 has the following impacts on the Group:

A. Classification and measurement of financial assets

Available-for-sale financial assets – equity instrument investments measured at cost

Currently the Group assesses if an impairment loss is to be recognized on an equity instrument investment measured at cost, where there is objective evidence of impairment. As such investment is not held for trading, at 1 January 2018, the Group designates such investment to be measured at fair value through other comprehensive income and no assessment of impairment on the investment is required. Consequently, the carrying amount of those investments, other equity and retained earnings as at 1 January 2018 would be adjusted, with the final amounts yet to be determined.

Impairment of financial assets

This is applicable to financial assets not measured at fair value through profit or loss. In accordance with the requirements of IFRS 9, a loss allowance for debt instruments is measured using the expected credit loss model, whereas trade receivables or contract assets that result from transactions that are within the scope of IFRS 15 is measured using the simplified approach (provision matrix); and no assessment of impairment on equity instrument is required. The aforementioned requirements on impairment is different from the current incurred loss model and the final impact is yet to be determined.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

B. Others

Consequential amendments on the related disclosures in IFRS 9 were also made as a result of the application of IFRS 9, which include the disclosure requirements related to the initial application of IFRS 9. Therefore more extensive disclosure would have to be made.

(e) Disclosure Initiative — Amendment to IAS 7 “Statement of Cash Flows”

Additional disclosure of a reconciliation of the carrying amount of liabilities arising from financing activities at the beginning and end of the period would be required.

(3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Group’s financial statements are listed below.

(a) IFRS 16 “Leases”

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions). Lessor accounting still uses the dual classification approach: operating lease and finance lease. The Standard is effective for annual periods beginning on or after January 1, 2019.

(b) IFRIC 23 “Uncertainty Over Income Tax Treatments”

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. The Interpretation is effective for annual periods beginning on or after January 1, 2019.

(c) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

- (i) Estimates of future cash flows;
- (ii) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
- (iii) A risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts. IFRS 17 is effective for annual periods beginning on or after January 1, 2021.

(d) IAS 28“Investment in Associates and Joint Ventures” — Amendments to IAS 28

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture before it applies IAS 28, and in applying IFRS 9, does not take account of any adjustments that arise from applying IAS 28. The amendment is effective for annual reporting periods beginning on or after 1 January 2019.

(e) IFRS 9 “Financial Instruments” — Amendments to IFRS 9

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract, to be measured at amortised cost or at fair value through other comprehensive income. The amendment is effective for annual reporting periods beginning on or after 1 January 2019.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (1), it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the nine-month ended September 30, 2017 and 2016 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as recognized by the FSC.

Except the following 4(3) ~ 4(6), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2016. For more details, please refer to Note 4 of the Company’s consolidated financial statements for the year ended December 31, 2016.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Basis of consolidation

The same principles of consolidation have been applied in the Company’s consolidated financial statements as those applied in the Company’s consolidated financial statements for the year ended December 31, 2016. For the principles of consolidation, please refer to Note 4(3) of the Company’s consolidated financial statements for the year ended December 31, 2016.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
The Company	Pro-partner Inc. (Pro-partner) (NOTE 2)	Sales	60%	60%	60%
The Company	GRAPE KING INTERNATIONAL INVESTMENT INC. (GKBVI)	Investment	100%	100%	100%
The Company	Rivershine Ltd. (Rivershine)	Sales	100%	100%	100%
GKBVI	Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Manufacturing and Sales	100%	100%	100%
GKBVI	Shanghai Rivershine Ltd. (Shanghai Rivershine)	Sales	100% (NOTE 1)	-	-

NOTE 1 : Shanghai Rivershine Ltd. was established in June 2017 as a wholly-owned subsidiary of GKBVI.

NOTE 2 : The financial statements of Pro-partner Inc. are based solely on the reports of the other auditors. As of September 30, 2017 and 2016, total assets of Pro-partner Inc. were NT\$4,342,033 thousand and NT\$4,251,858 thousand, and the operating revenues for the three-month and nine-month periods then ended were NT\$1,851,791 thousand, NT\$1,972,358 thousand, NT\$5,719,159 thousand and NT\$5,998,579 thousand, respectively.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(4) Post-employment benefits

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

(5) Treasury stock

Treasury stock shall be measured at cost when acquired and recorded as a deduction against equity. Any price difference resulted from treasury stock transactions shall be recognized under the caption of equity.

(6) Income taxes

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the nine-month period ended September 30, 2017 as those applied in the Company's consolidated financial statements for the year ended December 31, 2016. For significant accounting judgments, estimates and assumptions, please refer to Note 5 to the Company's consolidated financial statements for the year ended December 31, 2016.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Cash on hand	\$4,267	\$4,187	\$4,940
Checkings and savings	922,715	1,045,316	686,788
Repurchase agreements collateralized by corporate bonds	99,840	699,734	179,973
Repurchase agreements collateralized by bonds	208,473	150,065	176,014
Total	<u>\$1,235,295</u>	<u>\$1,899,302</u>	<u>\$1,047,715</u>

(2) Financial assets at fair value through profit or loss

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Financial assets held for trading:			
Monetary fund	\$70,065	\$345,069	\$475,151
Valuation adjustments	174	993	1,015
Subtotal	<u>70,239</u>	<u>346,062</u>	<u>476,166</u>
Embedded Derivatives:			
Right of redemption	35	87	662
Total	<u>\$70,274</u>	<u>\$346,149</u>	<u>\$476,828</u>

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Current	\$70,274	\$346,062	\$476,166
Non-current	-	87	662
Total	<u>\$70,274</u>	<u>\$346,149</u>	<u>\$476,828</u>

Financial assets held for trading were not pledged.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(3) Financial assets measured at cost

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Stock of unlisted companies	\$28,028	\$28,028	\$28,028

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep.30, 2016
Current	\$-	\$-	\$-
Non-current	28,028	28,028	28,028
Total	\$28,028	\$28,028	\$28,028

- a. In 2016, the Company invested US\$917 thousand (equivalent to NT\$28,008 thousand) for 917,700 shares, representing 19% interest, of Fu-sheng International Inc. (Samoa). In 2016, the Company didn't participate an offering conducted by Fu-sheng International Inc. (Samoa) and its ownership interest in Fu-sheng International Inc. (Samoa) was reduced to 18.77%.
- b. The above investments in the equity instruments of unlisted entities are measured at cost as the fair value of these investments are not reliably measurable due to the fact that the variability in the range of reasonable fair value measurements is significant for that investment and that the probabilities of the various estimates within the range cannot be reasonably assessed and used when measuring fair value.
- c. Financial assets measured at cost were not pledged.

(4) Bond investments with no active market

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Time deposits	\$47,515	\$47,845	\$48,225
Current	\$43,055	\$43,385	\$43,765
Non-current	4,460	4,460	4,460
Total	\$47,515	\$47,845	\$48,225

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

For bond investments with no active market pledged as collateral, please refer to Note 8 to the consolidated financial statements for details.

(5) Notes receivables

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Notes receivables arising from operating activities	\$4,457	\$5,098	\$5,647
Less: allowance for doubtful accounts	(24)	-	-
Total	\$4,433	\$5,098	\$5,647

Notes receivables were not pledged.

(6) Trade receivables

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Trade receivables	\$285,730	\$199,811	\$120,936
Less: allowance for doubtful accounts	(3,262)	(3,428)	(3,561)
Subtotal	282,468	196,383	117,375
Trade receivables from related parties	-	2,907	10,774
Less: allowance for doubtful accounts	-	-	-
Subtotal	-	2,907	10,774
Total	\$282,468	\$199,290	\$128,149

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Receivables overdue and fully reserved	\$-	\$-	\$35,222
Less: allowance for doubtful accounts	-	-	(35,222)
Net	\$-	\$-	\$-

Accounts receivable which were expected to be outstanding for over one year have been recast for overdue receivable. Please refer to Note 6(8).

Trade receivables were not pledged.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Trade receivables are generally on the term of 30-135 days. The movements in the provision for impairment of trade receivables and trade receivables from related parties are as follows:

	Individually impaired	Collectively impaired	Total
As of Jan. 1, 2017	\$-	\$3,428	\$3,428
Charge/(reversal) for the current period	-	(142)	(142)
Exchange differences	-	-	-
As of Sep. 30, 2017	\$-	\$3,286	\$3,286
As of Jan. 1, 2016	\$37,488	\$3,373	\$40,861
Charge/(reversal) for the current period	-	188	188
Exchange differences	(2,266)	-	(2,266)
As of Sep. 30, 2016	\$35,222	\$3,561	\$38,783

Impairment loss individually determined for the nine -month period ended September 30, 2016 was due to the fact that the counterparty was in financial difficulties. The amount of impairment loss recognized was the difference between the carrying amount of the trade receivable and the present value of its expected recoverable amount. The Group did not hold any collateral for such trade receivables.

Aging analysis of trade receivables that were past due but not impaired was as follows:

As of	Neither past due nor impaired	Past due but not impaired:			Total
		<=90 days	90~180days	>180 days	
Sep. 30, 2017	\$275,068	\$2,779	\$2,163	\$2,458	\$282,468
Dec. 31, 2016	197,413	1,731	135	11	199,290
Sep. 30, 2016	107,452	20,388	294	15	128,149

(7) Inventories

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Raw materials	\$129,467	\$93,293	\$127,158
Supplies	29,353	22,953	24,186

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Semi-finished goods and Work in process	165,893	164,678	141,584
Finished goods	196,331	154,041	205,257
Merchandises	5,340	25	45
Total	<u>\$526,384</u>	<u>\$434,990</u>	<u>\$498,230</u>

- a. The cost of inventories recognized in expenses in amount of NT\$398,512 thousand, NT\$361,342 thousand, NT\$1,035,981 thousand and NT\$859,128 thousand for the three-month periods and nine-month periods ended September 30, 2017 and 2016, respectively, including the write-down of inventories, is detailed as following:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Inventory loss on retirement	\$3,257	\$439	\$10,274	\$2,538
Gains or loss from physical taking	(803)	(1,044)	(1,255)	(1,116)
Total	<u>\$2,454</u>	<u>\$(605)</u>	<u>\$9,019</u>	<u>\$1,422</u>

- b. No inventories were pledged.

(8) Prepayments and Other Assets

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Prepayment for purchase	\$44,623	\$11,530	\$36,213
Prepaid rental on land	46,318	48,315	49,560
Prepayment for equipment	206,314	129,820	146,850
Office Supplies	8,532	7,809	4,645
Other prepaid expenses	12,534	13,137	9,679
Other current assets	16,883	5,905	8,286
Refundable deposits	25,107	28,905	22,179
Overdue receivable	2,244	2,244	35,222
Less: allowance for doubtful debts	(2,244)	(2,244)	(35,222)
Defined benefit asset	2,745	-	-
Other noncurrent assets-other	22,807	20,199	20,346
Total	<u>\$385,863</u>	<u>\$265,620</u>	<u>\$297,758</u>

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Current portion	\$82,572	\$38,381	\$58,823
Noncurrent portion	303,291	227,239	238,935
Total	<u>\$385,863</u>	<u>\$265,620</u>	<u>\$297,758</u>

- a. The amount recognized under the caption of “prepaid rental on land” was the land-transferring fees prepaid to the Ministry of Land and Resource of the People's Republic of China for acquiring the right to use the land in Shanghai Songjiang Industrial Zone. Shanghai Grape King leased the land for construction of their factories with the lease term from October 1997 to March 2044. All fees were paid in full when the lease agreement was entered into and are amortized over the lease term.
- b. Overdue receivables were those expected not to be collected within a year and the Group has provided a full allowance for doubtful debts against them. The Company held a collateral for other receivables of NT\$ 2,244 thousand.

(9) Property, plant and equipment

	Land		Building	Machinery	Vehicle	Leasehold improvement	Other facilities	Construction in progress	Total
	Land	Improvement							
Cost:									
As of Jan. 1, 2017	\$3,071,692	\$940	\$3,098,131	\$1,123,652	\$12,275	\$7,090	\$322,598	\$52,047	\$7,688,425
Additions	-	120	12,427	35,991	903	27,573	20,729	243,947	341,690
Disposals	(15,777)	-	(379)	(34,472)	(538)	-	(1,903)	-	(53,069)
Transfers	-	914	57,088	71,160	-	-	(6,222)	(95,216)	27,724
Ex. Diff.	-	-	(5,209)	(2,992)	(42)	(37)	(266)	-	(8,546)
As of Sep. 30, 2017	<u>\$3,055,915</u>	<u>\$1,974</u>	<u>\$3,162,058</u>	<u>\$1,193,339</u>	<u>\$12,598</u>	<u>\$34,626</u>	<u>\$334,936</u>	<u>\$200,778</u>	<u>\$7,996,224</u>
As of Jan. 1, 2016	\$3,060,144	\$1,926	\$2,115,913	\$1,096,275	\$10,349	\$7,300	\$275,085	\$478,646	\$7,045,638
Additions	-	-	10,700	9,873	1,975	-	5,517	158,613	186,678
Disposals	-	(986)	(319)	(4,702)	(741)	-	(3,497)	-	(10,245)
Transfers	11,548	-	1,000,197	28,517	-	-	2,222	(617,844)	424,640
Ex. Diff.	-	-	(23,356)	(14,219)	(186)	(168)	(1,119)	-	(39,048)
As of Sep. 30, 2016	<u>\$3,071,692</u>	<u>\$940</u>	<u>\$3,103,135</u>	<u>\$1,115,744</u>	<u>\$11,397</u>	<u>\$7,132</u>	<u>\$278,208</u>	<u>\$19,415</u>	<u>\$7,607,663</u>

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Accumulated

Depreciation:

As of Jan. 1, 2017	\$-	\$427	\$509,156	\$865,226	\$7,330	\$5,470	\$216,439	\$-	\$1,604,048
Depreciation	-	188	81,847	48,769	994	3,177	26,879	-	161,854
Disposals	-	-	(150)	(31,234)	(538)	-	(1,872)	-	(33,794)
Transfers	-	-	-	-	-	-	-	-	-
Ex. Diff.	-	-	(1,326)	(2,641)	(35)	(15)	(214)	-	(4,231)
As of Sep. 30, 2017	\$-	\$615	\$589,527	\$880,120	\$7,751	\$8,632	\$241,232	\$-	\$1,727,877

As of Jan. 1, 2016	\$-	\$1,270	\$438,810	\$813,202	\$7,236	\$3,761	\$184,657	\$-	\$1,448,936
Depreciation	-	107	51,514	68,003	672	1,356	28,489	-	150,141
Disposals	-	(986)	(319)	(4,284)	(667)	-	(2,941)	-	(9,197)
Transfers	-	-	-	-	-	-	-	-	-
Ex. Diff.	-	-	(6,190)	(12,953)	(191)	(68)	(1,058)	-	(20,460)
As of Sep. 30, 2016	\$-	\$391	\$483,815	\$863,968	\$7,050	\$5,049	\$209,147	\$-	\$1,569,420

Net carrying
amount as of:

Sep. 30, 2017	\$3,055,915	\$1,359	\$2,572,531	\$313,219	\$4,847	\$25,994	\$93,704	\$200,778	\$6,268,347
Dec. 31, 2016	\$3,071,692	\$513	\$2,588,975	\$258,426	\$4,945	\$1,620	\$106,159	\$52,047	\$6,084,377
Sep. 30, 2016	\$3,071,692	\$549	\$2,619,320	\$251,776	\$4,347	\$2,083	\$69,061	\$19,415	\$6,038,243

- a. The significant part of the Company's buildings include main plant, air conditioning, electrical and wastewater treatment equipment and decoration, and the related depreciation is calculated based on the economic lives as shown below.

Significant part	Estimated economic lives
Main plant	30~60 years
Air conditioning	8~25 years
Electrical and wastewater treatment equipment	5~30 years
Decoration	15 years

- b. Please refer to Note 8 for details on property, plant and equipment under pledge.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

- c. For the purpose of urban planning, Taoyuan City Government has expropriated the Company's partial land and land improvement in accordance with the Land Expropriation Act. The expropriation has been completed prior to September-end of 2017 and the Company was entitled to a compensation of NT\$109,274 thousand. The net amount of the compensation and the carrying amount in NT\$15,777 thousand of land and land improvement de-recognised was NT\$93,497 thousand, recorded under the caption of other incomes. Please refer to Note 6(23) for more details.

(10) Investment property, net

	Land	Building	Investment Properties under construction	Total	Accumulated depreciation	Net
As of Jan. 1, and Sep. 30, 2017	\$185,985	\$-	\$-	\$185,985	\$-	\$185,985
As of Jan. 1, and Sep. 30, 2016	\$185,985	\$-	\$-	\$185,985	\$-	\$185,985

(a) No investment property was pledged.

(b) The fair value of investment properties held by the Group as at September 30, 2017 and December 31, 2016, were similar. For more details on fair value measurements, please refer to Note 6(10) of the Company's consolidated financial statements for the year ended December 31, 2016.

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

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(11) Intangible

	Computer software	Trademark	Total
Cost:			
As of Jan. 1, 2017	\$16,627	\$15,049	\$31,676
Addition-acquired separately	910	-	910
As of Sep. 30, 2017	\$17,537	\$15,049	\$32,586
As of Jan. 1, 2016	\$13,955	\$-	\$13,955
Addition-acquired separately	1,650	15,049	16,699
As of Sep. 30, 2016	\$15,605	\$15,049	\$30,654
Accumulated Amortization:			
As of Jan. 1, 2017	\$2,751	\$2,290	\$5,041
Amortization	1,937	2,944	4,881
As of Sep. 30, 2017	\$4,688	\$5,234	\$9,922
As of Jan. 1, 2016	\$760	\$-	\$760
Amortization	1,416	1,309	2,725
As of Sep. 30, 2016	\$2,176	\$1,309	\$3,485
Net carrying amount as at:			
Sep. 30, 2017	\$12,849	\$9,815	\$22,664
Dec. 31, 2016	\$13,876	\$12,759	\$26,635
Sep. 30, 2016	\$13,429	\$13,740	\$27,169

Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
General administrative expenses	\$1,656	\$1,493	\$4,881	\$2,725

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(12) Short-term borrowings

	Interest Rates (%)	As of		
		Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Unsecured bank loans	0.98%~1.28%	\$150,000	\$-	\$-
Secured bank loans	0.99%	180,000	50,000	30,000
		<u>\$330,000</u>	<u>\$50,000</u>	<u>\$30,000</u>

The Group's unused short-term lines of credits amount to NT\$1,720,000 thousand, NT\$1,526,200 thousand, and NT\$1,539,531 thousand, as of September 30, 2017, December 31, 2016, and September 30, 2016, respectively.

Please refer to Note 8 for property, plant and equipment pledged as collateral for short-term borrowings.

(13) Other Payables

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Bonus to direct sellers	\$727,151	\$879,100	\$737,072
Salaries and incentive bonus	114,194	119,247	86,228
Bonus to employees	192,654	237,155	179,207
Bonus to directors and supervisors	21,599	30,830	21,922
Other accrued expenses	139,268	131,238	141,425
Payables on equipment	31,135	204,039	294,162
Accrued VAT payable	36,287	74,581	23,479
Others	20,482	10,023	2,075
Total	<u>\$1,282,770</u>	<u>\$1,686,213</u>	<u>\$1,485,570</u>

(14) Other current liabilities

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Sales revenue received in advance	\$146,547	\$42,309	\$141,089
Unearned rent	5,679	5,478	6,061

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Provisions for sales returns and allowances	2,831	7,500	-
Other current liabilities-other	67,471	119,381	140,085
Total	<u>\$222,528</u>	<u>\$174,668</u>	<u>\$287,235</u>

Provisions for sales returns and allowances

	<u>Sales returns and allowances</u>
As of January 1, 2017	\$7,500
Write off	<u>(4,669)</u>
As of September 30, 2017	<u>\$2,831</u>
As of September 30, 2017	
Current	\$2,831
Noncurrent	-
Total	<u>\$2,831</u>

Sales returns and allowances

In December 2016, the Company was affected by news events suspected of being overdue goods. In order to resolve the consumers' concern, the Company have accepted the return from consumers by the end of February 2017 and recorded the estimated loss from sales return in amount of NT\$7,500 thousand in 2016. As of September 30, 2017, the actual sale return totaled to NT\$4,669 thousand.

(15) Bonds payable

	<u>As of</u>		
	<u>Sep. 30, 2017</u>	<u>Dec. 31, 2016</u>	<u>Sep. 30, 2016</u>
Domestic convertible bonds	\$171,459	\$168,981	\$371,744
Less: current portion	<u>(171,459)</u>	-	-
Net	<u>\$-</u>	<u>\$168,981</u>	<u>\$371,744</u>

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

a. Domestic convertible bonds payable

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Liability component:			
Principal amount	\$173,200	\$173,200	\$382,900
Interest Payable Refund from Bond Conversion	1,302	1,302	2,879
Premiums (discounts) on bonds payable	(3,043)	(5,521)	(14,035)
Subtotal	171,459	168,981	371,744
Less: current portion	(171,459)	-	-
Net	\$-	\$168,981	\$371,744
Embedded derivative—Redemption	\$35	\$87	\$662
Equity component—Convertible	\$7,842	\$7,842	\$17,335

For the details of the gain or loss from valuation through P/L on embedded derivative—redemption right and the interest expense on the domestic convertible bonds payable, please refer to Note 6(23) to the consolidated financial statements.

- b. On August 26, 2015, the Company issued zero-coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

(a) Issue amount: NT\$1,000,000 thousand.

(b) Period: From August 26, 2015 to August 26, 2018.

(c) Secured or unsecured: Unsecured bonds.

(d) Terms of Exchange:

① Underlying Securities: Common shares of the Company

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

② Exchange Period: The bonds are exchangeable at any time on or after September 27, 2015 and prior to August 26, 2018 into common shares of the Company except closed period.

③ Exchange Price and Adjustment: The exchange price was originally NT\$170.5 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Because the cash dividends - common stock, distributed on 2016, were higher than 1.5% of current per share, the conversion price should be adjusted in accordance with Unsecured convertible bonds and Terms of Exchange 11, The conversion price was adjusted to NT\$165.9 from July 24, 2016.

Because the cash dividends - common stock, distributed on 2017, were higher than 1.5% of current per share, the conversion price should be adjusted in accordance with Unsecured convertible bonds and Terms of Exchange 11, The conversion price was adjusted to NT\$160.6 from July 17, 2017.

④ Redemption on the Maturity Date: The Company will redeem the bonds with interest refund (0.7519% of the principal amount) in cash if the convertible bonds will not have settled by the maturity date.

(e) Redemption clauses:

① The Company may redeem the bonds, in whole, but not in part, after a month of the issuance (September 27, 2015) and prior to the maturity date (July 17, 2018), at the principal amount of the bonds if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 30% of the conversion price.

② The Company may redeem the bonds, in whole, but not in part, at the Early Redemption Price if at least 90% in principal amount of the bonds has already been exchanged, redeemed or purchased and cancelled.

c. There were NT\$826,800 thousand, NT\$826,800 thousand, and NT\$617,100 thousand bonds payable converted into shares as of September 30, 2017, December 31, 2016 and September 30, 2016, respectively.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(16) Long-term loan

Details of long-term loan as of September 30, 2017, December 31, 2016 and September 30, 2016 are as follows:

Lenders	As of Sep. 30, 2017	Interest Rate (%)	Maturity and Terms
Secured Long-Term Loan from ChangHwa Commercial Bank	\$390,650	1.44%	Effective May 27, 2015 to May 27, 2030. Principal is repaid with interest payments due monthly.
Secured Long-Term Loan from Taiwan Cooperative Bank	369,044	1.44%	Effective May 27, 2015 to May 24, 2035. Principal is repaid with interest payments due monthly.
Subtotal	759,694		
Less: current portion	(46,518)		
Total	<u>\$713,176</u>		

Lenders	As of Dec. 31, 2016	Interest Rate (%)	Maturity and Terms
Secured Long-Term Loan from ChangHwa Commercial Bank	\$500,000	1.44%	Effective May 27, 2015 to May 27, 2030. Principal is repaid with interest payments due monthly.
Secured Long-Term Loan from Taiwan Cooperative Bank	486,610	1.44%	Effective May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due monthly.
Secured Long-Term Loan from Mega International Commercial Bank	-	-%	Note 1.
Subtotal	986,610		
Less: current portion	(43,087)		
Total	<u>\$943,523</u>		

Note 1: The Company has fully repaid the secured loan in July 2016.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Lenders	As of Sep. 30, 2016	Interest Rate (%)	Maturity and Terms
Secured Long-Term Loan from ChangHwa Commercial Bank	\$500,000	1.44%	Effective May 27, 2015 to May 27, 2030. Repayment with interest will start May 27, 2017 based on monthly annuity.
Secured Long-Term Loan from Taiwan Cooperative Bank	492,369	1.44%	Effective May 27, 2015 to May 24, 2035. Repayment with interest has started May 27, 2016 based on monthly annuity.
Secured Long-Term Loan from Mega International Commercial Bank (Note 1)	-	-%	Note1
Subtotal	992,369		
Less: current portion	(34,671)		
Total	\$957,698		

Note 1: The Company has fully repaid the secured loan in July 2016.

Certain land and buildings were pledged as collaterals for secured bank loans. Please refer to Note 8 for details.

(17) Other noncurrent liabilities

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Other long-term payables	\$16,195	\$17,203	\$16,946
Accrued pension liabilities	1,682	12,522	15,027
Guarantee deposit received	23,382	20,869	20,670
Other noncurrent liabilities-other	55,911	61,287	64,123
Total	\$97,170	\$111,881	\$116,766

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(18) Operating leases

Operating lease commitments – Group as lessor

Shanghai Grape King has entered into an operating lease agreement in a term from June 2014 to March 2034 with a non-related party. As of September 30, 2017, Shanghai Grape King has received prepaid rents, recorded under the caption of advances received, for the period of eight years and six months. The movement schedule of prepaid rents is listed as follows:

	For the period from		
	Jan. 1 to Sep. 30, 2017	Jan. 1 to Dec. 31, 2016	Jan. 1 to Sep. 30, 2016
Beginning balance of prepaid rent	\$63,855	\$72,052	\$72,052
Prepaid rent added in current period	8,078	14,661	12,142
Rent income recognized in current period	(12,128)	(17,832)	(13,830)
Exchange difference	(1,072)	(5,026)	(3,737)
Ending balance of prepaid rent	<u>\$58,733</u>	<u>\$63,855</u>	<u>\$66,627</u>

Advances received for operating leases are as follows:

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Other current liabilities	\$4,762	\$5,478	\$6,061
Other non-current liabilities-other	53,971	58,377	60,566
Total	<u>\$58,733</u>	<u>\$63,855</u>	<u>\$66,627</u>

Operating lease commitments – Group as lessee

Future minimum lease payments of non-cancellable operating leases are as following:

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Within one year	\$45,077	\$47,238	\$45,617
From one year to five years	85,847	105,220	109,681
Total	<u>\$130,924</u>	<u>\$152,458</u>	<u>\$155,298</u>

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

The lease contracts listed above were rental expenses for operations centers, automobiles and warehouses.

Operating lease expenses recognized are as follows:

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Minimum lease payments	\$15,559	\$8,213	\$44,954	\$32,905

(19) Post-employment benefits

Defined Contribution plan

Expenses under the defined contribution plan for the three-month periods ended September 30, 2017 and 2016 were NT\$6,569 thousand and NT\$6,112 thousand and for nine-month periods then ended were NT\$18,543 thousand and NT\$13,815 thousand, respectively.

Defined benefit plan

Expenses under the defined benefit plan for the three-month periods ended September 30, 2017 and 2016 were NT\$208 thousand and NT\$297 thousand and for nine-month periods then ended were NT\$624 thousand and NT\$890 thousand, respectively.

(20) Equity

(a) Common stock

The Company has 150,000 thousand authorized shares of which 135,214 thousand shares, 135,214 thousand shares and 133,950 thousand shares were issued as of September 30, 2017, December 31, 2016 and September 30, 2016, respectively, each share at par value of \$10. Each share possesses one voting right and a right to receive dividends.

During 2016, the unsecured convertible bonds in amount of \$815,700 thousand were converted into 4,914,070 common shares at par value of \$49,141 thousand.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(b) Capital reserve

Source of capital reserve	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Treasury share transactions	\$4,363	\$4,363	\$4,363
Convertible bonds-share option	7,842	7,842	17,335
Additional paid-in capital	787,016	787,016	586,662
Total	<u>\$799,221</u>	<u>\$799,221</u>	<u>\$608,360</u>

According to Taiwan Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Treasury stock

On January 3, 2017, the Company's board has resolved to buy back its own shares as treasury stocks for transferring to its employee. The repurchase period was from January 4, 2017 to March 3, 2017 and the share volume to be brought back were 3,000,000 shares with the unit price interval of \$118 to \$349.5. As of the end of the repurchase period, the number of shares repurchased were 508,000 shares and the average repurchase unit price NT\$179.26. The carrying value of treasury stock as of September 30, 2017 was NT\$91,062 thousand.

(d) Retained earnings and dividend policy

A. Retained earnings

The Company and its subsidiary, Pro-partner Inc., hold shareholders' meetings on June 16, 2016 and April 26, 2016, respectively, to amend their articles. According to the amended company articles, both the Company and Pro-partner Inc. shall distribute their annual earnings, if any, in the sequence listed below.

- a. Payment of all taxes and dues;
- b. Making up loss for preceding years, if any;
- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

- d. Set aside or reverse special reserve in accordance with law and regulations; and
- e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

Prior to the amendments of Articles of Incorporation, for the Company and Pro-partner Inc., current year's earnings, if any, after payment of all taxes and dues, it should be first used to offset the operating loss, if any, incurred from previous years. After that, 10% of the remaining balance should be set aside for legal reserve. Afterwards, according to the related regulations, part of the remaining should be set aside for the special reserve if deemed necessary. Both companies may, based on business needs, resolve to make certain reservation from the combined amount of the remaining current earnings and the accumulated undistributed earnings from previous years and distribute the rest in the ratio listed below respectively.

	<u>The Company</u>	<u>Pro-partner</u>
Dividends and bonus	87%	90%
Employees' bonuses	11%	5%
Directors' and supervisors' remuneration	2%	5%

B. Dividend policy

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

C. Legal reserve

According to Taiwan's Company Act, the Company needs to set aside an amount as legal reserve unless where such legal reserve amounts to the amount of total authorized capital. The legal reserve can be used to make good the deficit. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

D. Special reserve

Following the adoption of TIFRS, the Taiwan FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

E. Details of the Company's 2016 and 2015 earnings distribution and dividends per share as approved in the Board of Director meeting held on 13 June 2017 and in the shareholders' meeting held on June 16, 2016 were listed as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2016	2015	2016	2015
Legal reserve	\$129,677	\$105,165		
Common stock — cash dividend	862,120	729,681	6.4	5.6

As to the details of estimation regarding employee's and directors' compensation, please refer to Note 6(22) to the financial statements.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

F. Information regarding Pro-Partner's 2016 and 2015 earnings distribution and dividends per share as proposed in board meeting held on April 27, 2017 and approved in the annual shareholders' meeting held on April 26, 2016 were listed as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2016	2015	2016	2015
Legal reserve	\$147,538	\$123,808		
Common stock—cash dividend	1,062,201	891,316	60.35	50.64

G. Non-controlling interests

	For the nine-month period ended September 30,	
	2017	2016
Beginning balance	\$974,937	\$741,347
Profit (loss) attributable to non-controlling interests	391,975	421,676
Cash dividends to non-controlling interests	(424,881)	(356,527)
Ending balance	\$942,031	\$806,496

(21) Operating revenue

	For the three-month period ended 30 September,		For the nine-month period ended 30 September,	
	2017	2016	2017	2016
Sale of goods	\$1,961,423	\$2,078,339	\$6,013,674	\$6,299,350
Revenue arising from rendering of services	282,988	218,575	588,073	357,205
Total	\$2,244,411	\$2,296,914	\$6,601,747	\$6,656,555

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(22) Schedule of employee benefits, depreciation and amortization by function:

	For the three-month period ended September 30,					
	2017			2016		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries & wages	\$52,785	\$132,212	\$184,997	\$44,177	\$137,834	\$182,011
Labor and health insurance	4,188	7,524	11,712	2,798	7,510	10,308
Pension	3,686	3,091	6,777	3,203	2,900	6,103
Other employee benefits	2,066	4,603	6,669	1,692	4,899	6,591
Depreciation	32,805	22,200	55,005	30,757	19,117	49,874
Amortization	-	1,656	1,656	-	1,493	1,493

	For the nine-month period ended September 30,					
	2017			2016		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries & wages	\$148,038	\$541,626	\$689,664	\$130,091	\$502,803	\$632,894
Labor and health insurance	11,624	22,543	34,167	9,463	19,692	29,155
Pension	10,162	9,005	19,167	7,214	7,491	14,705
Other employee benefits	5,633	13,195	18,828	4,803	14,478	19,281
Depreciation	98,938	62,916	161,854	95,447	54,694	150,141
Amortization	-	4,881	4,881	-	2,725	2,725

A resolution was passed at the shareholders' meeting of the Company held on June 16, 2016 to amend the Articles of Incorporation of the Company. According to the resolution, 6%~8% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Based on profit of the nine-month period ended September 30, 2017, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended September 30, 2017 to be 8% of profit of the current nine-month period and 2% of profit of the current nine-month period, respectively, recognized as employee benefits expense and remuneration to directors and supervisors. As such, employees' compensation and remuneration to directors and supervisors for the three-month period ended September 30, 2017 amount to NT\$28,019 thousand and NT\$7,005 thousand, respectively. Employees' compensation and remuneration to directors and supervisors for the nine-month period ended September 30, 2017 amount to NT\$86,394 thousand and NT\$21,599 thousand, respectively. Employees' compensation and remuneration to directors and supervisors for the three-month period ended September 30, 2016 amount to NT\$30,184 thousand and NT\$7,546 thousand, respectively. Employees' compensation and remuneration to directors and supervisors for the nine-month period ended September 30, 2016 amount to NT\$87,687 thousand and NT\$21,922 thousand, respectively. If the Board of Directors resolves to distribute employee compensation through stock, the number of stock distributed is calculated based on total employee compensation dividend by the closing price of the day before the Board of Directors meeting.

The Company's Board of directors, in a meeting held on March 21, 2017, have approved the Company's 2016 employee compensation and remuneration to directors and supervisors, all in cash, to be NT\$123,322 thousand and NT\$30,831 thousand.

The Company's distributions of employees' compensation and remuneration to directors for 2017 and 2016 approved by the Board of Directors' meeting were consistent with amounts recognized by the Company.

In addition, the Articles of Incorporation of Pro-partner Inc. states that, after the profit for current year be used to cover accumulated loss if any, 4% of the remaining amount is distributed as the employee's compensation and no more than 5% as the remuneration to directors and supervisors.

Pro-partner Inc., estimated the employee compensation and remuneration to directors to be NT\$53,300 thousand and NT\$66,626 thousand, respectively, for the nine-month period ended September 30, 2017. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment to current income.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Pro-partner Inc. estimated employee compensation and remuneration to directors at NT\$57,001 thousand and NT\$71,251 thousand, respectively, for the nine-month period ended September 30, 2016. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment to current income.

Pro-partner Inc.'s distributions of employee compensation and remuneration to directors for 2016 amounting NT\$79,314 thousand and NT\$99,142 thousand approved by the Board of Directors were consistent with the amounts recognized.

(23) Non-operating incomes and expenses

(a) Other incomes

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Interest income from bank deposits	\$1,083	\$700	\$3,486	\$2,582
Rental revenue	4,892	4,933	13,895	16,649
Compensation revenue	6,500	-	93,497	-
Other Incomes	15,401	19,272	45,386	59,830
Total	<u>\$27,876</u>	<u>\$24,905</u>	<u>\$156,264</u>	<u>\$79,061</u>

(b) Other gains and losses

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Loss from disposal of fixed assets	\$(2,709)	\$(34)	\$(3,424)	\$(233)
Foreign exchange loss, net	794	(621)	(1,460)	(1,377)
Gain from financial assets at fair value through P/L	150	98	621	1,445
Others	2,610	(21)	(198)	(45)
Total	<u>\$845</u>	<u>\$(578)</u>	<u>\$(4,461)</u>	<u>\$(210)</u>

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(c) Finance costs

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Imputed interest on deposit	\$64	\$46	\$158	\$122
Interest on borrowings from bank	3,363	3,722	10,646	14,578
Interest on corporate bond	839	3,126	2,478	12,282
Total	<u>\$4,266</u>	<u>\$6,894</u>	<u>\$13,282</u>	<u>\$26,982</u>

(24) Components of other comprehensive income

For the three-month period ended September 30, 2017

	Arising during the period	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent period:			
Exchange differences			
Resulting from translating financial statements of foreign operations	\$4,517	\$-	\$4,517

For the three-month period ended September 30, 2016

	Arising during the period	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent period:			
Exchange differences			
Resulting from translating financial statements of foreign operations	\$(11,362)	\$-	\$(11,362)

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

For the nine-month period ended September 30, 2017

	<u>Arising during the period</u>	<u>Income tax relating to components of other comprehensive income</u>	<u>Other comprehensive income, net of tax</u>
To be reclassified to profit or loss in subsequent period:			
Exchange differences			
Resulting from translating financial statements of foreign operations	\$(10,197)	\$-	\$(10,197)

For the nine-month period ended September 30, 2016

	<u>Arising during the period</u>	<u>Income tax relating to components of other comprehensive income</u>	<u>Other comprehensive income, net of tax</u>
To be reclassified to profit or loss in subsequent period:			
Exchange differences			
Resulting from translating financial statements of foreign operations	\$(20,311)	\$-	\$(20,311)

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(25) Income tax

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Current income tax expense (benefit):				
Current income tax charge	115,409	91,230	341,604	317,866
Adjustments in respect of current income tax of prior periods	(24,164)	-	(24,164)	-
Deferred income tax expense (benefit):				
Deferred income tax expense (benefit) related to origination and reversal of temporary difference	(1,076)	502	16,170	22
Total income tax expense	<u>\$90,169</u>	<u>\$91,732</u>	<u>\$333,610</u>	<u>\$317,888</u>

Income tax relating to components of other comprehensive income

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Deferred tax expense (benefit):				
Exchange differences on translation of foreign operations	\$-	\$-	\$-	\$-

Imputation tax credit information

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Balance of imputation tax credit The Company	<u>\$194,184</u>	<u>\$177,187</u>	<u>\$145,200</u>

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

The creditable ratios for 2016 and 2015 were 18.14% and 18.97%, respectively.

The Company's earnings generated in and prior to the year ended December 31, 1997 has been fully appropriated.

Tax assessment

As of September 30, 2017, the status of assessment from tax authority for the Company and Pro-partner Inc. are listed as follows:

	<u>Status</u>
The Company	Assessed and approved up to 2014
Pro-partner Inc.	Assessed and approved up to 2014
Rivershine Ltd.	Assessed and approved up to 2015

(26) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the three-month period</u> <u>ended September 30,</u>		<u>For the nine-month period</u> <u>ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
(a) Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$329,664</u>	<u>\$332,641</u>	<u>\$909,545</u>	<u>\$911,242</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	<u>134,706</u>	<u>132,327</u>	<u>134,755</u>	<u>131,011</u>
Basic earnings per share (in NT\$)	<u>\$2.45</u>	<u>\$2.51</u>	<u>\$6.75</u>	<u>\$6.96</u>

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
(b) Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company	\$329,664	\$332,641	\$909,545	\$911,242
Interest expense from convertible bonds	827	2,740	2,441	11,746
Gain or loss on valuation of redemption	87	392	52	302
Profit attributable to ordinary equity holders of the Company	<u>\$330,578</u>	<u>\$335,773</u>	<u>\$912,038</u>	<u>\$923,290</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	134,706	132,327	134,755	131,011
Effect of dilution:				
Employee bonus—stock (in thousand shares)	473	337	660	474
Convertible bond—stock (in thousand shares)	<u>1,079</u>	<u>3,931</u>	<u>1,044</u>	<u>5,089</u>
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	<u>136,258</u>	<u>136,595</u>	<u>136,459</u>	<u>136,574</u>
Diluted earnings per share (in NT\$)	<u>\$2.43</u>	<u>\$2.46</u>	<u>\$6.68</u>	<u>\$6.76</u>

There were no other transaction involving ordinary shares or potential ordinary shares between the balance sheet date and the completion date of the Company's consolidated financial statements.

(27) Subsidiary that has material non-controlling interests

Financial information of subsidiary that has material non-controlling interests is as below.

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	As of		
		Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Pro-partner	Taiwan, Republic of China	40%	40%	40%

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

	As of							
	Sep. 30, 2017		Dec. 31, 2016		Sep. 30, 2016			
Accumulated balances of material non-controlling interest:								
Pro-partner	\$942,031		\$974,937		\$806,496			
					For the three-month period		For the nine-month period	
					ended September 30,		ended September 30,	
Profit/(loss) allocated to material non-controlling interest:					2017		2016	
Pro-partner	\$150,513		\$158,883		\$391,975		\$421,676	

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarized information of profit or loss for the three-month periods and the nine-month periods ended September 30, 2017 and 2016 is as follows:

	For the three-month period		For the nine-month period	
	ended September 30,		ended September 30,	
	2017		2016	
Operating revenue	\$1,851,791		\$1,972,358	
Profit/loss from continuing operation	\$376,282		\$397,209	
Total comprehensive income for the period	\$376,282		\$397,209	
	2017		2016	
Operating revenue	\$5,719,159		\$5,998,579	
Profit/loss from continuing operation	\$979,937		\$1,054,190	
Total comprehensive income for the period	\$979,937		\$1,054,190	

Summarized information of financial position as of September 30, 2017, December 31, 2016 and September 30, 2016 is as follows:

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Current assets	\$826,371	\$1,467,175	\$721,170
Non-current assets	3,537,539	3,548,077	3,545,169
Current liabilities	(1,292,378)	(1,631,003)	(1,289,087)
Non-current liabilities	(716,455)	(946,907)	(961,010)

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Summarized cash flow information for the nine-month periods ended September 30, 2017 and 2016 is as follows:

	For the nine -month periods ended September 30,	
	2017	2016
Operating activities	\$706,421	\$974,298
Investing activities	(29,789)	(101,038)
Financing activities	(1,271,510)	(1,392,280)
Net increase/(decrease) in cash and cash equivalents	(594,878)	(519,020)

7. Related party transactions

(1) Name of related party and the relation

<u>Name of related party</u>	<u>Relation with the Group</u>
Laifu Limited Company (Laifu)	Related party in substance
Pu Hsing Enterprise Co.,Ltd.(Pu Hsing)	A director of Pro-partner
Taipei City Pro-partner Technology and Human Development Foundation (referred to “Pro-partner Foundation” thereafter)	Pro-partner is its sole founder.
Integrate Chinese Medicine Holdings Ltd.	Supervisor of Pro-partner
Chi-Sheng Chang	A supervisor of the Company
Chang-Yeh Tseng	The Chairman of Pro-partner
Mei-Jing Tseng	General manager of Pro-partner
Pu-Lin Ltd. (Pu-Lin)	Related party in substance of Pro-partner (NOTE)

NOTE: Please refer to Note 9.(3).

(2) Significant transactions with related parties

a. Sales

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Other related parties	\$227	\$6,552	\$670	\$32,723

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

The above mentioned related parties are the exclusive distributors for beverage products of the Company, and the Multi-level marketing (MLM) members of the subsidiary. The sales price to the other related parties was determined based on mutual consent and the price for the third-party MLM member customers. There is no significant difference regarding the terms and conditions between the other related parties and the third-parties.

b. Amounts owed by related parties

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Laifu	\$-	\$2,907	\$10,774
Less: allowance for doubtful debts	-	-	-
Net	\$-	\$2,907	\$10,774

c. Other payables to related parties

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Pu Hsing	\$11,137	\$16,555	\$11,906
Integrate Chinese Medicine Holdings Ltd.	11,104	16,524	11,876
Total	\$22,241	\$33,079	\$23,782

d. Temporary Receipts

	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Mei-Ching Tseng	\$17,607	\$-	\$-

e. Sales and marketing expenses – commission

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Other related parties	\$97	\$95	\$290	\$286

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

The above related parties are MLM members of subsidiary. The calculation and payment terms are the same as those for the general membership in accordance with the regulations of Business Manual.

f. General and administrative expenses – rental

	For the three-month period		For the nine-month period	
	ended September 30,		ended September 30,	
	2017	2016	2017	2016
Other related parties	\$1,770	\$1,710	\$5,309	\$5,129

The rental to the above related parties and normal rental prices were similar and comparable. The rental was paid either monthly or in full at the beginning of each year.

g. Revenue from rental assets

	For the three-month period		For the nine-month period	
	ended September 30,		ended September 30,	
	2017	2016	2017	2016
Other related parties	\$6	\$456	\$17	\$2,267

The rental from the above related parties and normal rental prices were similar and comparable. The term of collection was either in a monthly installment or in full at the beginning of each year.

h. General and administrative – donations

	For the three-month period		For the nine-month period	
	ended September 30,		ended September 30,	
	2017	2016	2017	2016
Other related parties	\$300	\$300	\$500	\$300

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

i. Key management personnel compensation

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Short-term employee benefits	\$21,970	\$35,265	\$98,448	\$87,384
Post-employment benefits	66	65	198	191
Total	\$22,036	\$35,330	\$98,646	\$87,575

8. Assets pledged as collaterals

The following assets are pledged as collaterals for loans from bank loans and leases for land within science-based park and for operation center.

Assets pledged	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Property, plant and equipment-land	\$1,921,301	\$2,121,928	\$2,121,928
Property, plant and equipment-building	1,040,985	1,055,355	1,064,016
Debt investments without active market - time deposit	4,460	4,460	4,460
Total	\$2,966,746	\$3,181,743	\$3,190,404

9. Commitments and contingencies

- (1) The Company's guarantee notes issued to banks for credit lines amounted to NT\$200,000 thousand.
- (2) The Company entered into a contract for plant and machinery. Total contract amount was NT\$1,055,000 thousand while NT\$897,673 thousand remained unpaid as of September 30, 2017.
- (3) For operational needs, Pro-partner has to establish operational bases in Taipei, Taoyuan, Hsinchu, Fengyuan, Taichung, Kaohsiung, Pingzhen, Jhongli, Hualien and Tainan. All offices, except for Taipei operational center which is a business building purchased and owned by Pro-partner, were leased from others. The information concerning the operating leases sustained as of September 30, 2017 is listed below.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Operation Sites	Lessor	The lease term	Monthly rental
Taipei City	Uni-President Enterprises Corporation	2013.5.1~2018.4.30	NT\$570
Taipei City	Concept Business Center Ltd.	2017.5.1~2018.4.30	20
Taoyuan City	Taoyuan Irrigation Association	2016.11.9~2019.11.8	180
Hsinchu City	Lin,Zhuang-Long, Wu,Yi-Wan	2016.11.1~2021.10.31	320
Fengyuan Dist.	Lin,Fen-Ling	2017.6.1~2020.5.31	70
Taichung City	Pu-Lin Ltd. (NOTE)	2007.11.1~2027.11.1	220
Taichung City	Pu-Lin Ltd. (NOTE)	2010.4.1~2030.3.31	129
Kaohsiung City	The Company	2016.8.1~2019.7.31	236
Pingzhen City	The Company	2017.4.1~2018.3.31	48
Chungli City	The Company	2017.4.1~2018.3.31	1
HuaLian City	Liou, Chuen-Hou · Liou, Chuen-Lung	2017.9.1~2019.8.31	130
Tainan City	Cathay Life Insurance Company, Ltd.	2016.3.21~2021.7.31	799

NOTE: According to the general manager of Pro-partner Inc., Pu-Lin Ltd. has been funded solely by herself while it has registered under the name of Yide Lin as the sole director and shareholder. On August 29, 2017, Taiwan Taichung District Court decides that NT\$8.5 million out of total capital contribution of NT\$12.5 million shall be changed and registered for under the name of the general manager of Pro-partner Inc. As a result, the rental expenditures that Pro-partner Inc. paid to Pu-Lin Ltd. were accounted for as related party transactions and disclosed in Note 7 to these financial statements. Though, the general manager of Pro-partner Inc. appeals from the Court decision. As of the issuance date of these consolidated financial statements, no further progress from the Court is obtained yet.

- (4) Pro-partner Inc. has purchased the software rights of the cloud version of the direct marketing information management system from WELLAN SYSTEM CO., LTD., in August 2016. The total contract price is in amount of \$19,780 thousand to be paid in 24 installments during the period of 2 years. As of September 30, 2017, the software system mentioned above was not completed yet.
- (5) Pro-partner Inc. has entered into certain agreements for computer software and hardware leasing and maintenance contracts on February 1, 2008. Pro-partner Inc. also has entered into additional software leasing and maintenance contracts for logistics management on January 1, 2013 with "FINE EAGLE INVESTMENTS LIMITED" for the services provided by WELLAN SYSTEM CO., LTD., The general manager of Pro-partner Inc. has paid the related commission in amount of \$17,607 thousand to Pro-partner on behalf of "FINE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

EAGLE INVESTMENTS LIMITED" due to an Investigation Bureau case against her. As the investigation is not yet finalized, Pro-partner recorded the payment under the caption of temporary receipts. Pro-partner will either return the payment or reclassify it for proper account based on the Court's decision.

- (6) In December 2016, the Company was affected by news events suspected of changing label on overdue goods. As this case is in interrogation by authority, it is not feasible to reasonably assess the impact of the event on the Company as of the issuance date of the consolidated financial statements.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Financial instruments

(1) Categories of financial instruments

<u>Financial assets</u>	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
<u>Financial asset at fair value through P/L:</u>			
Held for trading	\$70,239	\$346,062	\$476,166
Designated financial asset at fair value through P/L	35	87	662
Total	70,274	346,149	476,828
<u>Available-for-sale financial assets</u>			
<u>(including financial asset measured at cost)</u>	28,028	28,028	28,028
<u>Loans and receivables</u>			
Cash and cash equivalents (excluding cash on hand)	1,231,028	1,895,115	1,042,775
Debt investments without activemarket	47,515	47,845	48,225
Notes receivable	4,433	5,098	5,647
Accounts receivable	282,468	196,383	117,375

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Accounts receivable from related parties	-	2,907	10,774
Other receivables	8,490	4,056	4,157
Subtotal	1,573,934	2,151,404	1,228,953
Total	\$1,672,236	\$2,525,581	\$1,733,809

<u>Financial liabilities</u>	As of		
	Sep. 30, 2017	Dec. 31, 2016	Sep. 30, 2016
Financial liabilities at amortized cost:			
Short-term loans	\$330,000	\$50,000	\$30,000
Notes payable	198	11,335	2,225
Accounts payable	283,407	186,737	217,841
Other payables	1,282,770	1,686,213	1,485,570
Other payables – related parties	22,241	33,079	23,782
Bonds payable	171,459	168,981	371,744
Long-term loans(current portion included)	759,694	986,610	992,369
Other long-term payables	16,195	17,203	16,946
Total	\$2,865,964	\$3,140,158	\$3,140,477

(2) Financial risk management objectives and policies

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

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

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

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

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

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

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against foreign currency USD by 10%, the profit before tax for the nine-month periods ended September 30, 2017 and 2016 decreased/increased by NT\$9,348 thousand and increased/decreased NT\$113 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments with variable interest rates. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit before tax for the nine-month periods ended September 30, 2017 and 2016 to increase/decrease by NT\$142 thousand and NT\$51 thousand, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Equity price risk

The fair value of the Group's unlisted equity securities and monetary fund are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities are classified under available-for-sale financial assets.

The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 5% in the net asset value of the monetary fund held for trading could increase/decrease the Group's profit before tax for the nine-month periods ended September 30, 2017 and 2016 to increase/decrease by NT\$3,514 thousand and NT\$23,808 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that the counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

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

There is no concentration of credit risk of a single customer for the nine-month periods ended September 30, 2017 and 2016. Therefore, the credit risk is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and highly liquid equity investments. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
<u>As of September 30, 2017</u>						
Carried at amortized cost						
Short-term loans	\$330,204	\$-	\$-	\$-	\$-	\$330,204
Notes payable	198	-	-	-	-	198
Accounts payable	283,407	-	-	-	-	283,407
Other payables	1,100,890	204,121	-	-	-	1,305,011
Bonds payable(current portion included)	-	171,459	-	-	-	171,459
Long-term loans (current portion included)	28,715	29,049	58,433	175,298	569,069	860,564
<u>As of December 31, 2016</u>						
Carried at amortized cost						
Shrot-term loans	\$50,039	\$-	\$-	\$-	\$-	\$50,039
Notes payable	11,335	-	-	-	-	11,335
Accounts payable	186,737	-	-	-	-	186,737
Other payables	1,484,623	234,669	-	-	-	1,719,292
Bonds payable	-	-	174,502	-	-	174,502
Long-term payables	-	-	-	-	17,203	17,203
Long-term loans (current portion included)	21,656	36,822	73,644	220,933	773,991	1,127,046

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

As of September 30, 2016

Carried at amortized cost

Short-term loans	\$30,015	\$-	\$-	\$-	\$-	\$30,125
Notes payable	2,225	-	-	-	-	2,225
Accounts payable	217,841	-	-	-	-	217,841
Other payables	1,244,721	264,631	-	-	-	1,509,352
Bonds payable	-	-	385,779	-	-	385,779
Long-term loans (current portion included)	18,648	30,684	73,644	220,931	792,392	1,136,299
Long-term payables	-	-	-	-	16,946	16,946

(6) Fair values of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

- d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

	Carrying value			Fair value		
	2017.9.30	2016.12.31	2016.9.30	2017.9.30	2016.12.31	2016.9.30
Financial liabilities :						
Bonds payable	\$171,459	\$168,981	\$371,744	\$172,299	\$169,597	\$375,510

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8) for fair value measurement hierarchy for financial instruments of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(7) Derivative financial instruments

The Group's derivative financial instruments include embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of September 30, 2017, December 31, 2016 and September 30, 2016 is as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6(15) for further information on this transaction.

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of September 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Monetary fund	\$70,239	\$-	\$-	\$70,239
Embedded Derivatives	-	-	35	35
Total	\$70,239	\$-	\$35	\$70,274

As of December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Monetary fund	\$346,062	\$-	\$-	\$346,062
Embedded Derivatives	-	-	87	87
Total	\$346,062	\$-	\$87	\$346,149

As of September 30, 2016

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Monetary fund	\$476,166	\$-	\$-	\$476,166
Embedded Derivatives	-	-	662	662
Total	\$476,166	\$-	\$662	\$476,828

Transfers between Level 1 and Level 2 during the period

During the nine-month periods ended September 30, 2017 and 2016, there were no transfer between Level 1 and Level 2 fair value measurements.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	<u>Assets</u>
	<u>At fair value through profit or loss</u>
Beginning balances as of January 1, 2017	\$87
Total gains and losses recognized for nine-month period ended September 30, 2017:	
Amount recognized in profit or loss (presented in “other profit or loss”)	(52)
Ending balances as of September 30, 2017	<u>\$35</u>

	<u>Assets</u>
	<u>At fair value through profit or loss</u>
Beginning balances as of January 1, 2016	\$2,373
Convertible for the nine-month period ended September 30, 2016	(1,409)
Total gains and losses recognized for nine-month period ended September 30, 2016:	
Amount recognized in profit or loss (presented in “other profit or loss”)	(302)
Ending balances as of September 30, 2016	<u>\$662</u>

Total gains and losses recognized in profit or loss for the nine-month ended September 30, 2017 and 2016 in the table above contain gains and losses related to assets on hand as of September 30, 2017 and 2016 in the amount of \$(52) thousand and \$(302) thousand.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of September 30, 2017

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: At fair value through profit or loss					
Embedded derivatives	Option pricing model	Volatility	32.68%	The higher the volatility, the higher the fair value of the embedded derivatives.	1% increase (decrease) in the volatility would result in increase in the Group's profit or loss by NT\$17 /0 thousand

As of December 31, 2016

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: At fair value through profit or loss					
Embedded derivatives	Option pricing model	Volatility	31.94%	The higher the volatility, the higher the fair value of the embedded derivatives.	1% increase (decrease) in the volatility would not impact on the Group's profit or loss.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

As of September 30, 2016

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Embedded derivatives	Option pricing model	Volatility	30.71%	The higher the volatility, the higher the fair value of the embedded derivatives.	1% increase (decrease) in the volatility would result in increase in the Group's profit or loss by NT\$77 /115 thousand

- j. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As of September 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6.(10))	\$-	\$-	\$247,692	\$247,692
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (please refer to Note 6.(15))	\$-	\$-	\$172,299	\$172,299

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

As of December 31, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties				
(please refer to Note 6.(10))	<u>\$-</u>	<u>\$-</u>	<u>\$247,692</u>	<u>\$247,692</u>
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable				
(please refer to Note 6.(15))	<u>\$-</u>	<u>\$-</u>	<u>\$169,597</u>	<u>\$169,597</u>

As of September 30, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6.(10))	<u>\$-</u>	<u>\$-</u>	<u>\$233,575</u>	<u>\$233,575</u>
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (please refer to Note 6.(15))	<u>\$-</u>	<u>\$-</u>	<u>\$375,510</u>	<u>\$375,510</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of September 30, 2017			As of December 31, 2016		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$4,082	30.20	\$123,270	\$4,409	32.03	\$141,233
<u>Financial liabilities</u>						
Monetary items:						
USD	\$987	30.17	\$29,786	\$705	32.03	\$22,566
	As of September 30, 2016					
	Foreign currencies	Foreign exchange rate	NTD			
<u>Financial assets</u>						
Monetary items:						
USD	\$777	31.37	\$24,363			
<u>Financial liabilities</u>						
Monetary items:						
USD	\$815	31.30	\$25,498			

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Company's functional currency is variety. It can not be disclosed the foreign exchange gains or losses on monetary financial assets and financial liabilities with each significant influence. The Foreign exchange gains or losses of the Company amounted to NT\$(1,460) thousand and NT\$(1,377) thousand respectively on September 30, 2017 and 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(10) Capital management

The same summarized quantitative information of capital management have been applied in the Company's consolidated financial statements for the nine-month period ended September 30, 2017 as those applied in the Company's consolidated financial statements for the year ended December 31, 2016. For the related information please refer to Note 12(10) of the Company's consolidated financial statements for year ended December 31, 2016.

13. Other disclosure

(1) Information at significant transactions

- a. Financing provided to others for the nine-month period ended September 30, 2017: None
- b. Endorsement/Guarantee provided to others for the nine-month period ended September 30, 2017: Please refer to attachment 1.
- c. Securities held as of September 30, 2017(excluding subsidiaries, associates and joint venture): Please refer to attachment 2.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine-month period ended September 30, 2017: None
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine-month period ended September 30, 2017: None
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine-month period ended September 30, 2017: None
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the nine-month period ended September 30, 2017: Please refer to attachment 3.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 2017: Please refer to attachment 6.
- i. Financial instruments and derivative transactions: None
- j. Intercompany relationships and significant intercompany transaction: Please refer to attachment 7.

(2) Information on investees

- 1. Names, locations and related information of investees as of September 30, 2017 (excluding the investment in Mainland China): Please refer to attachment 4.
- 2. Information at significant transactions
 - a. Financing provided to others for the nine-month period ended September 30, 2017: Please refer to attachment 5.
 - b. Endorsement/Guarantee provided to others for the nine-month period ended September 30, 2017: None
 - c. Securities held as of September 30, 2017 (excluding subsidiaries, associates and joint venture): Please refer to attachment 2.
 - d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine-month period ended September 30, 2017: None
 - e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine-month period ended September 30, 2017: None
 - f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine-month period ended September 30, 2017: None

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the nine-month period ended September 30, 2017: Please refer to attachment 3.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 2017: None
- i. Financial instruments and derivative transactions: None

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

(3) Information on investments in mainland China :

Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), book value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated Investment Outflows from Taiwan as of January 1, 2017	Investment Flows		Accumulated Investment Outflows from Taiwan as of September 30, 2017	Net Income (Loss) of Investee Company	Percentage of Direct or Indirect Ownership	Investment Profit (Loss) Recognized (Note 2)	Carrying Amount as of September 30, 2017	Accumulated Inward Remittance of Earnings as of September 30, 2017
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsule, tablet, related products and services.	US\$27,900 thousand	(Note 1(2)) (Note 3)	\$847,672 (USD 27,350 thousand)	\$-	\$-	\$847,672 (USD27,350 thousand)	\$107,099 (Note 2 (2)B)	100%	\$108,439 (Note 2(2)B)	\$519,745	\$-
Shanghai Yusong Co., Ltd.	Stock management and related services of the thermostatic fresh freezing freezing warehouse.	US\$4,890 thousand	(Note 1(2)) (Note 4)	\$26,794 (USD 878 thousand)	\$-	\$-	\$26,794 (USD 878 thousand)	\$- (Note 2(3))	18.77%	\$- (Note 2(3))	\$28,008	\$-

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Shanghai Rivershine Ltd.	Food distribution (except grain), food packaging materials, cosmetics wholesale, import and export, commission agents (except auction), related products and services.	US\$150 thousand	(Note 1(2)) (Note 5)	\$-	\$4,060 (USD 150 thousand)	\$-	\$4,060 (USD 150 thousand)	\$(179) (Note 2(3))	100%	\$(179) (Note 2(3))	\$4,468	\$-
--------------------------	--	------------------	-------------------------	-----	-------------------------------	-----	-------------------------------	------------------------	------	------------------------	---------	-----

Accumulated investment in Mainland China as of September 30, 2017	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
\$878,526	\$878,526	\$3,417,725

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

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

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

1. Please specify no investment income (loss) has been recognized due to the investment is still during development stage.
2. The investment income (loss) were determined based on the following basis:
 - (A) The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.
 - (B) The financial statements was reviewed by the parent company's auditors.
 - (C) Others.
3. Recorded as financial assets at cost-noncurrent

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Note 3: The Company invested in Shanghai Grape King Enterprise Co., Ltd. through subsidiary GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI).

Note 4: The Company invested in Shanghai Yusong Co., Ltd. through Fu-Sheng International Inc. (SAMOA)

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

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

14. Segment information

The Group determined its operating segments based on business activities with discrete financial information regularly reported through the Company's internal reporting protocols to the Company's chief operating decision maker. The Company is organized into business units based on its marketing channels and services. As of September 30, 2017 and 2016, the Company had the following segments: MLM (Multi-level marketing), Distributors, and OEM (Original Equipment Manufacturer).

No operating segments have been aggregated to form the above reportable operating segments.

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

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

(1) Income (loss), for reportable segments

For the three-month period ended September 30, 2017

	MLM	Distribution	OEM	Subtotal	Adjustment/ elimination	Consolidated
Revenue						
External customer	\$1,851,689	\$80,519	\$312,203	\$2,244,411	\$-	\$2,244,411
Inter-segment	326,127	30,894	3,882	360,903	(360,903)	-
Total revenue	<u>\$2,177,816</u>	<u>\$111,413</u>	<u>\$316,085</u>	<u>\$2,605,314</u>	<u>\$(360,903)</u>	<u>\$2,244,411</u>
Segment profit	<u>\$514,726</u>	<u>\$(3,994)</u>	<u>\$59,614</u>	<u>\$570,346</u>	<u>\$-</u>	<u>\$570,346</u>

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

For the three-month period ended September 30, 2016

	MLM	Distribution	OEM	Subtotal	Adjustment/ elimination	Consolidated
Revenue						
External						
customer	\$1,972,358	\$89,569	\$234,987	\$2,296,914	\$-	\$2,296,914
Inter-segment	337,522	40,220	2,021	379,763	(379,763)	-
Total revenue	<u>\$2,309,880</u>	<u>\$129,789</u>	<u>\$237,008</u>	<u>\$2,676,677</u>	<u>\$(379,763)</u>	<u>\$2,296,914</u>
Segment						
profit	<u>\$564,529</u>	<u>\$(29,972)</u>	<u>\$48,699</u>	<u>\$583,256</u>	<u>\$-</u>	<u>\$583,256</u>

For the nine-month period ended September 30, 2017

	MLM	Distribution	OEM	Subtotal	Adjustment/ elimination	Consolidated
Revenue						
External						
customer	\$5,719,159	\$216,682	\$665,906	\$6,601,747	\$-	\$6,601,747
Inter-segment	1,000,026	89,720	12,013	1,101,759	(1,101,759)	-
Total revenue	<u>\$6,719,185</u>	<u>\$306,402</u>	<u>\$677,919</u>	<u>\$7,703,506</u>	<u>\$(1,101,759)</u>	<u>\$6,601,747</u>
Segment						
profit	<u>\$1,515,633</u>	<u>\$(221)</u>	<u>\$119,718</u>	<u>\$1,635,130</u>	<u>\$-</u>	<u>\$1,635,130</u>

For the nine-month period ended September 30, 2016

	MLM	Distribution	OEM	Subtotal	Adjustment/ elimination	Consolidated
Revenue						
External						
customer	\$5,998,579	\$251,194	\$406,782	\$6,656,555	\$-	\$6,656,555
Inter-segment	1,040,555	96,462	2,365	1,139,382	(1,139,382)	-
Total revenue	<u>\$7,039,134</u>	<u>\$347,656</u>	<u>\$409,147</u>	<u>\$7,795,937</u>	<u>\$(1,139,382)</u>	<u>\$6,656,555</u>
Segment						
profit	<u>\$1,644,753</u>	<u>\$(49,806)</u>	<u>\$55,859</u>	<u>\$1,650,806</u>	<u>\$-</u>	<u>\$1,650,806</u>

¹ Revenue from Others that are operating segments that do not meet the quantitative thresholds for reportable segments.

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed In Thousands of New Taiwan Dollars Unless Otherwise Specified)

- ² Inter-segment revenue are eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations, which has not significant influence, are not disclosed below.

(2) Reconciliation of revenue, for reportable segments.

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Total revenue	\$2,605,314	\$2,676,677	\$7,703,506	\$7,795,937
Elimination of inter-segment revenue	(360,903)	(379,763)	(1,101,759)	(1,139,382)
Group revenue	<u>\$2,244,411</u>	<u>\$2,296,914</u>	<u>\$6,601,747</u>	<u>\$6,656,555</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries
Endorsement/Guarantee Provided to Others
For the nine-month period ended September 30, 2017

ATTACHMENT I

(Amounts Expressed in Thousands of New Taiwan Dollars)

Endorsements or guarantees provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party(Note3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note1)	Name	Company Name	Relationship (Note2)										
0	Grape King Bio Ltd.	Shanghai Grape King Enterprise Co., Ltd.	3	\$1,988,999	\$93,930	\$93,930	\$-	\$93,930	2.13%	\$2,121,599	Y	N	Y

Note1 : No.0 is for the parent company. Subsidiaries are numbered from Arabic numerals 1.

Note2 : The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

1.business related parties.

2.A company in which the public company directly holds more than 50 percent of ordinary shares.

3.The investee company with more than 50% of the shares held by the parent company and its subsidiaries.

4.The parent company directly holds more than 50% of the ordinary shares of the company or through subsidiaries indirectly hold more than 50% of the ordinary shares of the company.

5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.

6.A company whose co-investment relationship is endorsed by its shareholders in proportion to their shareholding ratio.

Note3 : According to the Company's "Endorsement Procedures", the total amount of the guarantees endorsed by the Company is limited to 48% of the net value of the Company's most recent financial statements.

The guarantee limit for endorsement of a single enterprise is limited to 45% of the net value of the most recent financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Securities held as of September 30, 2017 (excluding investments in subsidiaries, associates and joint venture)

ATTACHMENT2

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

Company Held Name	Marketable Securities Type and Name(Note 1)	Relationship with the Company	Financial Statement Account	As of September 30, 2017				Note	
				Shares/Units	Carrying Value (Note 2)	Percentage of Ownership	Fair Value		
Grape King Bio Ltd.	Stock	Fu-Sheng International Inc.(BVI)	-	Financial assets carried at cost, noncurrent	917,700.00	\$28,008	18.77%	\$28,008	Note3
		Hsin Tung Yang Co., Ltd.	-	Financial assets carried at cost, noncurrent	2,000.00	20	-	20	Note3
		Total				\$28,028		\$28,028	
Pro-Partner Inc.	Fund	Nomura Taiwan Money Market	-	Financial assets at fair value through profit or loss, current	2,167,437.66	\$35,127		\$35,127	
		UPAMC James Bond Money Market	-	Financial assets at fair value through profit or loss, current	2,115,225.39	35,112		35,112	
		Total				\$70,239		\$70,239	

Note 1: The marketable securities mentioned here refer to the stocks, bonds, the beneficiary certificates, and the marketable securities derivative from the aforementioned items regulated in IAS 39"Financial Instruments :

Recognition and Measurement"

Note 2: The book value of those measured by the fair value is calculated after adjusting the fair value. The book value of those that are not measured by fair value is calculated from the original cost of acquisition or the cost after amortization.

Note 3: The numbers listed represent the book value.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Related party transactions for purchases and sales amounts exceeding the lower of NTS\$100 million or 20 percent of the capital stock for the nine-month period ended September 30, 2017

ATTACHMENT3

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

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction (note1)		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	Percentage of total Purchases (Sale)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of total receivables (payable)	
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Sales	\$1,000,015	78.83%	Net 30 days after monthly closing	By contract	-	\$130,417	55.39%	2
Pro-partner Inc.	Grape King Bio Ltd.	Parent Company	Purchases	\$1,000,015	100.00%	Net 30 days after monthly closing	By contract	-	\$(130,417)	99.89%	2

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Names, locations and related information of investees as of September 30, 2017 (excluding the investment in Mainland China)

ATTACHMENT 4

(Amounts in Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Business	Original Investment Amount		Balance as of September 30, 2017			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee(Note2)	Note
				September 30, 2017	December 31, 2016	Shares	Percentage of Ownership	Book Value			
Grape King Bio Ltd.	Grape King International Investment Inc.(BVI)	BVI	Investment activities	\$1,198,018	\$1,198,018	24,890,000	100.00%	\$570,539	\$52,790	\$54,130 (Note1)	Subsidiary
	Pro-partner Inc.	Taoyuan County, Taiwan	Import and selling of health food, drink, cosmetics, sports apparatus, cleaning the articles, etc.	15,000	15,000	10,560,000	60.00%	1,394,888	979,937	588,237 (Note1)	Subsidiary
	Rivershine Ltd.	Taoyuan County, Taiwan	Import and selling of health food, drink, daily commodities, appliances, etc.	30,000	30,000	3,000,000	100.00%	22,019	9,496	9,496	Subsidiary
			Total					<u>\$1,987,446</u>		<u>\$651,863</u>	

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT\$1,615 thousand has been adjusted.

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Financing provided to others for the nine-month period ended September 30, 2017

ATTACHMENT 5

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

NO.	Capital Provider	Capital Receiver	Financial Statement Account	Related Party	Maximum Balance for the Period (US\$ in Thousands)	Ending Balance (US\$ in Thousands)	Amount Actually Drawn (US\$ in Thousands)	Interest Rate	Nature of capital (Note1)	Transaction Amounts	Reason for short term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	Grape King International Investment Inc. (BVI)	Shanghai Grape King Enterprise Co., Ltd.	Long-term Accounts Receivable-Related Parties	YES	\$112,063 (US\$3,475)	\$-	\$-	-	b	-	Business turnover	-	-	-	\$2,209,999 (Note2)	\$2,209,999 (Note2)

Note1 : Nature for financing

a. business related parties

b.Those with need for short-term financing.

Note2 : The Company holds, directly or indirectly, 100% of the voting shares, the limit of total financing amount and limit for each borrowing company shall not exceed 50% of the amount of the net value of the Company of September 30, 2017.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 2017

ATTACHMENT 6

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

Company Name	Related Party	Nature of Relationships	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Recognized as Allowance for Bad Debts
						Amount	Action Taken		
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Accounts Receivable -Related Parties	<u>\$130,417</u>	9.93	<u>\$-</u>	-	<u>\$130,417</u>	<u>\$-</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Intercompany relationships and significant intercompany transaction for the nine-month period ended September 30, 2017

ATTACHMENT 7

(Amounts expressed in Thousands of New Taiwan Dollars)

No. (Note1)	Company Name	Counterparty	Nature of Relations (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Revenue or Total Assets (Note3)
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Sales	\$1,000,015	The price by contract	15.15%
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts Receivable	\$130,417	The price by contract	1.44%

Note 1: No.0 is for the parent company. Subsidiaries are numbered from Arabic numerals 1.

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

(1) represents the transactions from parent company to subsidiary.

(2) represents the transactions from subsidiary company to parent.

(3) represents the transactions between subsidiaries.

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

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