Grape King Bio Ltd. and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2019 and 2018 and Independent Auditors' Review Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Grape King Bio Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Grape King Bio Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as of September 30, 2019, the related consolidated statements of comprehensive income for the three months ended September 30, 2019 and for the nine months ended September 30, 2019, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2019, its consolidated financial performance for the three months ended September 30, 2019, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

The consolidated financial statements of the Group for the nine months ended September 30, 2018 were reviewed by other auditors who issued an unmodified opinion with emphasis of other matter paragraph on those statements dated November 13, 2018.

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

Yu Feng Huang Ming-Yuan Chung

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 11, 2019

Notice to Readers

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

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 1,185,984	11	$ 2,050,224	19	$ 1,194,618	12
Financial assets at fair value through profit or loss (Note 7)	-	-	-	-	88,720	1
Financial assets at amortized cost (Note 9)	87,604	1	38,214	-	29,172	-
Notes and accounts receivable, net (Note 10)	278,864	3	171,245	2	146,841	2
Other receivables	3,988	-	3,818	-	15,108	-
Inventories (Note 11)	583,819	5	562,831	5	596,673	6
Other current assets (Note 18)	81,187	1	66,651	1	54,025	1
Total current assets	2,221,446	21	2,892,983	27	2,125,157	22
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Note 8)	12,202	-	10,892	-	12,004	-
Financial assets at amortized cost (Notes 9 and 34)	11,460	-	11,460	-	11,460	-
Investments accounted for using the equity method (Notes 4 and 13)	5,984	-	-	-	-	-
Property, plant and equipment (Notes 14, 34 and 35)	6,457,712	62	5,926,655	56	6,267,965	64
Right-of-use assets (Notes 4 and 15)	224,024	2	-	-	-	-
Investment properties (Note 16)	1,478,383	14	1,485,928	14	961,768	10
Intangible assets (Note 17)	30,502	-	20,141	-	19,929	-
Deferred tax assets (Notes 4 and 27)	7,971	-	8,032	-	6,425	-
Other non-current assets (Notes 18 and 33)	81,402	1	291,958	3	363,417	4
Total non-current assets	8,309,640	79	7,755,066	73	7,642,968	78
TOTAL	$ 10,531,086	100	$ 10,648,049	100	$ 9,768,125	100

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 34)	$ 350,000	3	$ 800,000	8	$ 650,000	7
Contract liabilities (Note 25)	64,146	1	106,317	1	121,964	1
Notes payable	-	-	1,756	-	200	-
Accounts payable	215,241	2	260,479	2	354,170	3
Other payables (Note 20)	1,337,164	13	1,686,465	16	1,362,062	14
Other payables to related parties (Note 33)	26,023	-	35,622	-	24,031	-
Current tax liabilities (Notes 4 and 27)	307,855	3	303,844	3	160,272	2
Lease liabilities (Notes 4, 15 and 33)	45,173	-	-	-	-	-
Other current liabilities (Notes 20 and 33)	51,551	1	49,514	1	63,253	1
Current portion of long-term borrowings (Notes 19 and 34)	24,489	-	26,012	-	32,527	-
Total current liabilities	2,421,642	23	3,270,009	31	2,768,479	28
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 34)	974,698	9	292,795	3	493,906	5
Provisions (Note 22)	5,298	-	-	-	-	-
Deferred tax liabilities (Notes 4 and 27)	68,628	1	68,628	-	68,463	1
Lease liabilities (Notes 4, 15 and 33)	136,277	1	-	-	-	-
Other non-current liabilities (Notes 4, 20 and 33)	67,191	1	83,347	1	114,870	1
Total non-current liabilities	1,252,092	12	444,770	4	677,239	7
Total liabilities	3,673,734	35	3,714,779	35	3,445,718	35
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
Share capital						
Common Stock	1,362,864	13	1,362,864	13	1,362,864	14
Capital surplus	968,724	9	965,244	9	958,793	10
Retained earnings						
Legal reserve	939,947	9	810,407	8	810,407	9
Special reserve	74,671	1	74,671	1	74,671	1
Unappropriated earnings	2,545,041	24	2,676,265	25	2,268,647	23
Total retained earnings	3,559,659	34	3,561,343	34	3,153,725	33
Other equity	(91,498)	(1)	(68,094)	(1)	(73,311)	(1)
Treasury stock	(45,530)	-	(91,062)	(1)	(91,062)	(1)
Total equity attributable to owners of the Company	5,754,219	55	5,730,295	54	5,311,009	55
NON-CONTROLLING INTERESTS (Notes 12 and 24)	1,103,133	10	1,202,975	11	1,011,398	10
Total equity	6,857,352	65	6,933,270	65	6,322,407	65
TOTAL	$ 10,531,086	100	$ 10,648,049	100	$ 9,768,125	100

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

(With Deloitte & Touche review report dated November 11, 2019)

GRAPE KING BIO LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 25 and 33)	$ 2,111,652	100	$ 2,221,728	100	$ 6,525,777	100	$ 6,516,105	100
COST OF REVENUE (Notes 11 and 26)	(354,332)	(17)	(461,944)	(21)	(1,186,883)	(18)	(1,311,953)	(20)
GROSS PROFIT	1,757,320	83	1,759,784	79	5,338,894	82	5,204,152	80
OPERATING EXPENSES (Notes 23, 26, 29 and 33)								
Selling and marketing	(1,011,972)	(48)	(976,089)	(44)	(3,227,394)	(50)	(3,097,122)	(47)
General and administrative	(135,083)	(6)	(138,123)	(6)	(393,422)	(6)	(362,142)	(6)
Research and development	(53,844)	(3)	(48,401)	(2)	(134,165)	(2)	(137,578)	(2)
Total operating expenses	(1,200,899)	(57)	(1,162,613)	(52)	(3,754,981)	(58)	(3,596,842)	(55)
INCOME FROM OPERATIONS	556,421	26	597,171	27	1,583,913	24	1,607,310	25
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 26 and 33)								
Other income	34,347	2	22,949	1	90,572	1	67,096	1
Other gains and losses	1,095	-	923	-	(1,466)	-	(305)	-
Finance costs	(4,527)	-	(3,235)	-	(12,802)	-	(10,621)	-
Share of profit or loss of associate	(268)	-	-	-	(431)	-	-	-
Total non-operating income	30,647	2	20,637	1	75,873	1	56,170	1
PROFIT BEFORE INCOME TAX	587,068	28	617,808	28	1,659,786	25	1,663,480	26
INCOME TAX EXPENSE (Notes 4 and 27)	(117,232)	(6)	(128,065)	(6)	(343,581)	(5)	(371,950)	(6)
NET PROFIT FOR THE PERIOD	469,836	22	489,743	22	1,316,205	20	1,291,530	20
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 24)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	176	-	(3,700)	-	1,310	-	(6,383)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	3	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(29,505)	(1)	(25,200)	(1)	(24,319)	-	(22,684)	(1)
Exchange differences on translating foreign operations of associate	(176)	-	-	-	(395)	-	-	-
Other comprehensive loss for the period, net of income tax	(29,505)	(1)	(28,900)	(1)	(23,404)	-	(29,064)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 440,331	21	$ 460,843	21	$ 1,292,801	20	$ 1,262,466	19

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GRAPE KING BIO LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	$ 304,001	14	$ 338,745	15	$ 880,875	13	888,467	14
Non-controlling interests	165,835	8	150,998	7	435,330	7	403,063	6
	$ 469,836	22	$ 489,743	22	$ 1,316,205	20	$ 1,291,530	20
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	$ 274,496	13	$ 309,845	14	$ 857,471	13	859,403	13
Non-controlling interests	165,835	8	150,998	7	435,330	7	403,063	6
	$ 440,331	21	$ 460,843	21	$ 1,292,801	20	$ 1,262,466	19
EARNINGS PER SHARE (Note 28)								
Basic earnings per share	$ 2.24		$ 2.50		$ 6.49		$ 6.57	
Diluted earnings per share	$ 2.23		$ 2.49		$ 6.46		$ 6.53	

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

(With Deloitte & Touche review report dated November 11, 2019) (Concluded)

GRAPE KING BIO LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company: Share Capital - Common Stock: Share (In Thousands)	Share Capital - Common Stock: Amount	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Others: Exchange Differences on Translating Foreign Operations	Others: Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2018	135,221	$ 1,352,211	$ 800,246	$ 675,213	$ 74,671	$ 2,418,570	$ (34,603)	$ -	$ (91,062)	$ 5,195,246	$ 1,132,726	$ 6,327,972
Effect of retrospective application	-	-	-	-	-	-	-	(9,641)	-	(9,641)	-	(9,641)
ADJUSTED BALANCE, JANUARY 1, 2018	135,221	1,352,211	800,246	675,213	74,671	2,418,570	(34,603)	(9,641)	(91,062)	5,185,605	1,132,726	6,318,331
Appropriation of 2017 earnings												
Legal reserve	-	-	-	135,194	-	(135,194)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(903,199)	-	-	-	(903,199)	-	(903,199)
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	(524,391)	(524,391)
Convertible bonds converted to common stock	1,065	10,653	158,547	-	-	-	-	-	-	169,200	-	169,200
Net income for the nine months ended September 30, 2018	-	-	-	-	-	888,467	-	-	-	888,467	403,063	1,291,530
Other comprehensive income (loss) for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	3	(22,684)	(6,383)	-	(29,064)	-	(29,064)
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	888,470	(22,684)	(6,383)	-	859,403	403,063	1,262,466
BALANCE, SEPTEMBER 30, 2018	136,286	$ 1,362,864	$ 958,793	$ 810,407	$ 74,671	$ 2,268,647	$ (57,287)	$ (16,024)	$ (91,062)	$ 5,311,009	$ 1,011,398	$ 6,322,407
BALANCE, JANUARY 1, 2019	136,286	$ 1,362,864	$ 965,244	$ 810,407	$ 74,671	$ 2,676,265	$ (50,958)	$ (17,136)	$ (91,062)	$ 5,730,295	$ 1,202,975	$ 6,933,270
Appropriation of 2018 earnings												
Legal reserve	-	-	-	129,540	-	(129,540)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(882,559)	-	-	-	(882,559)	-	(882,559)
Share-based payment arrangements	-	-	3,480	-	-	-	-	-	45,532	49,012	-	49,012
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	(535,172)	(535,172)
Net income for the nine months ended September 30, 2019	-	-	-	-	-	880,875	-	-	-	880,875	435,330	1,316,205
Other comprehensive income (loss) for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	-	(24,714)	1,310	-	(23,404)	-	(23,404)
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	880,875	(24,714)	1,310	-	857,471	435,330	1,292,801
BALANCE, SEPTEMBER 30, 2019	136,286	$ 1,362,864	$ 968,724	$ 939,947	$ 74,671	$ 2,545,041	$ (75,672)	$ (15,826)	$ (45,530)	$ 5,754,219	$ 1,103,133	$ 6,857,352

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

(With Deloitte & Touche review report dated November 11, 2019)

GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,659,786	$ 1,663,480
Adjustments for:		
Depreciation expenses	231,277	187,342
Amortization expenses	7,272	5,364
Expected credit loss recognized (reversed)	1,423	(203)
Gain on financial assets at fair value through profit or loss	-	(489)
Finance costs	12,802	10,621
Interest income	(3,515)	(5,252)
Compensation costs of share-based payment agreements	4,394	-
Share of profit (loss) of associate	431	-
Loss on disposal of property, plant and equipment, net	5,523	3,387
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	115,219
Notes and accounts receivable, net	(107,619)	13,731
Other receivables	(1,774)	(9,035)
Inventories	(20,988)	(104,615)
Other current assets	(13,466)	4,869
Contract liabilities	(42,171)	38,879
Notes payable	(1,756)	(7,007)
Accounts payable	(45,238)	38,062
Other payables	(359,524)	(228,544)
Other payables - related parties	(9,599)	(8,742)
Other current liabilities	(2,968)	(10,688)
Net defined benefit liabilities	(2,498)	(2,702)
Cash generated from operations	1,311,792	1,703,677
Interest received	3,696	5,290
Interest paid	(10,982)	(9,365)
Income tax paid	(339,509)	(462,779)
Net cash generated from operating activities	964,997	1,236,823
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(58,604)	(7,000)
Repayment of financial assets at amortized cost	8,970	13,308
Acquisition of investments accounted for using the equity method	(6,810)	-
Acquisition of property, plant and equipment	(572,815)	(859,983)
Proceeds from disposal of property, plant and equipment	390	73

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GRAPE KING BIO LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
Increase in refundable deposits	$ (8,243)	$ (10,438)
Decrease in refundable deposits	8,849	11,680
Acquisition of intangible assets	(17,677)	(2,850)
Decrease (increase) in other non-current assets	12,880	(17,015)
Net cash used in investing activities	(633,060)	(872,225)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,100,000	3,750,000
Repayments of short-term borrowings	(3,550,000)	(3,400,000)
Repayments of bond payables	-	(3,325)
Proceeds from long-term borrowings	1,150,000	-
Repayments of long-term borrowings	(469,620)	(24,211)
Proceeds from guarantee deposits received	511	25,290
Refund of guarantee deposits received	(11,554)	(700)
Repayment of the principal portion of lease liabilities	(29,573)	-
Dividends paid to owners of the Company	(882,559)	(903,199)
Proceeds from reissuance of treasury stock	44,618	-
Dividends paid to non-controlling interests	(535,172)	(524,391)
Net cash used in financing activities	(1,183,349)	(1,080,536)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(12,828)	(9,941)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(864,240)	(725,879)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,050,224	1,920,497
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,185,984	$ 1,194,618

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

(With Deloitte & Touche review report dated November 11, 2019) (Concluded)

1. GENERAL INFORMATION

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 ("ROC"). In April 1971, the Company was officially registered as Grape King Food Limited and started its operation. In 1979, the Company merged with China Fuso Seiko Pharmaceutical Industries Ltd. and 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 from December 1982. In the annual shareholders' meeting held on June 12, 2002, the Company resolved to change its name to become 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. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and issued on November 11, 2019.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company and its subsidiaries' (collectively, the "Group") accounting policies:

1) IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in China were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payment. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

c) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

d) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 1.09%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 226,175
Undiscounted amounts on January 1, 2019	$ 226,175
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 205,070
Lease liabilities recognized on January 1, 2019	$ 205,070

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Adjusted on January 1, 2019
Right-of-use assets	$ -	$ 253,015	$ 253,015
Long-term rental prepayment (classified as other non-current assets)	43,374	(43,374)	-
Total effect on assets	$ 43,374	$ 209,641	$ 253,015
Lease liabilities - current	$ -	$ 13,568	$ 13,568
Lease liabilities - non-current	-	191,502	191,502
Provisions - non-current	-	4,571	4,571
Total effect on liabilities	$ -	$ 209,641	$ 209,641

b. The IFRSs endorsed by FSC for application starting from 2020

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 2)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

c. Basis of consolidation

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

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

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

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

d. Other significant accounting policies

Except for the policy on leases and the following, refer to Note 4 to the consolidated financial statements for the year ended December 31, 2018.

1) Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2) Leases

<u>2019</u>

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

b) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

<u>2018</u>

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b) The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

3) Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

4) Retirement benefits

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

5) Share-based payment arrangements/Employee share options

<u>Employee share options granted to employees</u>

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

6) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as those that were applied in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2018.

6. CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	$ 5,355	$ 4,254	$ 5,679
Checking accounts and demand deposits	1,059,579	1,466,992	1,081,902
Cash equivalents			
Repurchase agreements collateralized by commercial paper	-	263,601	-
Repurchase agreements collateralized by bonds	121,050	315,377	107,037
	$ 1,185,984	$ 2,050,224	$ 1,194,618

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2019	December 31, 2018	September 30, 2018
Current			
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Structured time deposits	$ -	$ -	$ 88,720

Shanghai Grape King entered into a 3-month structured time deposit contract with bank in 2018. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is categorized as an asset within the scope of IFRS 9.

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2019	December 31, 2018	September 30, 2018
Non-current - investments in equity instruments at FVTOCI			
Unlisted shares			
FU-Sheng International Inc. (Samoa)	$ 12,163	$ 10,852	$ 11,961
Hsin Tung Yang Co., Ltd.	39	40	43
	$ 12,202	$ 10,892	$ 12,004

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

As at January 1, 2016, the Company invested US$917 thousand (equivalent to NT$28,008 thousand) for 917,700 shares of FU-Sheng International Inc. (Samoa), representing 19% ownership interest. In 2016, the Company did not participate in an offering of shares conducted by FU-Sheng International Inc. (Samoa), and therefore its ownership interest was reduced to 18.77%.

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2019	December 31, 2018	September 30, 2018
Current			
Domestic investments			
Time deposits with original maturities of more than 3 months	$ 87,604	$ 38,214	$ 29,172
Non-current			
Domestic investments			
Pledged time deposit	$ 11,460	$ 11,460	$ 11,460

Refer to Note 32 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable			
Notes receivable - operating	$ 2,749	$ 3,597	$ 4,219
Accounts receivables			
At amortized cost			
Gross carrying amount	279,446	170,979	145,867
Less: Allowance for impairment loss	(3,331)	(3,331)	(3,245)
	276,115	167,648	142,622
	$ 278,864	$ 171,245	$ 146,841

The average credit period of sales of goods was 30-135 days. The Group adopted a policy of only dealing with entities that are passed internal credit assessment and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

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

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

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	$ 3,331	$ 3,448
Net remeasurement of loss allowance	-	(203)
Balance at September 30	$ 3,331	$ 3,245

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

	Neither Past Due nor Impaired	Past Due but not Impaired			Total
		Within 90 Days	91 to 180 Days	Over 180 Days	
September 30, 2019	$ 207,368	$ 71,414	$ 25	$ 57	$ 278,864
December 31, 2018	161,007	10,238	-	-	171,245
September 30, 2018	139,421	7,344	65	11	146,841

Notes and accounts receivable were not pledged.

11. INVENTORIES

	September 30, 2019	December 31, 2018	September 30, 2018
Finished goods	$ 183,453	$ 164,399	$ 228,804
Semi-finished goods and work in progress	163,665	158,476	153,901
Raw materials	205,139	211,114	189,176
Supplies	30,082	27,370	23,162
Merchandise	1,480	1,472	1,630
	$ 583,819	$ 562,831	$ 596,673

The costs of inventories recognized as cost of goods sold were detailed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Cost of revenue	$ 354,332	$ 461,944	$ 1,186,883	$ 1,311,953
Loss on retirement	$ 1,722	$ 221	$ 10,920	$ 9,687
Gain from physical counts	$ (322)	$ (164)	$ (802)	$ (643)

Inventories were not pledged.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership		
			September 30, 2019	December 31, 2018	September 30, 2018
The Company	Pro-partner Inc. (Pro-partner)	Sales	60%	60%	60%
The Company	GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI) (GKBVI)	Investment	100%	100%	100%
The Company	Rivershine Ltd. (Rivershine)	Sales	100%	100%	100%
The Company	Dongpu Biotech Corporation	Sales	100%	100%	100%
GKBVI	Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Manufacturing and Sales	100%	100%	100%
GKBVI	Shanghai Rivershine Ltd. (Shanghai Rivershine)	Sales	100%	100%	100%

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests September 30, 2019	December 31, 2018	September 30, 2018
Pro-partner	Taiwan, Republic of China	40%	40%	40%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018	Accumulated Non-controlling Interests September 30, 2019	December 31, 2018	September 30, 2018
Pro-partner	$ 165,835	$ 150,998	$ 435,330	$ 403,063	$ 1,103,133	$ 1,202,975	$ 1,011,398

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

Pro-partner

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	$ 954,577	$ 1,361,132	$ 567,127
Non-current assets	3,772,306	3,740,441	3,751,432
Current liabilities	(1,628,811)	(1,784,232)	(1,267,999)
Non-current liabilities	(340,239)	(309,903)	(522,066)
Equity	$ 2,757,833	$ 3,007,438	$ 2,528,494
Equity attributable to:			
Owners of the Company	$ 1,654,700	$ 1,804,463	$ 1,517,096
Non-controlling interests of Pro-partner	1,103,133	1,202,975	1,011,398
	$ 2,757,833	$ 3,007,438	$ 2,528,494

	For the Three Months Ended September 30 2019	2018	For the Nine Months Ended September 30 2019	2018
Revenue	$ 1,850,730	$ 1,731,148	$ 5,503,885	$ 5,244,572
Profit for the period	$ 414,002	$ 377,495	$ 1,087,738	$ 1,007,657
Profit and total comprehensive income attributable to:				
Owners of the Company	$ 248,167	$ 226,497	$ 652,408	$ 604,594
Non-controlling interests of Pro-partner	165,835	150,998	435,330	403,063
	$ 414,002	$ 377,495	$ 1,087,738	$ 1,007,657

	For the Nine Months Ended September 30	
	2019	2018
Net cash inflow (outflow) from:		
Operating activities	$ 915,325	$ 803,029
Investing activities	(11,649)	(241,807)
Financing activities	(1,388,674)	(1,333,256)
Net cash outflow	$ (484,998)	$ (772,034)
Dividends paid to non-controlling interests of:		
Pro-partner	$ 535,172	$ 524,391

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2019
Associates that are not individually material	
GK BIO INTERNATIONAL SDN. BHD.	$ 5,984

In January 2019, the Company invested NT$6,810 thousand in GK BIO INTERNATIONAL SDN. BHD. and acquired 30% ownership .

Aggregate information of associates that are not individually material

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
The Company’s share of:		
Net loss	$ (268)	$ (431)
Other comprehensive income (loss)	(176)	(395)
Total comprehensive income (loss)	$ (444)	$ (826)

The Company had no pledged contingent liabilities nor capital commitments to the associates as of September 30, 2019.

14. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2019
Assets used by the Group	$ 6,457,712

a. Assets used by the Group - 2019

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2019	$ 2,067,958	$ 1,974	$ 3,134,148	$ 1,254,331	$ 16,523	$ 48,083	$ 417,443	$ 856,968	$ 7,797,428
Additions	-	1,290	37,484	48,199	2,117	299	7,192	480,160	576,741
Disposals	-	-	-	(39,305)	(159)	-	(1,839)	-	(41,303)
Reclassified	-	-	15,790	27,587	-	-	2,975	115,517	161,869
Effects of foreign currency exchange differences	-	-	(10,824)	(5,489)	(58)	(77)	(524)	(434)	(17,406)
Balance at September 30, 2019	2,067,958	3,264	3,176,598	1,285,323	18,423	48,305	425,247	1,452,211	8,477,329
Accumulated depreciation									
Balance at January 1, 2019	-	973	663,177	902,083	8,669	12,128	283,743	-	1,870,773
Depreciation expenses	-	263	99,185	55,321	1,873	7,030	28,024	-	191,696
Disposals	-	-	-	(33,762)	-	-	(1,628)	-	(35,390)
Reclassified	-	-	-	-	-	-	-	-	-
Effects of foreign currency exchange differences	-	-	(3,352)	(3,611)	(47)	(35)	(417)	-	(7,462)
Balance at September 30, 2019	-	1,236	759,010	920,031	10,495	19,123	309,722	-	2,019,617
Carrying amounts at January 1, 2019	$ 2,067,958	$ 1,001	$ 2,470,971	$ 352,248	$ 7,854	$ 35,955	$ 133,700	$ 856,968	$ 5,926,655
Carrying amounts at September 30, 2019	$ 2,067,958	$ 2,028	$ 2,417,588	$ 365,292	$ 7,928	$ 29,182	$ 115,525	$ 1,452,211	$ 6,457,712

b. 2018

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2018	$ 3,055,915	$ 1,974	$ 3,167,264	$ 1,167,117	$ 12,973	$ 34,635	$ 344,919	$ 311,633	$ 8,096,430
Additions	-	-	323,463	17,170	4,646	1,200	66,569	337,381	750,429
Disposals	-	-	-	(170)	(28,874)	(4,512)	(1,655)	-	(35,211)
Reclassified	(627,200)	-	(187,608)	66,627	-	50	3,682	38,510	(705,939)
Effects of foreign currency exchange differences	-	-	(10,258)	(32,817)	28,797	(72)	(548)	-	(14,898)
Balance at September 30, 2018	2,428,715	1,974	3,292,861	1,217,927	17,542	31,301	412,967	687,524	8,090,811
Accumulated depreciation									
Balance at January 1, 2018	-	687	616,686	857,073	7,696	10,050	248,822	-	1,741,014
Depreciation expenses	-	214	95,371	57,154	1,389	4,280	28,934	-	187,342
Disposals	-	-	-	(26,053)	-	(4,511)	(1,187)	-	(31,751)
Reclassified	-	-	(67,049)	-	-	-	-	-	(67,049)
Effects of foreign currency exchange differences	-	-	(3,203)	(2,956)	(65)	(33)	(453)	-	(6,710)
Balance at September 30, 2018	-	901	641,805	885,218	9,020	9,786	276,116	-	1,822,846
Carrying amounts at September 30, 2018	$ 2,428,715	$ 1,073	$ 2,651,056	$ 332,709	$ 8,522	$ 21,515	$ 136,851	$ 687,524	$ 6,267,965

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

Significant Part of Buildings	Estimated Economic Lives
Main plant	30 to 60 years
Air conditioning and electrical	8 to 25 years
Waste water treatment equipment	5 to 30 years
Decoration	15 years

No impairment assessment was performed for the nine months ended September 30, 2019 and 2018 as there was no indication of impairment.

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 34.

15. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	September 30, 2019
Carrying amounts	
Land	$ 101,541
Buildings	113,330
Transportation equipment	8,460
Other equipment	693
	$ 224,024

	For the Nine Months Ended September 30, 2019
Additions to right-of-use assets	$ 5,318

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Depreciation charge for right-of-use assets		
Land	$ 905	$ 2,737
Buildings	9,063	25,999
Transportation equipment	1,101	3,208
Other equipment	40	92
	$ 11,109	$ 32,036

b. Lease liabilities - 2019

	September 30, 2019
Carrying amounts	
Current	$ 45,173
Non-current	$ 136,277

Range of discount rate for lease liabilities was as follows:

	September 30, 2019
Land	1.00% to 4.75%
Buildings	1.00% to 4.75%
Transportation equipment	1.00% to 4.75%
Other equipment	1.00% to 1.44%

c. Material lease-in activities and terms

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

d. Subleases

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

Sublease of right-of-use assets - 2019

Shanghai Grape King entered into an operating lease agreement for a term from June 2014 to March 2034 with a non-related party. As of September 30, 2019, Shanghai Grape King had received prepaid rents, recorded under the advances received for the period of ten years and four months. The movement schedule of prepaid rents is listed as follows:

	September 30, 2019
Beginning balance of prepaid rent	$ 51,865
Rental income recognized in current period	(3,547)
Effects of foreign currency exchange differences	(1,282)
Ending balance of prepaid rent	$ 47,036

Advances received for operating leases are as follows:

	September 30, 2019
Other current liabilities	$ 4,552
Other non-current liabilities	42,484
Ending balance of prepaid rent	$ 47,036

Sublease of operating lease commitments - 2018

Shanghai Grape King entered into an operating lease agreement for a term from June 2014 to March 2034 with a non-related party. As of December 31, 2018, Shanghai Grape King had received prepaid rents, recorded under the advances received for the period of eleven years and one month. As of September 30, 2018, Shanghai Grape King had received prepaid rents, recorded under the advances received for the period of eleven years and four months. The movement schedule of prepaid rents is listed as follows:

	December 31, 2018	**September 30, 2018**
Beginning balance of prepaid rent	$ 57,720	$ 57,720
Rental income recognized in current period	(4,772)	(3,605)
Effects of foreign currency exchange differences	(1,083)	(1,507)
Ending balance of prepaid rent	$ 51,865	$ 52,608

Advances received for operating leases are as follows:

	December 31, 2018	September 30, 2018
Other current liabilities	$ 4,680	$ 4,642
Other non-current liabilities	47,185	47,966
Ending balance of prepaid rent	$ 51,865	$ 52,608

e. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Notes 16.

2019

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Expenses relating to short-term and low-value asset leases	$ 9,341	$ 17,603

	For the Nine Months Ended September 30, 2019
Total cash outflow for leases	$ (47,176)

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

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018	September 30, 2018
Not later than 1 year	$ 43,698	$ 40,297
Later than 1 year and not later than 5 years	121,076	56,176
Later than 5 years	61,401	-
	$ 226,175	$ 96,473

The lease contracts listed above were rental expenses for land from science-based parks, operations centers, automobiles and warehouses. Operating lease expenses recognized are as follows:

	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2018
Minimum lease payments	$ 12,933	$ 44,445

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1 and September 30, 2019	$ 1,173,942	$ 394,499	$ 1,568,441
Accumulated depreciation			
Balance at January 1, 2019	$ -	$ 82,513	$ 82,513
Depreciation expenses	-	7,545	7,545
Balance at September 30, 2019	$ -	$ 90,058	$ 90,058
Carrying amounts at January 1, 2019	$ 1,173,942	$ 311,986	$ 1,485,928
Carrying amounts at September 30, 2019	$ 1,173,942	$ 304,441	$ 1,478,383
Cost			
Balance at January 1, 2018	$ 185,985	$ -	$ 185,985
Reclassified	627,200	215,632	842,832
Balance at September 30, 2018	$ 813,185	$ 215,632	$ 1,028,817
Accumulated depreciation			
Balance at January 1, 2018	$ -	$ -	$ -
Reclassified	-	(67,049)	(67,049)
Balance at September 30, 2018	$ -	$ (67,049)	$ (67,049)
Carrying amounts at September 30, 2018	$ 813,185	$ 148,583	$ 961,768

The investment properties were leased out for 3 to 5 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of September 30, 2019 was as follows:

	September 30, 2019
Year 1	$ 15,457
Year 2	14,799
Year 3	13,469
Year 4	13,469
Year 5	324
	$ 57,518

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2018 and September 30, 2018 are as follows:

	December 31, 2018	September 30, 2018
Not later than 1 year	$ 15,457	$ 16,969
Later than 1 year and not later than 5 years	53,456	57,239
	$ 68,913	$ 74,208

Investment properties are depreciated using the straight-line method over their estimated useful lives for 10 to 15 years.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Fair value	$ 1,863,736	$ 1,761,583	$ 1,261,514

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

Investment properties were not pledged.

17. INTANGIBLE ASSETS

	Computer Software	Trademark	Total
Cost			
Balance at January 1, 2019	$ 24,070	$ 15,049	$ 39,119
Additions	17,677	-	17,677
Effects of foreign currency exchange differences	(53)	-	(53)
Balance at September 30, 2019	$ 41,694	$ 15,049	$ 56,743
Accumulated amortization			
Balance at January 1, 2019	$ 8,836	$ 10,142	$ 18,978
Amortization expenses	4,328	2,944	7,272
Effects of foreign currency exchange differences	(9)	-	(9)
Balance at September 30, 2019	$ 13,155	$ 13,086	$ 26,241
Carrying amounts at January 1, 2019	$ 15,234	$ 4,907	$ 20,141
Carrying amounts at September 30, 2019	$ 28,539	$ 1,963	$ 30,502
Cost			
Balance at January 1, 2018	$ 19,042	$ 15,049	$ 34,091
Additions	2,850	-	2,850
Balance at September 30, 2018	$ 21,892	$ 15,049	$ 36,941
Accumulated amortization			
Balance at January 1, 2018	$ 5,433	$ 6,216	$ 11,649
Amortization expenses	2,420	2,944	5,364
Effects of foreign currency exchange differences	(1)	-	(1)
Balance at September 30, 2018	$ 7,852	$ 9,160	$ 17,012
Carrying amounts at September 30, 2018	$ 14,040	$ 5,889	$ 19,929

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
An analysis of depreciation by function				
Selling and marketing expenses	$ 807	$ 30	$ 1,459	$ 91
General and administrative expenses	1,929	1,831	5,813	5,273
	$ 2,736	$ 1,861	$ 7,272	$ 5,364

18. OTHER ASSETS

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets			
Prepayments for purchase	$ 28,022	$ 43,983	$ 25,595
Office supplies	2,497	4,689	8,110
Other prepaid expenses	34,902	13,271	12,017
Other current assets	15,766	4,708	8,303
	$ 81,187	$ 66,651	$ 54,025
Non-current assets			
Prepayments for equipment	$ 33,081	$ 187,963	$ 252,680
Refundable deposits	25,120	26,931	26,415
Net defined benefit assets	6,120	3,730	1,104
Overdue receivable	2,267	2,267	2,267
Less: loss allowance	(2,267)	(2,267)	(2,267)
Prepayments for long-term rental	-	43,373	43,449
Other non-current assets	17,081	29,961	39,769
	$ 81,402	$ 291,958	$ 363,417

The amount recognized under the caption of “Prepayments for long-term rental” is the prepaid land-transferring fees payable 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 rented the land for construction of the manufacturing plant from October 1997 to March 2044. All fees were paid in full when the lease agreement was entered into and have been amortized over the lease term.

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

19. BORROWINGS

a. Short-term borrowings

	Interest rates (%)	September 30, 2019	December 31, 2018	September 30, 2018
Unsecured borrowings				
Line of credit borrowings	0.98-1.04	$ 150,000	$ 150,000	$ 50,000
Secured borrowings				
Bank loans	0.98-1.05	200,000	650,000	600,000
		$ 350,000	$ 800,000	$ 650,000

Refer to Note 34 for property, plant and equipment pledged as collateral for short-term borrowings.

b. Long-term borrowings

Details of long-term borrowings are as follows:

Lenders	September 30, 2019	Interest rates (%)	Maturity and terms
Unsecured borrowings			
Credit loans from Hua Nan Commercial Bank	$ 250,000	1.40	Effective from July 22, 2019 to July 22, 2022. Interest is repayable monthly; principal is repayable at maturity.
Secured borrowings			
Secured Long-Term Loan from Chang Hwa Commercial Bank	68,729	1.44	Effective from May 27, 2015 to May 27, 2030. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Taiwan Cooperative Bank	230,458	1.44	Effective from May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Hua Nan Commercial Bank	450,000	1.30	Effective from May 10, 2019 to July 22, 2022. Interest is repayable monthly; principal is repayable at maturity.
	999,187		
Less: Current portions	(24,489)		
	$ 974,698		

Lenders	December 31, 2018	Interest rates (%)	Maturity and terms
Secured Long-Term Loan from Chang Hwa Commercial Bank	$ 73,176	1.44	Effective from May 27, 2015 to May 27, 2030. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Taiwan Cooperative Bank	245,631	1.44	Effective from May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due on a monthly basis.
	318,807		
Less: Current portions	(26,012)		
	$ 292,795		

Lenders	September 30, 2018	Interest rates (%)	Maturity and terms
Secured Long-Term Loan from Chang Hwa Commercial Bank	$ 175,868	1.44	Effective from May 27, 2015 to May 27, 2030. Principal is repaid with interest payments due on a monthly basis.
Secured Long-Term Loan from Taiwan Cooperative Bank	350,565	1.44	Effective from May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due on a monthly basis.
	526,433		
Less: Current portions	(32,527)		
	$ 493,906		

Certain land and buildings were pledged as collaterals for secured bank loans. Refer to Note 34 for details.

20. OTHER LIABILITIES

	September 30, 2019	December 31, 2018	September 30, 2018
Current			
Other payables			
Bonus to direct sellers	$ 722,860	$ 927,735	$ 712,994
Salaries and incentive bonus	151,021	201,287	164,687
Bonus to employees	142,746	204,386	139,929
Payables for purchases of equipment	34,859	24,616	98,104
Accrued VAT payable	27,448	72,245	32,889
Bonus to directors and supervisors	20,678	30,645	21,163
Other accrued expenses	233,551	173,072	187,960
Others	4,001	52,479	4,336
	$ 1,337,164	$ 1,686,465	$ 1,362,062
Other liabilities			
Guarantee deposits received	$ 11,375	$ 11,395	$ -
Unearned rent	6,259	5,932	5,304
Refund liabilities	-	2,831	2,831
Other current liabilities	33,917	29,356	55,118
	$ 51,551	$ 49,514	$ 63,253
Non-current			
Guarantee deposits received	$ 22,788	$ 33,811	$ 47,972
Net defined benefit liabilities	1,919	2,027	1,943
Other long-term payables	-	-	16,343
Other non-current liabilities - other	42,484	47,509	48,612
	$ 67,191	$ 83,347	$ 114,870

21. BONDS PAYABLE

On August 26, 2015, the Company issued 1,000,000 thousand, 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 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 during closed period. The Company will redeem the bonds with interest refund (0.7519% of the principal amount) in cash if the convertible bonds have not been settled by the maturity date.

The exchange price was originally NT$170.5 per share. Because the cash dividends - common stock, distributed on 2016, 2017 and 2018, were higher than 1.5% of current price 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, NT$160.6 and NT$155.9 from July 24, 2016, July 17, 2017 and July 15, 2018, respectively.

On August 26, 2018, the Company repaid and cancelled the bonds amounting to NT$3,300 thousand plus interest compensation of NT$25 thousand. Accordingly, capital reserve due to share option in the amount of NT$150 thousand was transferred to capital reserve from expired share option. There was NT$996,700 thousand of bonds payable converted into shares as of August 26, 2018.

22. PROVISIONS

	September 30, 2019
Non-current	
Decommissioning, restoration and rehabilitation	$ 5,298

Movements in decommissioning, restoration and rehabilitation are as follows:

	For the Nine Months Ended September 30, 2019
Balance at January 1, 2019	$ -
Adjustments on initial application of IFRS 16	4,571
Balance at January 1, 2019 (adjusted)	4,571
Additional provisions recognized	670
Discount rate adjustment and unwinding of discount from the passage of time	57
Balance at September 30, 2019	$ 5,298

A provision has been recognized according to the contract that the Group is committed to decommissioning the site because of construction of the factory.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

Expenses under the defined contribution plan for the three months ended September 30, 2019 and 2018 were NT$8,169 thousand and NT$8,123 thousand, respectively, while for the nine months ended September 30, 2019 and 2018 were NT$25,156 thousand and NT$22,831 thousand, respectively.

b. Defined benefit plans

Employee benefit expenses in respect of the Group defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate, expenses under the defined benefit plan for the three months ended September 30, 2019 and 2018 were NT$68 thousand and NT$152 thousand, respectively, while for the nine months ended September 30, 2019 and 2018 were NT$518 thousand and NT$457 thousand, respectively.

24. EQUITY

a. Share capital

1) Common stock

	September 30, 2019	December 31, 2018	September 30, 2018
Shares authorized (in thousands of shares)	150,000	150,000	150,000
Shares authorized, par value $10 (in thousands of dollars)	$ 1,500,000	$ 1,500,000	$ 1,500,000
Shares issued and fully paid (in thousands of shares)	136,286	136,286	136,286
Shares issued and fully paid (in thousands of dollars)	$ 1,362,864	$ 1,362,864	$ 1,362,864

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

During 2018, the unsecured convertible bonds in the amount of NT$168,800 thousand was converted into 1,065 thousand shares at market value of NT$10,653 thousand.

b. Capital surplus

	September 30, 2019	December 31, 2018	September 30, 2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Additional paid-in capital	$ 954,280	$ 954,280	$ 954,280
Treasury share transactions	3,583	4,363	4,363
May only be used to offset a deficit			
Convertible bonds - expired share option	150	150	150
Treasury share transactions - share option	4,260	-	-
Other (2)	6,451	6,451	-
	$ 968,724	$ 965,244	$ 958,793

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

2) Other is unclaimed dividend.

c. Retained earnings and dividends policy

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

1) Paying taxes;

2) Offsetting losses of previous years;

3) Setting aside as legal reserve 10% of the remaining profit;

4) Setting aside or reversing a special reserve in accordance with the laws and regulations; and

5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 26-7.

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 not be lower than 60% of 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.

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

Items referred to under Rule No. 1010012865 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. 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.

The appropriations of earnings for 2018 and 2017 that were approved in the shareholders' meetings on May 29, 2019 and May 29, 2018, respectively, were as follows:

	Appropriation of Earnings For the Years Ended December 31		Dividends Per Share (NT$) For the Years Ended December 31	
	2018	2017	2018	2017
Legal reserve	$ 129,540	$ 135,194		
Cash dividends	882,559	903,199	$ 6.5	$ 6.7

Pro-Partner's appropriations of earnings for 2018 and 2017 that were approved in the shareholders' meetings on April 25, 2019 and April 19, 2018, respectively, were as follows:

	Appropriation of Earnings For the Years Ended December 31		Dividends Per Share (NT$) For the Years Ended December 31	
	2018	2017	2018	2017
Legal reserve	$ 148,670	$ 145,698		
Cash dividends	1,337,931	1,310,978	$ 76.02	$ 74.49

d. Other equity items

1) Exchange differences on translating foreign operations

	For the Nine Months Ended September 30	
	2019	2018
Balance, beginning of period	$ (50,958)	$ (34,603)
Recognized for the period		
Exchange differences on translating foreign operations	(24,714)	(22,684)
Balance, end of period	$ (75,672)	$ (57,287)

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

	For the Nine Months Ended September 30	
	2019	2018
Balance, beginning of period	$ (17,136)	$ (9,641)
Recognized for the period		
Unrealized gain (loss) - equity instruments	1,310	(6,383)
Balance, end of period	$ (15,826)	$ (16,024)

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2019	2018
Balance, beginning of period	$ 1,202,975	$ 1,132,726
Profit for the period	435,330	403,063
Dividends paid to non-controlling interests	(535,172)	(524,391)
Balance, end of period	$ 1,103,133	$ 1,011,398

f. Treasury shares

On January 3, 2017, the Company's board resolved to buy 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 number of shares to be brought back was 3,000,000 shares with the unit price interval of $118 to $349.5. As of the end of the repurchase period, the number of shares repurchased was 508,000 shares with the averages repurchase unit price of $179.26. The carrying value of treasury stock as of September 30, 2019 was $45,530 thousand.

	Shares Transferred to Employees
Number of shares at January 1, 2019	508,000
Transfer during the period	254,000
Number of shares at September 30, 2019	254,000
Number of shares at September 30 and January 1, 2018	508,000

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

25. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Revenue from contracts with customers				
Revenue from the sale of goods	$ 1,979,770	$ 1,843,542	$ 5,884,017	$ 5,533,995
Revenue from the rendering of services	131,882	378,186	641,760	982,110
	$ 2,111,652	$ 2,221,728	$ 6,525,777	$ 6,516,105

a. Disaggregation of revenue

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

For the three months ended September 30, 2019

	Reportable Segments			
	MLM	Distribution	OEM	Total
Type of goods or services				
Sale of goods	$ 1,850,730	$ 101,285	$ 27,755	$ 1,979,770
Rendering of services	-	-	131,882	131,882
	$ 1,850,730	$ 101,285	$ 159,637	$ 2,111,652
Timing of revenue recognition				
Satisfied at a point in time	$ 1,850,730	$ 101,285	$ 159,637	$ 2,111,652

For the three months ended September 30, 2018

	Reportable Segments			
	MLM	Distribution	OEM	Total
Type of goods or services				
Sale of goods	$ 1,731,148	$ 82,492	$ 29,902	$ 1,843,542
Rendering of services	-	-	378,186	378,186
	$ 1,731,148	$ 82,492	$ 408,088	$ 2,221,728
Timing of revenue recognition				
Satisfied at a point in time	$ 1,731,148	$ 82,492	$ 408,088	$ 2,221,728

For the nine months ended September 30, 2019

	Reportable Segments			
	MLM	Distribution	OEM	Total
Type of goods or services				
Sale of goods	$ 5,503,885	$ 301,440	$ 78,692	$ 5,884,017
Rendering of services	-	-	641,760	641,760
	$ 5,503,885	$ 301,440	$ 720,452	$ 6,525,777
Timing of revenue recognition				
Satisfied at a point in time	$ 5,503,885	$ 301,440	$ 720,452	$ 6,525,777

For the nine months ended September 30, 2018

	Reportable Segments			
	MLM	Distribution	OEM	Total
Type of goods or services				
Sale of goods	$ 5,244,572	$ 216,169	$ 73,254	$ 5,533,995
Rendering of services	-	-	982,110	982,110
	$ 5,244,572	$ 216,169	$ 1,055,364	$ 6,516,105
Timing of revenue recognition				
Satisfied at a point in time	$ 5,244,572	$ 216,169	$ 1,055,364	$ 6,516,105

2) Type of goods

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Type of goods				
Health food	$ 1,782,175	$ 1,724,527	$ 5,428,482	$ 5,225,678
OEM	41,100	80,458	655,467	992,543
Beverage	137,816	384,424	149,312	163,723
Others	150,561	32,319	292,516	134,161
	$ 2,111,652	$ 2,221,728	$ 6,525,777	$ 6,516,105

b. Contract balances

	September 30, 2019	December 31, 2018	September 30, 2018	January 1, 2018
Notes and accounts receivable, net (Note 10)	$ 278,864	$ 171,245	$ 146,841	$ 160,369
Contract liabilities - current				
Sale of goods	$ 21,795	$ 48,238	$ 1,424	$ 1,293
Rendering of services	42,351	58,079	120,540	81,792
	$ 64,146	$ 106,317	$ 121,964	$ 83,085

The changes in the balance of contract liabilities primarily result from the timing difference between the Group’s performance and the respective customer’s payment.

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Rental income	$ 8,066	$ 4,655	$ 24,200	$ 14,034
Interest income				
Financial assets at amortized cost	541	1,990	3,515	5,252
Others	25,740	16,304	62,857	47,810
	$ 34,347	$ 22,949	$ 90,572	$ 67,096

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Gain on financial assets at FVTPL, net	$ -	$ 131	$ -	$ 489
Gain (loss) on disposal of property, plant and equipment	47	67	6	(2,826)
Net foreign exchange gains	1,322	773	2,011	2,233
Others	(274)	(48)	(3,483)	(201)
	$ 1,095	$ 923	$ (1,466)	$ (305)

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest on bank loans	$ 3,823	$ 3,070	$ 10,753	$ 9,104
Interest on lease liabilities	602	-	1,783	-
Imputed interest on deposit	83	63	209	193
Unwinding of discount on provisions	19	-	57	-
Interest on corporate bond	-	102	-	1,324
	$ 4,527	$ 3,235	$ 12,802	$ 10,621

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
An analysis of depreciation by function				
Operating costs	$ 34,771	$ 36,414	$ 103,095	$ 108,017
Operating expenses	42,974	30,175	128,182	79,325
	$ 77,745	$ 66,589	$ 231,277	$ 187,342
An analysis of amortization by function				
Operating costs	$ -	$ -	$ -	$ -
Operating expenses	2,736	1,861	7,272	5,364
	$ 2,736	$ 1,861	$ 7,272	$ 5,364

e. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Direct operating expenses from investment properties generating rental income	$ 1,496	$ -	$ 4,366	$ -
Direct operating expenses from investment properties not generating rental income	1,019	-	3,179	630
	$ 2,515	$ -	$ 7,545	$ 630

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Short-term benefits	$ 214,749	$ 221,545	$ 778,818	$ 766,575
Post-employment benefits (Note 25)				
Defined contribution plan	8,169	8,123	25,156	22,831
Defined benefit plans	68	152	518	457
	8,237	8,275	25,674	23,288
Share-based payments				
Equity-settled	4,394	-	4,394	-
Other employee benefits	4,478	4,954	13,254	14,018
Total employee benefits expense	$ 231,858	$ 234,774	$ 822,140	$ 803,881

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
An analysis of employee benefits expense by function				
Operating costs	$ 64,169	$ 69,615	$ 194,003	$ 195,615
Operating expenses	167,689	165,159	628,137	608,266
	$ 231,858	$ 234,774	$ 822,140	$ 803,881

(Concluded)

g. Employees' compensation and remuneration of directors and supervisors

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 of directors and supervisors. However, the Company's accumulated losses have been covered. For the three months ended September 30, 2019 and 2018, for the nine months ended September 30, 2019 and 2018, the employees' compensation and the remuneration of directors and supervisors are as follows:

Accrual rate

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Employees' compensation	8%	8%	8%	8%
Remuneration of directors and supervisors	2%	2%	2%	2%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Employees' compensation	$ 28,598	$ 31,050	$ 82,710	$ 84,653
Remuneration of directors and supervisors	7,150	7,762	20,678	21,163

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

The appropriations of employees' compensation and remuneration of directors and supervisors for 2018 and 2017 that were resolved by the board of directors on February 25, 2019 and February 22, 2018, respectively, are as shown below:

	For the Years Ended December 31	
	2018	2017
	Cash	Cash
Employees' compensation	$ 122,578	$ 127,470
Remuneration of directors and supervisors	30,645	31,867

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	**2018**	**2019**	**2018**
Current tax				
In respect of the current period	$ 116,282	$ 128,518	$ 334,847	$ 343,204
Income tax on unappropriated earnings	-	-	14,199	31,355
Adjustments for prior periods	(751)	(4)	(5,526)	(1,724)
	115,531	128,514	343,520	372,835
Deferred tax				
In respect of the current period	1,701	(234)	61	(512)
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(48)	-	(188)
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	-	(167)	-	(185)
	1,701	(449)	61	(885)
Income tax expense recognized in profit or loss	$ 117,232	$ 128,065	$ 343,581	$ 371,950

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. The effect of the change in tax rate on deferred tax income to be recognized in profit or loss is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings had been reduced from 10% to 5%.

In July 2019, the President of the ROC approved the announcement of the amendments to the Statute of Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in certain assets or technologies above a specific amount are allowed as deduction when computing the income tax on unappropriated earnings. However, the related implementation rules are yet to be issued by the Ministry of Finance; thus, the Company could not estimate the effect on the current income tax.

b. Income tax assessments

The income tax returns of the Company through 2017 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

Unit: NT$ per share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	**2018**	**2019**	**2018**
Basic earnings per share	$ 2.24	$ 2.50	$ 6.49	$ 6.57
Diluted earnings per share	$ 2.23	$ 2.49	$ 6.46	$ 6.53

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

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	**2018**	**2019**	**2018**
Earnings used in the computation of basic earnings per share	$ 304,001	$ 338,745	$ 880,875	$ 888,467
Effect of potentially dilutive ordinary shares				
Interest on convertible bonds	-	98	-	1,286
Gain or loss on valuation of redemption	-	-	-	63
Earnings used in the computation of diluted earnings per share	$ 304,001	$ 338,843	$ 880,875	$ 889,816

The weighted average number of ordinary shares outstanding

Unit: In thousands of shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	**2018**	**2019**	**2018**
Weighted average number of ordinary shares used in the computation of basic earnings per share	135,911	135,664	135,823	135,223
Effect of potentially dilutive ordinary shares				
Employees' compensation	447	395	570	517
Convertible bonds	-	132	-	577
Weighted average number of ordinary shares used in the computation of diluted earnings per share	136,358	136,191	136,393	136,317

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

29. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

Qualified employees of the Company and its subsidiaries were granted 254 options in July 2019. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options are granted to the Company and subsidiaries' specific employees that meet the vesting conditions.

Information on employee share options is as follows:

	For the Nine Months Ended September 30, 2019	
Employee share option	**Number of Options**	**Weighted-average Exercise Price (Share/$)**
Balance at January 1	-	$ -
Options granted	254	176.19
Options exercised	(254)	176.19
Balance at September 30	-	-
Options exercisable, end of period	-	-
Weighted-average fair value of options granted (share/$)	$ 17.3	

Options granted in July 2019 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	July 2019
Grant-date share price	$ 193.50
Exercise price per share	$ 176.19
Expected volatility	22.71%
Expected life (in years)	0.0356 year
Expected dividend yield	0.00%
Risk-free interest rate	0.7080%

Compensation costs recognized were $4,394 thousand for the three months ended September 30, and the nine months ended September 30, 2019, respectively.

30. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

For the nine months ended September 30, 2019

	January 1, 2019	Cash Flows	Non-cash Changes: Lease Change	Non-cash Changes: Finance Costs	Non-cash Changes: Exchange Rate Impact	September 30, 2019
Short-term borrowings	$ 800,000	$ (450,000)	$ -	$ -	$ -	$ 350,000
Long-term borrowings	318,807	680,380	-	-	-	999,187
Guarantee deposits received	45,206	(11,043)	-	-	-	34,163
Lease liabilities (Note 3)	205,070	(29,573)	4,311	1,783	(141)	181,450
	$ 1,369,083	$ 189,784	$ 4,311	$ 1,783	$ (141)	$ 1,564,800

For the nine months ended September 30, 2018

	January 1, 2018	Cash Flows	September 30, 2018
Short-term borrowings	$ 300,000	$ 350,000	$ 650,000
Long-term borrowings	550,644	(24,211)	526,433
Guarantee deposits received	23,382	24,590	47,972
Bonds payable	-	(3,325)	(3,325)
	$ 874,026	$ 347,054	$ 1,221,080

31. CAPITAL MANAGEMENT

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

32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

September 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments - unlisted shares	$ -	$ -	$ 12,202	$ 12,202

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments - unlisted shares	$ -	$ -	$ 10,892	$ 10,892

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Structured time deposits	$ 88,720	$ -	$ -	$ 88,720
Financial assets at FVTOCI				
Investments in equity instruments - unlisted shares	$ -	$ -	$ 12,004	$ 12,004

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

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

For the nine months ended September 30, 2019

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance, beginning of period	$ 10,892
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	1,310
Balance, end of period	$ 12,202

For the nine months ended September 30, 2018

Financial Assets	Financial Assets at FVTPL Derivatives	Financial Assets at FVTOCI Equity Instruments	Total
Balance, beginning of period	$ 69	$ 28,028	$ 28,097
Retrospectively recognized in other equity at the beginning of the period	-	(9,641)	(9,641)
Bonds conversion	(6)	-	(6)
Recognized in profit or loss (included in other gains and losses)	(63)	-	(63)
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	(6,383)	(6,383)
Balance, end of period	$ -	$ 12,004	$ 12,004

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach. The market approach is used to arrive at their fair values, for which the recent financing activities of investees, the market transaction prices of the similar companies and market conditions are considered. The significant unobservable inputs are as follows. The lower the discount for lack of marketability, the higher the fair value of the stocks.

	September 30, 2019	December 31, 2018	September 30, 2018
Discount for lack of marketability	30%	30%	30%

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

	September 30, 2019	December 31, 2018	September 30, 2018
Discount for lack of marketability			
1% increase	$ (174)	$ (156)	$ (171)
1% decrease	$ 174	$ 156	$ 171

c. Categories of financial instruments

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets			
FVTPL			
Mandatorily classified as at FVTPL	$ -	$ -	$ 88,720
Financial assets at amortized cost			
Cash and cash equivalents	1,185,984	2,050,224	1,194,618
Financial assets at amortized cost	99,064	49,674	40,632
Notes and accounts receivable, net	278,864	171,245	146,841
Other receivables	3,988	3,818	15,108
Financial assets at FVTOCI			
Equity instruments	12,202	10,892	12,004
	$ 1,580,102	$ 2,285,853	$ 1,497,923
Financial liabilities			
Amortized cost			
Short-term borrowings	$ 350,000	$ 800,000	$ 650,000
Notes payable	-	1,756	200
Accounts payable	215,241	260,479	354,170
Other payables	1,337,164	1,686,465	1,362,062
Other payables - related parties	26,023	35,622	24,031
Long-term borrowings (current portion included)	999,187	318,807	526,433
Long-term payables	-	-	16,343
Lease liabilities	181,450	-	-
	$ 3,109,065	$ 3,103,129	$ 2,933,239

d. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. 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, approval process by the board of directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies.

1) Market risk

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

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

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

a) Foreign currency risk

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

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

The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 36.

Sensitivity analysis

The Group is mainly exposed to the USD.

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

	Currency USD Impact	
	For the Nine Months Ended September 30	
	2019	**2018**
Profit or loss	$ 12,096	$ 9,847

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The Group is also exposed to interest rate risk related to its investments in floating rate debt instruments. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Fair value interest rate risk			
Financial assets	$ 99,064	$ 49,674	$ 129,352
Financial liabilities	1,530,637	1,118,807	1,176,433
Cash flow interest rate risk			
Financial assets	1,180,629	2,045,970	1,188,939

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2019 and 2018 would decrease/increase by NT$188 thousand and increase/decrease by NT$106 thousand, respectively, which was mainly due to fluctuations in net asset's variable interest rate.

2) Credit risk

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

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2019, December 31, 2018 and September 30, 2018, the Group had available unutilized short-term bank loan facilities set out in (2) below.

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

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

September 30, 2019

	On Demand or Less than 6 Month	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Short-term borrowings	$ 350,503	$ -	$ -	$ -	$ -	$ 350,503
Accounts payable (related parties included)	215,241	-	-	-	-	215,241
Other payables (related parties included)	1,151,657	211,530	-	-	-	1,363,187
Long-term borrowings (current portion included)	15,357	13,529	23,402	796,229	212,653	1,061,170
Lease liabilities	20,873	20,759	38,058	39,427	76,171	195,288
	$ 1,753,631	$ 245,818	$ 61,460	$ 835,656	$ 288,824	$ 3,185,389

December 31, 2018

	On Demand or Less than 6 Month	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Short-term borrowings	$ 800,379	$ -	$ -	$ -	$ -	$ 800,379
Notes payable	1,756	-	-	-	-	1,756
Accounts payable (related parties included)	260,479	-	-	-	-	260,479
Other payables (related parties included)	1,520,066	202,021	-	-	-	1,722,087
Long-term borrowings (current portion included)	15,320	15,528	31,055	93,167	195,252	350,322
	$ 2,598,000	$ 217,549	$ 31,055	$ 93,167	$ 195,252	$ 3,135,023

September 30, 2018

	On Demand or Less than 6 Month	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
Short-term borrowings	$ 650,528	$ -	$ -	$ -	$ -	$ 650,528
Notes payable	200	-	-	-	-	200
Accounts payable (related parties included)	354,170	-	-	-	-	354,170
Other payables (related parties included)	1,180,114	205,979	-	-	-	1,386,093
long-term payables	-	-	-	-	16,343	16,343
Long-term borrowings (current portion included)	20,028	20,028	40,057	120,170	385,401	585,684
	$ 2,205,040	$ 226,007	$ 40,057	$ 120,170	$ 401,744	$ 2,993,018

b) Financing facilities

	September 30, 2019	December 31, 2018	September 30, 2018
Short-term borrowings amount Amount unused	$ 1,300,000	$ 1,650,000	$ 1,800,000

33. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category	Relationship with the Group
Pu Hsing Enterprise Co., Ltd. (Pu Hsing)	Other Related Party	A director of Pro-partner
Taipei City Pro-partner Technology and Human Development Foundation (Pro-partner Foundation)	Other Related Party	Pro-partner is its sole founder
Integrate Chinese Medicine Holdings Ltd.	Other Related Party	Supervisor of Pro-partner (from June 3, 2015 to June 2, 2018)
Gongju Co., Ltd. (Gongju)	Other Related Party	Supervisor of Pro-partner (from June 3, 2018 to June 2, 2021)
Chih-Sheng Chang	Other Related Party	A supervisor of the Company
Chang-Yeh Tseng	Other Related Party	The Chairman of Pro-partner
Mei-Ching Tseng	Other Related Party	General manager of Pro-partner
Pu-Lin Ltd. (Pu-Lin)	Other Related Party	Related party in substance of Pro-partner
Xinlin Enterprise Co., Ltd. (Xinlin)	Other Related Party	Related party in substance of Pro-partner
GK BIO INTERNATIONAL SDN. BHD.	Associate	Investees of the Company accounted for using the equity method

b. Sales of goods

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
Line Item	Related Party Category/Name	2019	2018	2019	2018
Sales	Other related party	$ 390	$ 355	$ 1,103	$ 1,015
	Associate	632	-	632	-
		$ 1,022	$ 355	$ 1,735	$ 1,015

The sales price for the 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 for the related parties and for the third parties.

c. Payables to related parties

Line Item	Related Party Category/Name	September 30, 2019	December 31, 2018	September 30, 2018
Other payables-related parties	Pu Hsing	$ 12,514	$ 17,050	$ 11,567
	Gongju	13,509	18,572	12,464
		$ 26,023	$ 35,622	$ 24,031

d. Lease arrangements

Line Item	Related Party Category/Name	September 30, 2019
Lease liabilities	Other related party	$ 35,181

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest expense				
Other related party	$ 127	$ -	$ 387	$ -
Lease expense				
Other related party	$ -	$ 1,051	$ -	$ 4,110

The rental paid to the above related parties and normal rental prices were similar and comparable. The term of payment was either on a monthly basis or in full at the beginning of each year except for the payment to Pu-Lin being in advance for six months. Prepaid rents (classified as advance receipts) amounted to NT$1,269 thousand, NT$1,269 thousand and NT$220 thousand as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

e. Other transactions with related parties

Line Item	Related Party Category/Name	September 30, 2019	December 31, 2018	September 30, 2018
Refundable deposits	Other related party	$ 1,068	$ 1,068	$ 1,068
Guarantee deposits received	Other related party	$ 2	$ 2	$ 2
Temporary credits (classified as other current liabilities)	Other related party	$ -	$ -	$ 17,067
	Associate	11	-	-
		$ 11	$ -	$ 17,067
Advance receipts (classified as other current liabilities)	Other related party	$ 26	$ 4	$ 3

Line Item	Related Party Category/Name	For the Three Months Ended September 30 2019	2018	For the Nine Months Ended September 30 2019	2018
Selling and marketing expenses - commissions expense	Other related party	$ 1,364	$ 1,547	$ 4,269	$ 2,276
General and administrative expenses - donations	Other related party	$ 600	$ 600	$ 600	$ 600
Rental income	Other related party	$ 10	$ 9	$ 22	$ 26
Other income	Other related party	$ 7	$ 3	$ 26	$ 3

Pu Hsing and Gongju are MLM members of subsidiary. The calculation and payment terms are the same as the general membership in accordance with the regulations of Business Manual.

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.

f. Compensation of key management personnel

	For the Three Months Ended September 30 2019	2018	For the Nine Months Ended September 30 2019	2018
Short-term employee benefits	$ 48,108	$ 44,020	$ 179,431	$ 174,629
Post-employment benefits	112	83	291	259
	$ 48,220	$ 44,103	$ 179,722	$ 174,888

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for long-term and short-term secured loans, Chinese Petroleum Corporation natural gas, leasing land and operating center from science-based parks:

	September 30, 2019	December 31, 2018	September 30, 2018
Property, plant and equipment - land	$ 2,107,974	$ 2,095,341	$ 1,921,301
Property, plant and equipment - building	1,093,145	1,093,113	1,092,309
Pledged time deposits (classified as financial assets at amortized cost - noncurrent)	11,460	11,460	11,460
	$ 3,212,579	$ 3,199,914	$ 3,025,070

Secured bank facilities used in response to operating funds by the Group's property, plant and equipment - land/building as of September 30, 2019 and December 31, 2018 and September 30, 2018, respectively, are as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Short-term financing facilities	$ 1,200,000	$ 1,200,000	$ 1,200,000
Medium and long-term financing facilities	749,187	768,807	976,433
	$ 1,949,187	$ 1,968,807	$ 2,176,433

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group are as follows:

a. The Company's guarantee notes issued to banks for credit lines amounted to NT$350,000 thousand as of September 30, 2019.

b. Amount available under letters of credit as of September 30, 2019 was NT$8,390 thousand.

c. A details of significant constructions in progress and outstanding contracts of property, plant and equipment as of September 30, 2019 were as follows:

Nature of Contract	Contract Amount	Amount Paid	Outstanding Balance
Plant and machinery	$ 1,067,616	$ 960,854	$ 106,762

d. For operational needs, Pro-partner established operational bases in Taoyuan, Hsinchu, Fengyuan, Taichung, Hualien and Tainan. The information concerning the operating leases as of September 30, 2019 is listed below:

Operating Location	Lessor	Lease periods	Monthly rental
Taoyuan City	Taoyuan Irrigation Association	2016.11.09-2019.11.08	$ 180
Hsinchu City	Lin, Zhuang-Long, Wu, Yi-Wan	2016.11.01-2021.10.31	335
Fengyuan Dist.	Lin, Fen-Ling	2017.06.01-2020.05.31	70
Taichung City	Pu-Lin Ltd.	2007.11.01-2027.11.01	220
Taichung City	Pu-Lin Ltd.	2010.04.01-2030.03.31	129
Hualien City	Liou, Chuen-Hou, Liou, Chuen-Lung	2017.09.01-2019.08.31	130
Tainan City	Cathay Life Insurance Company, Ltd.	2016.03.21-2021.07.31	823

e. Pro-partner Inc. had purchased the software rights for the cloud version of the direct marketing information management system from WELLAN SYSTEM CO., LTD., in August 2016. The total contract price is in the amount of NT$19,780 thousand to be paid in 24 installments during the period of 2 years. As of September 30, 2019, the software system mentioned above has been partially delivered and utilized, while the rest are still in testing status or installation.

f. Pro-partner Inc. had entered into certain agreements for computer software and hardware leasing and maintenance contracts on February 1, 2008. Pro-partner Inc. also 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, which was effective until January 2015. Due to an on-going investigation, Pro-partner Inc.'s general manager paid the related commission in the amount of NT$17,607 thousand to Pro-partner on behalf of FINE EAGLE INVESTMENTS LIMITED. Upon receiving the payment, Pro-partner recorded it under the temporary receipts due to uncertainty of determination by Investigation Bureau. Pro-partner Inc. had transferred the temporary receipts to other income when Taipei District Prosecutors Office filed a public prosecution to the Taipei District Court of Taiwan on December 20, 2018 (Indictment Document Number 2017 Detective No.2928 and No.12036).

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 3,922	30.84	$ 120,957
Foreign currency liabilities			
Monetary items			
USD	-	-	$ -

December 31, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 3,821	30.59	$ 116,898
Foreign currency liabilities			
Monetary items			
USD	704	30.69	$ 21,609

September 30, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 4,296	30.38	$ 130,514
Foreign currency liabilities			
Monetary items			
USD	1,050	30.52	$ 32,046

For the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019 and 2018, realized and unrealized net foreign exchange gains (losses) were NT$1,322 thousand, NT$773 thousand, NT$2,011 thousand and NT$2,233 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

37. SEPRARATELY DISCLISED ITEMS

a. Significant transactions and b. related information of reinvestment

1) Financings provided: None;

2) Endorsements/guarantees provided: None;

3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): Table 1;

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None;

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None;

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 2;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3;

9) Trading in the derivative instruments: None;

10) Others: Intercompany relationships and significant intercompany transactions: Table 4;

11) Information on investees: Table 5;

c. Information on investment in mainland China

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, net income (losses) of the investee, investment income (losses), ending balance, amount received as dividends from the investee, and the limitation on investee: Table 6.

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None;

38. SEGMENTS INFORMATION

The Group determined its operating segments based on business activities with discrete financial information regularly reported through the Group’s internal reporting protocols to the Group’s chief operating decision maker. The Group is organized into several business units based on its marketing channels and services. As of September 30, 2019 and 2018, the Group had the following segments: MLM (Multi-level marketing), Distributors, and OEM (Original Equipment Manufacturer).

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

Transfer prices between operating segment are determined at arm’s length basis in a manner similar to transactions with third parties.

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

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

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

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

Segment revenue and results

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

For the Nine Months Ended September 30, 2019

	MLM	Distribution	OEM	Adjustment/ Elimination	Total
Revenue from external customers	$ 5,503,885	$ 301,440	$ 720,452 (Note)	$ -	$ 6,525,777
Inter-segment revenue	1,043,589	137,216	21,115	(1,201,920)	-
Segment revenue	$ 6,547,474	$ 438,656	$ 741,567	$(1,201,920)	6,525,777
Segment income	$ 1,372,073	$ 51,315	$ 106,913	$ 53,612	$ 1,583,913

Note: OEM revenues come from external customers in Taiwan and Shanghai amounted to NT$78,692 thousand and NT$641,760 thousand, respectively.

For the Nine Months Ended September 30, 2018

	MLM	Distribution	OEM	Adjustment/ Elimination	Total
Revenue from external customers	$ 5,244,572	$ 216,169	$ 1,055,364 (Note)	$ -	$ 6,516,105
Inter-segment revenue	997,889	90,600	13,777	(1,102,266)	-
Segment revenue	$ 6,242,461	$ 306,769	$ 1,069,141	$(1,102,266)	6,516,105
Segment income	$ 1,314,207	$ 1,440	$ 241,861	$ 49,802	$ 1,607,310

Note: OEM revenues come from external customers in Taiwan and Shanghai amounted to NT$73,254 thousand and NT$982,110 thousand, respectively.

GRAPE KING BIO LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2019
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type And Name	Relationship with the Company	Financial Statement Account	September 30, 2019				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Grape King Bio Ltd.	Stock							
	FU-Sheng International Inc. (SAMOA)	-	Financial assets at fair value through other comprehensive income - non-current	917,700	$ 12,163	18.77	$ 12,163	
	Hsin Tung Yang Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	39	-	39	

TABLE 2

GRAPE KING BIO LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Sales	$ 1,043,589	74.77%	30 days after monthly closing	By contract	-	$ 234,622	69.58	Note 2
Grape King Bio Ltd.	Rivershine Ltd.	Subsidiary	Sales	109,407	7.84%	120 days after monthly closing	By contract	-	70,230	20.83	Note 2
Pro-partner Inc.	Grape King Bio Ltd.	Parent company	Purchases	1,043,589	100%	30 days after monthly closing	By contract	-	(234,622)	97.45	Note 2
Rivershine Ltd.	Grape King Bio Ltd.	Parent company	Purchases	109,407	100%	120 days after monthly closing	By contract	-	(70,230)	100	Note 2

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

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

TABLE 3

GRAPE KING BIO LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL SEPTEMBER 30, 2019
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	$ 234,622	6.95	$ -	-	$ 234,622	$ -

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Net revenue from sale of goods	$ 1,043,589	By contract	15.99%
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts receivable	234,622	By contract	2.23%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Net revenue from sale of goods	109,407	By contract	1.68%
0	Grape King Bio Ltd.	Rivershine Ltd.	1	Accounts receivable	70,230	By contract	0.67%

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

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

1) Represents the transactions from parent company to subsidiary.

2) Represents the transactions from subsidiary company to parent.

3) Represents the transactions between subsidiaries.

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

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

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATIONS ON INVESTEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2019			Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				September 30, 2019	December 31, 2018	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Grape King Bio Ltd.	GRAPE KING INTERNATIONAL INVESTMENT INC. (BVI)	BVI	Investment activities	$ 1,198,018	$ 1,198,018	24,890,000	100	$ 839,820	$ 53,247	$ 55,054	Notes 1, 3 and 4
	Pro-partner Inc.	Taoyuan, Taiwan	Import and selling of health food, drink, cosmetics, sports apparatus, cleaning the articles, etc.	15,000	15,000	10,560,000	60	1,642,238	1,087,738	650,586	Notes 1 and 3
	Rivershine Ltd.	Taoyuan, Taiwan	Import and selling of health food, drink, daily cosmetics, appliances, etc.	30,000	30,000	3,000,000	100	52,187	21,363	21,363	Note 3
	GK BIO INTERNATIONAL SDN. BHD.	Malaysia	Import and selling of health products	6,810	-	900,000	30	5,984	(1,436)	(431)	Note 2

Note 1: The effect from the unrealized profit of the downstream transactions on income tax, which is NT$(34) thousand has been adjusted.

Note 2: The Company invested in GK BIO INTERNATIONAL SDN. BHD. in January 2019 amounted to NT$6,810 thousand and the percentage of ownership is 30%.

Note 3: The book value at the end of the period and the current investment gain (loss) recognized have been eliminated in the consolidated financial statements.

Note 4: The current investment gain (loss) recognized by BVI includes the current profit of Shanghai Grape King and Shanghai Rivershine.

TABLE 6

GRAPE KING BIO LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2019	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Losses) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Inward Remittance of Earnings as of September 30, 2019
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd	Manufacturing and selling capsule, tablet, related products and services.	USD 27,900	Note 1(2) Note 3	$ 847,672 (USD 27,350)	$ -	$ -	$ 847,672 (USD 27,350)	$ 52,322 Note 2(2)B	100%	$ 54,129 Note 2(2)B	$ 792,522	$ -
Shanghai Yusong Co., Ltd.	Stock management and related services of the thermostatic fresh freezing warehouse.	USD 4,890	Note 1(2) Note 4	26,794 (USD 878)	-	-	26,794 (USD 878)	- Note 2(3)	18.77%	- Note 2(3)	12,163 Note 2(3)	-
Shanghai Rivershine Ltd.	Food distribution (except grain), food packaging materials, cosmetics wholesale, import and export, commission agents (except auction), related products and services.	USD 150	Note 1(2) Note 5	4,060 (USD 150)	-	-	4,060 (USD 150)	328 Note 2(2)B	100%	328 Note 2(2)B	4,811	-
Dongpu Biotech Corporation	Biotechnology R&D and transfer; Sales: biological products, special foods (health foods), food materials, food packaging materials, cosmetics, daily necessities; commission agents (excluding auctions); import and export of goods.	RMB 5,000	Note 1(1) Note 6	23,200 (RMB 5,000)	-	-	23,200 (RMB 5,000)	1,384 Note 2(2)B	100%	1,621 Note 2(2)B	29,801	-

Accumulated Investment in Mainland China as of September 30, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 901,726	$ 901,726	$ 4,114,411

(Continued)

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

1) Direct investment in mainland China.

2) Indirect investment in mainland China through companies registered in a third region (specify the name of the company in third region).

3) Other methods.

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

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

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

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

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

(C) Others.

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

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

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

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

Note 6: The Company directly invested in Dongpu Biotech Corporation.

(Concluded)