

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

GRAPE KING BIO LTD.
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
AS OF MARCH 31, 2017 AND 2016
AND FOR THE THREE-MONTH PERIODS THEN ENDED
(REVIEWED BUT UNAUDITED)

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

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

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

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

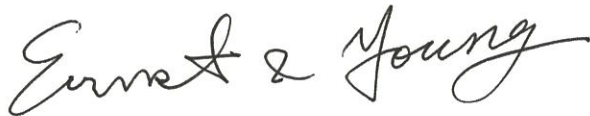
We have reviewed the accompanying consolidated balance sheets of Grape King Bio Ltd. and its subsidiaries as of March 31, 2017 and 2016, the related consolidated statements of comprehensive incomes, changes in equity, and cash flows for the three-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews. We did not review the financial statements of Pro-partner Inc., a 60%-owned subsidiary of the Company, as of March 31, 2017 and 2016 and for the three-month periods then ended while they were reviewed by other auditors. Our reviews, insofar as it relates to the financial statements of Pro-partner Inc. are based solely on the reports of the other auditors. As of March 31, 2017 and 2016, total assets of Pro-partner Inc. were NT\$5,217,397 thousand and NT\$4,814,199 thousand, representing 54.70% and 53.53% of the consolidated total assets of the Company, respectively, while the operating revenues for the three-month periods then ended were NT\$1,841,981 thousand and NT\$1,853,603 thousand, representing 91.92% and 92.27% of the consolidated operating revenues, respectively.

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

(To be continued)

(Continued)

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



ERNST & YOUNG

May 10, 2017

Taipei, Taiwan,

Republic of China

Notices to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRAPE KING BIO LTD.

CONSOLIDATED BALANCE SHEETS

As of March 31, 2017, December 31, 2016 and March 31, 2016 (March 31, 2017 and 2016 are Reviewed but Unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			Liabilities and Stockholders' Equity	Notes	As of		
		March 31, 2017	December 31, 2016	March 31, 2016			March 31, 2017	December 31, 2016	March 31, 2016
Current assets					Current liabilities				
Cash and cash equivalents	4,6(1)	\$1,938,102	\$1,899,302	\$1,462,042	Short-term debt	4,6(12),8	\$-	\$50,000	\$35,000
Financial assets at fair value through profit or loss, current	4,6(2)	240,186	346,062	822,251	Notes payable		1,480	11,335	1,273
Debt investments without active market	4,6(4)	42,335	43,385	25,272	Accounts payable		172,736	186,737	163,915
Notes receivable, net	4,6(5)	4,133	5,098	8,451	Accounts payable-related parties		115	-	-
Accounts receivable, net	4,6(6)	160,070	196,383	99,973	Other payables	6(13)	1,351,275	1,686,213	1,240,638
Accounts receivable-related parties, net	4,6(6),7	159	2,907	14,365	Other payables-related parties	7	39,847	33,079	34,478
Other receivables	4	3,922	4,056	4,187	Current tax liabilities	4,6(25)	358,602	288,031	274,808
Inventories, net	4,6(7)	452,223	434,990	389,383	Other current liabilities	6(9)(14)	244,682	174,668	189,239
Prepayments	4,6(8)	42,747	32,645	25,784	Current portion of long-term loans payable	4,6(16),8	51,742	43,087	32,261
Other current assets	4,6(8)	6,318	5,736	9,923	Total current liabilities		2,220,479	2,473,150	1,971,612
Total current assets		2,890,195	2,970,564	2,861,631	Non-current liabilities				
Non-current assets					Bonds payable	4,6(15)	169,794	168,981	945,478
Financial assets at fair value through profit or loss, non current	4,6(2)(15)	139	87	1,868	Long-term debt	4,6(16),8	929,089	943,523	1,257,740
Financial assets measured at cost	4,6(3)	28,028	28,028	28,028	Deferred tax liabilities	4,6(25)	69,272	69,272	69,155
Debt investments without active market	4,6(4),8	4,460	4,460	1,860	Other liabilities	4,6(17)	100,502	111,881	113,641
Property, plant and equipment	4,6(9),8	6,144,222	6,084,377	5,710,225	Total non-current liabilities		1,268,657	1,293,657	2,386,014
Investment properties	4,6(10)	185,985	185,985	185,985	Total liabilities		3,489,136	3,766,807	4,357,626
Intangible assets	4,6(11)	25,195	26,635	12,748	Equity attributable to the parent company	6(20)			
Deferred tax assets	4,6(25)	20,724	22,381	5,676	Capital				
Other assets-others	4,6(8)	239,658	227,239	185,448	Common stock		1,352,142	1,352,142	1,303,324
Total non-current assets		6,648,411	6,579,192	6,131,838	Additional paid-in capital	6(15)(20)	799,221	799,221	64,518
					Retained earnings	6(20)			
					Legal reserve		545,536	545,536	440,371
					Special reserve		74,671	74,671	74,671
					Unappropriated earnings		2,321,471	2,062,646	1,883,373
					Other components of equity		(50,131)	(26,204)	(978)
					Treasury stock		(91,062)	-	-
					Non-controlling interests	6(20)(27)	1,097,622	974,937	870,564
					Total equity		6,049,470	5,782,949	4,635,843
Total assets		\$9,538,606	\$9,549,756	\$8,993,469	Total liabilities and equity		\$9,538,606	\$9,549,756	\$8,993,469

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

GRAPE KING BIO LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month periods ended March 31, 2017 and 2016 (Reviewed but Unaudited)

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

		<u>For the three-month period ended March 31,</u>	
	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Operating revenues	4,6(21),7	\$2,003,929	\$2,008,974
Operating costs		(264,573)	(235,384)
Gross profit		<u>1,739,356</u>	<u>1,773,590</u>
Operating expenses	7		
Sales and marketing		(1,158,567)	(1,143,607)
General and administrative		(97,376)	(119,976)
Research and development		(36,345)	(29,938)
Operating expenses total		<u>(1,292,288)</u>	<u>(1,293,521)</u>
Operating income		<u>447,068</u>	<u>480,069</u>
Non-operating income and expenses			
Other incomes	6(23),7	20,207	27,471
Other gains and losses	6(23)	(1,347)	(15)
Finance costs	6(23)	(4,414)	(10,579)
Non-operating income and expenses total		<u>14,446</u>	<u>16,877</u>
Income from continuing operations before income tax		461,514	496,946
Income tax expense	4,6(25)	(80,004)	(84,560)
Net income		<u>381,510</u>	<u>412,386</u>
Other comprehensive income (loss)	6(24)		
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(23,927)	(1,373)
Income tax related to components of other comprehensive income		-	-
Total other comprehensive income (loss), net of tax		<u>(23,927)</u>	<u>(1,373)</u>
Total comprehensive income		<u>\$357,583</u>	<u>\$411,013</u>
Net income (loss) attributable to:			
Stockholders of the parent	6(27)	\$258,825	\$283,169
Non-controlling interests		<u>122,685</u>	<u>129,217</u>
		<u>\$381,510</u>	<u>\$412,386</u>
Total comprehensive income (loss) attributable to:			
Stockholders of the parent	6(27)	\$234,898	\$281,796
Non-controlling interests		<u>122,685</u>	<u>129,217</u>
		<u>\$357,583</u>	<u>\$411,013</u>
Earnings per share-basic (NTD)	6(26)	<u>\$1.92</u>	<u>\$2.17</u>
Earnings per share-diluted (NTD)	6(26)	<u>\$1.90</u>	<u>\$2.11</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRAPE KING BIO LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three-month periods ended March 31, 2017 and 2016 (Reviewed but Unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollar)

	Common Stock	Additional Paid-in Capital	Retained Earnings			Other Components of equity		Total	Non-Controlling	
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Treasury stock		Interests	Total Equity
Balance as of January 1, 2016	\$1,303,001	\$59,567	\$440,371	\$74,671	\$1,600,204	\$395	\$-	\$3,478,209	\$741,347	\$4,219,556
Changes in capital surplus										
Shares from bonds converted	323	4,951						5,274	-	5,274
Net income for the first quarter of 2016					283,169			283,169	129,217	412,386
Other comprehensive income, net of tax for the first quarter of 2016						(1,373)		(1,373)	-	(1,373)
Total comprehensive income	-	-	-	-	283,169	(1,373)	-	281,796	129,217	411,013
Balance as of March 31, 2016	<u>\$1,303,324</u>	<u>\$64,518</u>	<u>\$440,371</u>	<u>\$74,671</u>	<u>\$1,883,373</u>	<u>\$(978)</u>	<u>\$-</u>	<u>\$3,765,279</u>	<u>\$870,564</u>	<u>\$4,635,843</u>
Balance as of January 1, 2017	\$1,352,142	\$799,221	\$545,536	\$74,671	\$2,062,646	\$(26,204)	\$-	\$4,808,012	\$974,937	\$5,782,949
Net income for the first quarter of 2017					258,825			258,825	122,685	381,510
Other comprehensive income, net of tax for the first quarter of 2017						(23,927)		(23,927)	-	(23,927)
Total comprehensive income	-	-	-	-	258,825	(23,927)	-	234,898	122,685	357,583
Treasury stock							(91,062)	(91,062)		(91,062)
Balance as of March 31, 2017	<u>\$1,352,142</u>	<u>\$799,221</u>	<u>\$545,536</u>	<u>\$74,671</u>	<u>\$2,321,471</u>	<u>\$(50,131)</u>	<u>\$(91,062)</u>	<u>\$4,951,848</u>	<u>\$1,097,622</u>	<u>\$6,049,470</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRAPE KING BIO LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31, 2017 and 2016 (Reviewed but Unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

	For the three-month period ended March 31,			For the three-month periods ended March 31,	
	2017	2016		2017	2016
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$461,514	\$496,946	Acquisition of debt investments without active market	-	(20,277)
Adjustments to reconcile net income (loss) before tax to net cash provided by (used in) operating activities:			Dispose of debt investments without active market	1,050	-
Depreciation	53,061	50,335	Acquisition of property, plant and equipment	(254,313)	(247,249)
Amortization	1,592	447	Increase in refundable deposits	(951)	(2,010)
Bad debt expenses	28	116	Acquisition of intangible assets	(152)	-
Net gain of financial assets at fair value through profit or loss	(160)	(164)	Other non-financial assets	239	(125)
Interest expense	4,414	10,579	Net cash provided by (used in) investing activities	(254,127)	(269,661)
Interest revenue	(995)	(593)	Cash flows from financing activities:		
Loss from disposal of property, plant and equipment	373	156	Increase (decrease) in short-term loans	(50,000)	35,000
Changes in operating assets and liabilities:			Repayment of long-term loans	(5,779)	(203,333)
Financial asset held for trading	105,983	(100,000)	Increase (decrease) in deposits received	(203)	2,820
Notes receivable	965	(139)	Cost of Treasury stock	(91,062)	-
Accounts receivable	36,285	(24,708)	Net cash provided by (used in) financing activities	(147,044)	(165,513)
Accounts receivable-related parties	2,748	(1,645)	Effect of exchange rate changes on cash and cash equivalents	(10,610)	591
Other receivables	168	(2,558)	Net increase (decrease) in cash and cash equivalents	38,800	29,482
Inventories	(17,233)	(29,909)	Cash and cash equivalents at beginning of period	1,899,302	1,432,560
Prepayments	(7,483)	(1,806)	Cash and cash equivalents at end of period	\$1,938,102	\$1,462,042
Other current assets	(582)	496			
Notes payable	(9,855)	499			
Accounts payable	(14,001)	11,838			
Accounts payable-related parties	115	-			
Other payables	(222,411)	(52,242)			
Other payables-related parties	6,768	7,131			
Other current liabilities	65,883	120,250			
Accrued pension liabilities	(6,179)	(13,540)			
Cash generated from operations	460,998	471,489			
Interest received	961	652			
Interest paid	(3,602)	(6,009)			
Income tax paid	(7,776)	(2,067)			
Net cash provided by (used in) operating activities	450,581	464,065			

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

Grape King Bio Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2017 and 2016 and for the three-month periods then ended

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

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

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

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the three-month periods ended March 31, 2017 and 2016 were authorized for issuance at May 10, 2017 by the Board of Directors.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2017. The Group estimate the impact of each new standard and amendment that has not a material effect on the Group.

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

(a) IFRS 15 "Revenue from Contracts with Customers"

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

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

(b) IFRS 9 "Financial Instruments"

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

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

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

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

The new standard is effective for annual periods beginning on or after 1 January 2018.

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

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

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

The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

- (d) IFRS 16“Leases”

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

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

The amendments clarify how to account for deferred tax assets for unrealized losses. The amendments are effective for annual periods beginning on or after 1 January 2017.

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

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

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

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

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

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

have been received. The liability for the cash-settled share-based payment transaction as at the modification date is derecognised on that date. Any difference between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2018.

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

The amendments help to resolve issues arising from the different effective dates for IFRS 9 “Financial Instruments” (1 January 2018) and the new insurance contracts standard about to be issued by the IASB (still to be decided, but not before 1 January 2020). The amendments allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 “Financial Instruments” before the IASB’s new insurance contracts standard becomes effective. The amendments introduce two approaches: an overlay approach and a temporary exemption. The overlay approach allows an entity applying IFRS 9 to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before the new insurance contracts standard is applied. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 until 2021 (these entities that defer the application of IFRS 9 will continue to apply IAS 39).

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

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

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

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

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

IFRS 12 “Disclosure of Interests in Other Entities”

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

IAS 28 “Investments in Associates and Joint Ventures”

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

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

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 “The Effects of Changes in Foreign Exchange Rates”, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance

consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after 1 January 2018.

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

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month ended March 31, 2017 and 2016 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and become effective by the FSC.

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

(2) Basis of preparation

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

(3) Basis of consolidation

The same principles of consolidation have been applied in the Company's consolidated financial statements as those applied in the Company's consolidated financial statements for the year ended

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

December 31, 2016. For the principles of consolidation, please refer to Note 4(3) of the Company's consolidated financial statements for the year ended December 31, 2016.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
The Company	Pro-partner Inc. (Pro-partner)	Sales	60%	60%	60%
The Company	Grape King International Investment Inc.(B.V.I.) (GKBVI)	Investment	100%	100%	100%
The Company	Rivershine Ltd. (Rivershine)	Sales	100%	100%	100%
GKBVI	Shanghai Grape King Enterprise Co., Ltd. (Shanghai Grape King)	Manufacturing and Sales	100%	100%	100%

NOTE : The financial statements of Pro-partner Inc. are based solely on the reports of the other auditors. As of March 31, 2017 and 2016, total assets of Pro-partner Inc. were NT\$5,217,397 thousand and NT\$4,814,199 thousand, and the operating revenues for the three-month periods then ended were NT\$1,841,981 thousand and NT\$1,853,603 thousand.

(4) Post-employment benefits

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

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Treasury stock

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

(6) Income taxes

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

5. Significant accounting judgements, estimates and assumptions

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

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Cash on hand	\$4,362	\$4,187	\$4,637
Checkings and savings	1,003,968	1,045,316	713,109
Time deposits	-	-	50,000
Repurchase agreements collateralized by corporate bonds	529,546	699,734	594,258

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Repurchase agreements collateralized by bonds	400,226	150,065	100,038
Total	<u>\$1,938,102</u>	<u>\$1,899,302</u>	<u>\$1,462,042</u>

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

	As of		
	<u>Mar. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Mar. 31, 2016</u>
Financial assets held for trading:			
Monetary fund	\$240,000	\$345,069	\$820,000
Valuation adjustments	186	993	2,251
Subtotal	<u>240,186</u>	<u>346,062</u>	<u>822,251</u>
Embedded Derivatives:			
Right of redemption	139	87	1,868
Total	<u>\$240,325</u>	<u>\$346,149</u>	<u>\$824,119</u>

	As of		
	<u>Mar. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Mar. 31, 2016</u>
Current	\$240,186	\$346,062	\$822,251
Non-current	139	87	1,868
Total	<u>\$240,325</u>	<u>\$346,149</u>	<u>\$824,119</u>

Financial assets held for trading were not pledged.

(3) Financial assets measured at cost

	As of		
	<u>Mar. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Mar. 31, 2016</u>
Unlisted companies	<u>\$28,028</u>	<u>\$28,028</u>	<u>\$28,028</u>

	As of		
	<u>Mar. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Mar. 31, 2016</u>
Current	\$-	\$-	\$-
Non-current	28,028	28,028	28,028
Total	<u>\$28,028</u>	<u>\$28,028</u>	<u>\$28,028</u>

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- a. In 2016, the Company invested US\$917 thousand (equivalent to NT\$28,008 thousand) in Fu-sheng International Inc. (Samoa), for acquiring 917,700 shares that the Company's ownership interest in Fu-sheng International Inc. (Samoa) remained at 19%. In 2016, the Company didn't invest in Fu-sheng International Inc. (Samoa). As of March 31, 2017, the Company's ownership interest in Fu-sheng International Inc. (Samoa) was at 18.77%.
- b. The above investments in the equity instruments of unlisted entities are measured at cost. The fair value of these investments are not reliably measurable due to the fact that the variability in the range of reasonable fair value measurements is significant for that investment and that the probabilities of the various estimates within the range cannot be reasonably assessed and used when measuring fair value.
- c. Financial assets measured at cost were not pledged.

(4) Bond investments with no active market

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Time deposits	\$46,795	\$47,845	\$27,132
Current	\$42,335	\$43,385	\$25,272
Non-current	4,460	4,460	1,860
Total	\$46,795	\$47,845	\$27,132

There was bond investments with no active market pledged as collateral. Please refer to Note 8 to the consolidated financial statements for more details.

(5) Notes receivables

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Notes receivables arising from operating activities	\$4,133	\$5,098	\$8,451
Less: allowance for doubtful debts	-	-	-
Total	\$4,133	\$5,098	\$8,451

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Notes receivables were not pledged.

(6) Trade receivables and trade receivables from related parties

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Trade receivables	\$163,526	\$199,811	\$103,462
Less: allowance for doubtful debts	(3,456)	(3,428)	(3,489)
Subtotal	160,070	196,383	99,973
Trade receivables from related parties	159	2,907	14,365
Less: allowance for doubtful debts	-	-	-
Subtotal	159	2,907	14,365
Total	\$160,229	\$199,290	\$114,338

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Overdue Receivable	\$-	\$-	\$37,316
Less: allowance for doubtful debts	-	-	(37,316)
Net	\$-	\$-	\$-

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

Trade receivables were not pledged.

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

	Individually impaired	Collectively impaired	Total
As of Jan. 1, 2017	\$-	\$3,428	\$3,428
Charge/(reversal) for the current period	-	28	28
Exchange differences	-	-	-
As of Mar. 31, 2017	\$-	\$3,456	\$3,456

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of Jan. 1, 2016	\$37,488	\$3,373	\$40,861
Charge/(reversal) for the current period	-	116	116
Exchange differences	(172)	-	(172)
As of Mar. 31, 2016	<u>\$37,316</u>	<u>\$3,489</u>	<u>\$40,805</u>

Impairment loss that was individually determined for the three-month periods ended March 31, 2017 and 2016 due to the fact that the counterparty was in financial difficulties. The amount of impairment loss recognized was the difference between the carrying amount of the trade receivable and the present value of its expected recoverable amount. The Group does not hold any collateral for such trade receivables.

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

As at	Neither past due nor impaired	Past due but not impaired:			Total
		<=90 days	90~180days	>180 days	
Mar. 31, 2017	\$141,046	\$19,163	\$9	\$11	\$160,229
Dec. 31, 2016	197,413	1,731	135	11	199,290
Mar. 31, 2016	114,163	145	-	30	114,338

(7)Inventories

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Raw materials	\$98,596	\$93,293	\$56,500
Supplies	31,640	22,953	26,936
Semi-finished goods and Work in process	142,960	164,678	146,244
Finished goods	179,002	154,041	159,652
Merchandise	25	25	51
Total	<u>\$452,223</u>	<u>\$434,990</u>	<u>\$389,383</u>

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- a. The cost of inventories recognized in expenses in amount of NT\$264,573 thousand and NT\$235,384 thousand for the three-month periods ended March 31, 2017 and 2016, respectively, including the write-down of inventories, were detailed as following:

	Three-month period ended March 31,	
	2017	2016
Inventory loss on retirement	\$1,482	\$234
Gains or loss from physical taking	(410)	29
Total	\$1,072	\$263

- b. No inventories were pledged.

(8) Prepayments and Other Assets

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Prepayment for purchase	\$19,508	\$11,530	\$8,894
Prepaid rental on land	45,696	48,315	53,458
Prepayment for equipment	144,146	129,820	92,694
Office Supplies	9,639	7,809	8,443
Other prepaid expenses	13,420	13,137	8,447
Other current assets	6,498	5,905	9,923
Refundable deposits	29,856	28,905	19,387
Overdue receivable	2,244	2,244	37,316
Less: allowance for doubtful debts	(2,244)	(2,244)	(37,316)
Other noncurrent assets-other	19,960	20,199	19,909
Total	\$288,723	\$265,620	\$221,155
Current portion	\$49,065	\$38,381	\$35,707
Noncurrent portion	239,658	227,239	185,448
Total	\$288,723	\$265,620	\$221,155

- a. The amount recognized under the caption of “prepaid rental on land” is the land-transferring fees prepaid to the Ministry of Land and Resource of the People's Republic of China for acquiring the right to use the land in Shanghai Songjiang Industrial Zone. Shanghai Grape King rent the land for constructing the manufacturing plant from

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

October 1997 to March 2044. All fees were paid in full when the lease agreement was entered into and have been amortized in the lease term.

- b. Overdue receivables were those expected not to be collected within a year and the Group has provided a full allowance for doubtful debts against them. And the Company holds collateral for other receivables of NT\$ 2,244 thousand.

(9) Property, plant and equipment

	Land		Building	Machinery	Vehicle	Leasehold improvement	Other facilities	Construction in progress	Total
	Land	Improvement							
Cost:									
As of Jan. 1, 2017	\$3,071,692	\$940	\$3,098,131	\$1,123,652	\$12,275	\$7,090	\$322,598	\$52,047	\$7,688,425
Additions	-	-	841	3,597	252	17,945	11,985	74,081	108,701
Disposals	-	-	(380)	(460)	-	-	(1,596)	-	(2,436)
Transfers	-	914	2,860	32,601	-	-	(19,109)	629	17,895
Ex. Diff.	-	-	(16,575)	(10,142)	(146)	(116)	(853)	-	(27,832)
As of Mar. 31, 2017	\$3,071,692	\$1,854	\$3,084,877	\$1,149,248	\$12,381	\$24,919	\$313,025	\$126,757	\$7,784,753
As of Jan. 1, 2016	\$3,060,144	\$1,926	\$2,115,913	\$1,096,275	\$10,349	\$7,300	\$275,085	\$478,646	\$7,045,638
Additions	-	-	7,019	2,345	278	-	1,913	-	11,555
Disposals	-	-	-	(355)	-	-	-	-	(355)
Transfers	-	-	4,905	-	-	-	-	149,346	154,251
Ex. Diff.	-	-	(1,779)	(1,083)	(17)	(12)	(482)	-	(3,373)
As of Mar. 31, 2016	\$3,060,144	\$1,926	\$2,126,058	\$1,097,182	\$10,610	\$7,288	\$276,516	\$627,992	\$7,207,716
Accumulated									
Depreciation:									
As of Jan. 1, 2017	\$-	\$427	\$509,156	\$865,226	\$7,330	\$5,470	\$216,439	\$-	\$1,604,048
Depreciation	-	46	26,904	16,751	327	374	8,659	-	53,061
Disposals	-	-	(150)	(317)	-	-	(1,596)	-	(2,063)
Ex. Diff.	-	-	(4,530)	(9,093)	(127)	(49)	(716)	-	(14,515)
As of Mar. 31, 2017	\$-	\$473	\$531,380	\$872,567	\$7,530	\$5,795	\$222,786	\$-	\$1,640,531
As of 1 Jan. 2016	\$-	\$1,270	\$438,810	\$813,202	\$7,236	\$3,761	\$184,657	\$-	\$1,448,936
Depreciation	-	36	15,597	24,245	203	452	9,802	-	50,335
Disposals	-	-	-	(199)	-	-	-	-	(199)

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Ex. Diff.	-	-	(485)	(993)	(17)	(4)	(82)	-	(1,581)
As of Mar. 31, 2016	\$-	\$1,306	\$453,922	\$836,255	\$7,422	\$4,209	\$194,377	\$-	\$1,497,491
Net carrying amount as of:									
Mar. 31, 2017	\$3,071,692	\$1,381	\$2,553,497	\$276,681	\$4,851	\$19,124	\$90,239	\$126,757	\$6,144,222
Dec. 31, 2016	\$3,071,692	\$513	\$2,588,975	\$258,426	\$4,945	\$1,620	\$106,159	\$52,047	\$6,084,377
Mar. 31, 2016	\$3,060,144	\$620	\$1,672,136	\$260,927	\$3,188	\$3,079	\$82,139	\$627,992	\$5,710,225

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

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

- b. Please refer to Note 8 for details on property, plant and equipment pledged.
- c. For the urban planning, Taoyuan City Government has expropriated the Company's partial land and land improvement in accordance with the Land Expropriation Act. The Company has received a compensation in amount of NT\$97,217 thousand and recognized it as other current liability.

(10) Investment property, net

	Land	Building	Investment Properties under construction	Total	Accumulated depreciation	Net
Mar. 31, 2017	\$185,985	\$-	\$-	\$185,985	\$-	\$185,985
Mar. 31, 2016	\$185,985	\$-	\$-	\$185,985	\$-	\$185,985

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) No investment property was pledged.

(b) The Group did not use the fair value to carry its investment properties but only disclosed it as the related information. The fair value measurement is categorized within Level 3. The fair values of investment properties held by the Group as of March 31, 2017, December 31, 2016, and March 31, 2016 totaled to NT\$247,692 thousand, NT\$247,692 thousand and NT\$233,575 thousand, respectively. The fair values have been determined based on recently traded prices within similar locations, the value released governmentally for land, and the appraised value issued by government for building.

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

(11) Intangible assets

	Computer software	Trademark	Total
Cost:			
As of Jan. 1, 2017	\$16,627	\$15,049	\$31,676
Addition-acquired separately	152	-	152
As of Mar. 31, 2017	\$16,779	\$15,049	\$31,828
As of Jan. 1, 2016	\$13,955	\$-	\$13,955
Addition-acquired separately	-	-	-
As of Mar. 31, 2016	\$13,955	\$-	\$13,955
Accumulated Amortization:			
As of Jan. 1, 2017	\$2,751	\$2,290	\$5,041
Amortization	611	981	1,592
As of Mar. 31, 2017	\$3,362	\$3,271	\$6,633
As of Jan. 1, 2016	\$760	\$-	\$760
Amortization	447	-	447
As of Mar. 31, 2016	\$1,207	\$-	\$1,207

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Net carrying amount as of:

Mar. 31, 2017	\$13,417	\$11,778	\$25,195
Dec. 31, 2016	\$13,876	\$12,759	\$26,635
Mar. 31, 2016	\$12,748	\$-	\$12,748

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

	For three-month period ended	
	Mar. 31, 2017	Mar. 31, 2016
General administrative expenses	\$1,592	\$447

(12) Short-term borrowings

	Interest Rates (%)	As of		
		Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Secured bank loans	0.99%~1.23%	\$-	\$50,000	\$35,000

The Group's unused short-term lines of credits amount to NT\$1,581,979 thousand, NT\$1,526,200 thousand, and NT\$1,436,899 thousand, as of March 31, 2017, December 31, 2016, and March 31, 2016, respectively.

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

(13) Other Payables

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Bonus to direct sellers	\$654,140	\$879,100	\$630,485
Salaries and incentive bonus	121,041	119,247	122,073
Bonus to employees	277,752	237,155	211,424
Bonus to directors and supervisors	36,919	30,830	32,188
Other accrued expenses	129,788	131,238	106,081
Payables on equipment	90,649	204,039	103,870
Accrued VAT payable	28,675	74,581	31,803
Others	12,311	10,023	2,714
Total	\$1,351,275	\$1,686,213	\$1,240,638

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14) Other current liabilities

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Sales revenue received in advance	\$98,706	\$42,309	\$56,569
Unearned rent	4,766	5,478	7,291
Provisions for sales returns and allowances	4,795	7,500	-
Other current liabilities-other	136,415	119,381	125,379
Total	<u>\$244,682</u>	<u>\$174,668</u>	<u>\$189,239</u>

Provisions for sales returns and allowances

	<u>Sales returns and allowances</u>
As of January 1, 2017	\$7,500
Write off	(2,705)
As of March 31, 2017	<u>\$4,795</u>
As of March 31, 2017	
Current	\$4,795
Noncurrent	-
Total	<u>\$4,795</u>

Sales returns and allowances

In December 2016, the Company was affected by news events suspected of being overdue goods. In order to resolve the consumers' concern, the Company have accepted the return from consumers by the end of February 2017 and recorded the estimated loss from sales return. in amount of NT\$7,500 thousand in 2016. As of March 31, 2017, the actual sale return totaled to NT\$2,705 thousand. Please refer to Note 9(6) to the consolidated financial statements for more details.

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15) Bonds payable

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Domestic convertible bonds	\$169,794	\$168,981	\$945,478
Less: current portion	-	-	-
Net	\$169,794	\$168,981	\$945,478

a. Domestic convertible bonds payable

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Liability component:			
Principal amount	\$173,200	\$173,200	\$983,400
Interest Payable Refund from Bond Conversion	1,302	1,302	7,394
Premiums (discounts) on bonds payable	(4,708)	(5,521)	(45,316)
Subtotal	169,794	168,981	945,478
Less: current portion	-	-	-
Net	\$169,794	\$168,981	\$945,478
Embedded derivative—Redemption	\$139	\$87	\$1,868
Equity component—Convertible	\$7,842	\$7,842	\$44,521

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

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

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

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

(c) Secured or unsecured: Unsecured bonds

(d) Terms of Exchange:

① Underlying Securities: Common shares of the Company

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

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

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

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

(e) Redemption clauses:

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

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

c. There were NT\$826,800 thousand, NT\$826,800 thousand, and NT\$16,600 thousand bonds payable converted into shares as of March 31, 2017, December 31, 2016 and March 31, 2016, respectively.

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(16) Long-term loan

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

Lenders	As of Mar. 31, 2017	Interest Rate (%)	Maturity date and terms of repayment
Secured Long-Term Loan from ChangHwa Commercial Bank	\$500,000	1.44%	Effective May 27, 2015 to May 27, 2030. Principal is repaid with interest payments due monthly.
Secured Long-Term Loan from Taiwan Cooperative Bank	480,831	1.44%	Effective May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due monthly.
Subtotal	<u>980,831</u>		
Less: current portion	<u>(51,742)</u>		
Total	<u><u>\$929,089</u></u>		

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

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

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As of Mar. 31, 2016	Interest Rate (%)	Maturity date and terms of repayment
Secured Long-Term Loan from ChangHwa Commercial Bank	\$600,000	1.51%	Effective May 27, 2015 to May 27, 2030. Principal is repaid with interest payments due monthly.
Secured Long-Term Loan from Taiwan Cooperative Bank	500,000	1.58%	Effective May 27, 2015 to May 27, 2035. Principal is repaid with interest payments due monthly.
Secured Long-Term Loan from Mega International Commercial Bank	190,001	1.63%	Effective May 27, 2015 to May 27, 2030. Principal is repaid in 3 months payments with interest payments due monthly. Each period is NT\$3,333 thousand.
Subtotal	1,290,001		
Less: current portion	(32,261)		
Total	\$1,257,740		

Certain land and buildings were pledged as first priority security for secured bank loans.
Please refer to Note 8 for more details.

(17) Other noncurrent liabilities

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Other long-term payables	\$16,339	\$17,203	\$17,440
Accrued pension liabilities	6,343	12,522	21,941
Guarantee deposit received	20,666	20,869	7,317
Other noncurrent liabilities-other	57,154	61,287	66,943
Total	\$100,502	\$111,881	\$113,641

(18) Operating leases

Operating lease commitments – Group as lessor

Shanghai Grape King has entered into an operating lease agreement in a term from June 2014 to March 2034 with a non-related party. As of March 31, 2017, Shanghai Grape King has received prepaid rents, recorded under the caption of advances received, for the period of nine years. The movement schedule of prepaid rents is listed as follows:

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Beginning balance	\$63,855	\$72,052	\$72,052
Prepaid rent added in current period	2,328	14,661	7,081
Rent income recognized in current period	(4,053)	(17,832)	(4,636)
Exchange difference	(2,795)	(5,026)	(264)
Ending balance of prepaid rent	<u>\$59,335</u>	<u>\$63,855</u>	<u>\$74,233</u>

Advances received for operating leases are as follows:

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Other current liabilities	\$4,766	\$5,478	\$7,290
Other non-current liabilities-other	54,569	58,377	66,943
Total	<u>\$59,335</u>	<u>\$63,855</u>	<u>\$74,233</u>

Operating lease commitments – Group as lessee

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

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Within one year	\$46,381	\$47,238	\$31,407
From one year to five years	96,219	105,220	97,837
Total	<u>\$142,600</u>	<u>\$152,458</u>	<u>\$129,244</u>

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

Operating lease expenses recognized are as follows:

	For three-month period ended March 31,	
	2017	2016
Minimum lease payments	<u>\$14,580</u>	<u>\$12,260</u>

(19) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2017 and 2016 were NT\$5,213 thousand and NT\$3,752 thousand, respectively.

Defined benefit plan

Expenses under the defined benefit plan for the three-month periods ended March 31, 2017 and 2016 were NT\$208 thousand and NT\$215 thousand, respectively.

(20) Equity

(a) Common stock

The Company's authorized shares are 150,000 thousand, of which 135,214 thousand shares, 135,214 thousand shares and 130,332 thousand shares were issued as of March 31, 2017, December 31, 2016 and March 31, 2016, respectively, each share at par of NT\$10. Each share possesses one voting right and a right to receive dividends.

During 2016, the unsecured convertible bonds in amount of NT\$815,700 thousand were converted into 4,914,070 common shares at par value of NT\$49,141 thousand. The measurement date was at February 6, 2017 based on a resolution of Board meeting held on January 19, 2017.

(b) Capital reserve

Source of capital reserve	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Treasury share transactions	\$4,363	\$4,363	\$4,363
Convertible bonds—share option	7,842	7,842	44,521
Additional paid-in capital	787,016	787,016	15,634
Total	<u>\$799,221</u>	<u>\$799,221</u>	<u>\$64,518</u>

According to Taiwan Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Treasury stock

On January 3, 2017, the Company's board has resolved to buy back its own shares as treasury stocks for transferring to its employee. The repurchase period is from January 4, 2017 to March 3, 2017 and the share volume to be brought back are 3,000,000 shares with the unit price interval of NT\$118 to NT\$349.5. As of the end of the repurchase period, the number of shares repurchased were 508,000 shares and the average repurchase unit price NT\$179.26. The carrying value of treasury stock as of March 31, 2017 was NT\$91,062 thousands.

(d) Retained earnings and dividend policy

A. Retained earnings

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

- a. Payment of all taxes and dues;
- b. Making up loss for preceding years, if any;
- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- d. Set aside or reverse special reserve in accordance with law and regulations; and
- e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

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

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

certain reservation from the combined amount of the remaining current earnings and the accumulated undistributed earnings from previous years and distribute the rest in the ratio listed below respectively.

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

B. Dividend policy

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

C. Legal reserve

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

D. Special reserve

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

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

E. Details of the Company's 2016 and 2015 earnings distribution and dividends per share as approved in the Board of Director meeting held on 21 March 2017 and in the shareholders' meeting held on June 16, 2016 were listed as follows:

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

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

F. Information regarding Pro-Partner's 2016 and 2015 earnings distribution and dividends per share as proposed in board meeting held on February 21, 2017 and approved in the annual shareholders' meeting held on April 26, 2016 were listed as follows:

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

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

G. Non-controlling interests

	For three-month period ended March 31,	
	2017	2016
Beginning balance	\$974,937	\$741,347
Profit attributable to non-controlling interests	122,685	129,217
Ending balance	<u>\$1,097,622</u>	<u>\$870,564</u>

(21) Operating revenue

	For three-month period ended March 31,	
	2016	2015
Sale of goods	\$1,927,387	\$1,949,063
Revenue arising from rendering of services	76,542	59,911
Total	<u>\$2,003,929</u>	<u>\$2,008,974</u>

(22) Schedule of employee benefits, depreciation and amortization by function during the three-month periods ended March 31, 2017 and 2016:

	For three-month period ended March 31,					
	2017			2016		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries & wages	\$42,586	\$192,156	\$234,742	\$45,391	\$178,114	\$223,505
Labor and health insurance	3,289	7,519	10,808	2,577	5,808	8,385
Pension	2,658	2,763	5,421	1,920	2,047	3,967
Other employee benefits	1,630	4,587	6,217	1,534	5,064	6,598
Depreciation	33,290	19,771	53,061	32,450	17,885	50,335
Amortization	-	1,592	1,592	-	447	447

A resolution was made at the shareholders' meeting of the Company held on June 16, 2016 to amend the Articles of Incorporation of the Company. According to the resolution, 6%~8% of profit of the current year is distributable as employees' compensation and no higher than 2%

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on Board of Directors' resolution regarding employees' compensation and remuneration to directors and supervisors can be obtained from "Market Observation Post System" on the website of TWSE.

Based on profit of the three-month period ended March 31, 2017, the Company has made an accrual 8% and 2% of profit as employees' compensation and remuneration to directors and supervisors, respectively, amounting to NT\$24,355 thousand and NT\$6,089 thousand and recorded under the caption of salary & wage. If employee compensation is distributed in form of share, the number of shares to be distributed shall be calculated based on the closing trade price on the date prior to the board resolution date. If the estimated amounts differ from the actual distribution resolved by the Board meeting, the Company will record the difference as an adjustment to current income.

Based on profit of the three-month period ended March 31, 2016, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors to be 8% of profit and 2% of profit, respectively. As such, employees' compensation and remuneration to directors and supervisors for the three-month period ended March 31, 2016 amounted to NT\$28,006 thousand and NT\$7,002 thousand, respectively. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment to current income.

The Company's Board of directors, in a meeting held on March 14, 2016, have approved the Company's 2015 employee compensation and remuneration to directors and supervisors, all in cash, to be NT\$100,745 thousand and NT\$25,186 thousand, respectively, were consistent with amounts recognized by the company.

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

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

Pro-partner Inc., estimated the employees compensation and remuneration to directors amounting to NT\$16,242 thousand and NT\$20,303 thousand, respectively, for the three-month period ended March 31, 2017. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment to current income.

Pro-partner Inc., estimated the employees compensation and remuneration to directors amounted to NT\$17,109 thousand and NT\$21,386 thousand, respectively for the three-month period ended March 31, 2016. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment to current income.

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

(23) Non-operating incomes and expenses

(a) Other incomes

	For three-month period ended March 31,	
	2017	2016
Interest income from bank deposits	\$995	\$593
Rental revenue	4,330	6,003
Other Income	14,882	20,875
Total	<u>\$20,207</u>	<u>\$27,471</u>

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Other gains and losses

	For three-month period ended March 31,	
	2017	2016
Loss from disposal of PPE	\$(373)	\$-
Foreign exchange loss, net	(1,112)	(179)
Gain from financial assets at fair value through P/L	160	164
Others	(22)	-
Total	<u>\$(1,347)</u>	<u>\$(15)</u>

(c) Finance costs

	For three-month period ended March 31,	
	2017	2016
Imputed interest on deposit	\$47	\$37
Interest on borrowings from bank	3,555	5,942
Interest on bonds payable	812	4,600
Total	<u>\$4,414</u>	<u>\$10,579</u>

(24) Components of other comprehensive income

For the three-month period ended March 31, 2017

	Arising during the period	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent period:			
Exchange differences			
Resulting from translating financial statements of foreign operations	<u>\$(23,927)</u>	<u>\$-</u>	<u>\$(23,927)</u>

For the three-month period ended March 31, 2016

	Arising during the period	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent period:			
Exchange differences			
Resulting from translating financial statements of foreign operations	\$(1,373)	\$-	\$(1,373)

(25)Income tax

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

Income tax expense (income) recognized in profit or loss

	For three-month period ended March 31,	
	2017	2016
Current income tax expense (benefit):		
Current income tax charge	\$78,347	\$84,263
Adjustments in respect of current income tax of prior periods	1,275	-
Deferred income tax expense (benefit):		
Deferred income tax expense (benefit) related to origination and reversal of temporary difference	382	297
Total income tax expense	\$80,004	\$84,560

Income tax relating to components of other comprehensive income

	For three-month period ended March 31,	
	2017	2016
Deferred tax expense (benefit):		
Exchange differences on translation of foreign operations	\$-	\$-
Income tax relating to components of other comprehensive income	\$-	\$-

Imputation tax credit information

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Balance of imputation tax credit			
The Company	\$178,456	\$177,187	\$148,251

The 2016 expected creditable ratio and the 2015 actual were 12.26% and 18.97%, respectively.

As of December 31, 2016, the Company's earnings generated in the year ended December 31, 1997 and before have been fully appropriated.

Tax assessment

As of March 31, 2017, the status of assessment from tax authority for the Company and Pro-partner Inc. are listed as follows:

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

(26) Earnings per share

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

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

shares outstanding during the year.

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

	For three-month period ended March 31,	
	2017	2016
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$258,825	\$283,169
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	134,854	130,305
Basic earnings per share (in NT\$)	\$1.92	\$2.17
	For three-month period ended March 31,	
	2017	2016
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$258,825	\$283,169
Interest expense from convertible bonds(in thousand NT\$)	801	4,526
Gain or loss on valuation of redemption(in thousand NT\$)	(52)	493
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$259,574	\$288,188
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	134,854	130,305
Effect of dilution:		
Employee bonus — stock (in thousand shares)	693	564

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Convertible bonds (in thousands shares)	1,044	5,795
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	136,591	136,664
Diluted earnings per share (in NT\$)	\$1.90	\$2.11

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

(27) Subsidiary that has material non-controlling interests

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

Proportion of equity interest held by non-controlling interests:

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

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

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Accumulated balances of material non-controlling interest:			
Pro-partner	\$1,097,622	\$974,937	\$870,564

	For three-month period ended March 31,	
	2017	2016
Profit/(loss) allocated to material non-controlling interest:		
Pro-partner	\$122,685	\$129,217

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

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Summarized information of profit or loss is as follows:

	For three-month period ended March 31,	
	2017	2016
Operating revenue	\$1,841,981	\$1,853,603
Profit/loss from continuing operation	\$306,712	\$323,053
Total comprehensive income for the period	\$306,712	\$323,053

Summarized information of financial position is as follows:

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Current assets	\$1,684,163	\$1,467,175	\$1,283,439
Non-current assets	3,549,498	3,548,077	3,545,243
Current liabilities	(1,557,169)	(1,631,003)	(1,391,137)
Non-current liabilities	(932,439)	(946,907)	(1,261,124)

Summarized cash flow information is as follows:

	For three-month period ended March 31,	
	2017	2016
Operating activities	\$180,274	\$389,069
Investing activities	(10,295)	(88,085)
Financing activities	11,828	(196,860)
Net increase/(decrease) in cash and cash equivalents	181,807	104,123

7. Related party transactions

(1) Name of related party and the relation

Name of related party	Relation with the Group
Laifu Limited Company (Laifu)	Related party in substance
Pu Hsing Enterprise Co.,Ltd.(Pu Hsing)	A director of Pro-partner
Taipei City Pro-partner Technology and Human Development Foundation (referred to "Pro-partner Foundation" thereafter)	Pro-partner is its sole founder.

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Integrate Chinese Medicine Holdings Ltd.	Supervisor of Pro-partner
Chi-Sheng Chang	A supervisor of the Company
Chang-Yeh Tseng	The Chairman of Pro-partner

(2) Significant transactions with related parties

a. Sales

	For three-month period ended March 31,	
	2017	2016
Other related parties	\$319	\$14,010

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

b. Amounts owed by related parties

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Other related parties	\$159	\$2,907	\$14,365
Less: allowance for doubtful debts	-	-	-
Net	\$159	\$2,907	\$14,365

c. Account payables to related parties

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Other related parties	\$115	\$-	\$-

d. Other payables to related parties

	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Other related parties	\$39,847	\$33,079	\$34,478

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

e. Sales and marketing expenses – commission

	For three-month period ended March 31,	
	2017	2016
Other related parties	\$97	\$96

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

f. General and administrative expenses – rental

	For three-month period ended March 31,	
	2017	2016
Other related parties	\$720	\$660

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

g. Revenue from rental assets

	For three-month period ended March 31,	
	2017	2016
Other related parties	\$6	\$906

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

h. General and administrative – donations

	For the three-month period ended March 31,	
	2017	2016
Other related parties	\$200	\$-

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

i. Key management personnel compensation

	For three-month period ended March 31,	
	2017	2016
Short-term employee benefits	\$15,562	\$24,443
Post-employment benefits	66	62
Total	\$15,628	\$24,505

8. Assets pledged as collaterals

The following assets are pledged as collaterals for bank loans and contract deposit.

Assets pledged	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Property, plant and equipment-land	\$2,121,928	\$2,121,928	\$2,314,312
Property, plant and equipment-building	1,049,023	1,055,355	1,263,433
Debt investments without activemarket - pledged time deposits	4,460	4,460	1,860
Total	\$3,175,411	\$3,181,743	\$3,579,605

9. Commitments and contingencies

- (1) The Company's guarantee notes issued to banks for credit lines amounted to NT\$302,810 thousand.
- (2) The Company entered into a contract for plant and machinery. Total contract amount was NT\$2,034,998 thousand while NT\$1,088,212 thousand remained unpaid as of March 31, 2017.
- (3) For operational needs, Pro-partner has to establish operational bases in Taipei, Taoyuan, Hsinchu, Fengyuan, Taichung, Kaohsiung, Pingjhen, Hualien and Tainan. All offices, except for Taipei operational center which is a business building purchased and owned by Pro-partner, were leased from others. The information concerning the operating leases sustained as of March 31, 2017 is listed below:

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Operation Sites	Lessor	The lease term	Monthly rental
Taipei City	Uni-President Enterprises Corporation	2013.5.1~2018.4.30	\$570
Taoyuan City	Taoyuan Irrigation Association	2016.11.9~2019.11.8	180
Hsinchu City	Lin,Zhuang-Long, Wu,Yi-Wan	2016.11.1~2021.10.31	320
Fengyuan Dist.	Lin,Fen-Ling	2014.6.1~2017.5.31	70
Taichung City	Pu-Lin Ltd.(NOTE)	2007.11.1~2027.11.1	220
Taichung City	Pu-Lin Ltd.(NOTE)	2010.4.1~2030.3.31	129
Kaohsiung City	The Company	2016.8.1~2019.7.31	236
Pingzhen City	The Company	2017.4.1~2018.3.31	48
HuaLian City	Liou,Chuen-Hou, Liou,Chuen-Lung	2017.3.1~2017.8.31	130
Tainan City	Cathay Life Insurance Company, Ltd.	2016.3.21~2021.7.31	799

NOTE: According to the general manager of Pro-partner Inc., Pu-Lin Ltd has been funded by herself while it has registered under the name of Yide Lin as the sole director and shareholder. However, as she failed in requesting back the ownership of Pu-Lin Ltd from Mr. Lin, she files a petition to the Court to abort the registration under other's name. Pu-Lin Ltd would be proved to have no relation with Pro-partner from the very beginning of Pu-Lin Ltd if the petition were lost at final court decision. It can be construed that the general manager of Pro-partner is solely a fund-provider of Pu-Lin Ltd, instead of a related party, before her petition is finalized by the Court. Therefore, the Company's rental expenditures paid to Pu-Lin Ltd, including NT\$1,050 thousand per year for both March 31, 2016 and 2017, were not disclosed in Note 7 to the consolidated financial statements.

- (4) Pro-partner Inc. has purchased the software rights of the cloud version of the direct marketing information management system from WELLAN SYSTEM CO., LTD., in August 2016. The total contract price is in amount of NT\$19,780 thousand to be paid in 24 installments during the period of 2 years. As of March 31, 2017, the software system mentioned above was not completed yet.
- (5) Pro-partner Inc. has entered into certain agreements for computer software and hardware leasing and maintenance contracts on February 1, 2008. Pro-partner Inc. also has entered into additional software leasing and maintenance contracts for logistics management on January 1, 2013 with "FINE EAGLE INVESTMENTS LIMITED" for the services provided by WELLAN SYSTEM CO., LTD., The general manager of Pro-partner Inc. has paid the related commission in amount of NT\$17,607 thousand to Pro-partner on behalf of "FINE EAGLE INVESTMENTS LIMITED" due to an Investigation Bureau case against her. As the investigation is yet finalized, Pro-partner recorded the payment under the caption of

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

temporary receipts. Pro-partner will either return the payment or reclassify it for proper account based on the Court's decision.

- (6) In December 2016, the Company was affected by news events suspected of changing label on overdue goods. In order to allay the consumers' concern, the Company accepted the return from consumers by the end of February 2017. The Company has recorded the allowance in amount of NT\$7,500 thousand due to the sale return in the year of 2016. As this case is in interrogation by authority, it is not feasible to reasonably assess the impact of the event on the Company as of the issuance date of the financial statements.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Financial instruments

(1) Categories of financial instruments

<u>Financial assets</u>	As of		
	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
<u>Financial asset at fair value through P/L:</u>			
Held for trading	\$240,186	\$346,062	\$822,251
Designated financial asset at fair value through P/L	139	87	1,868
Subtotal	240,325	346,149	824,119
<u>Available-for-sale financial assets (including financial asset measured at cost)</u>	28,028	28,028	28,028
<u>Loans and receivables</u>			
Cash and cash equivalents (excluding cash on hand)	1,933,740	1,895,115	1,457,405
Debt investments without	46,795	47,845	27,132

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

activemarket			
Notes receivable	4,133	5,098	8,451
Accounts receivable	160,070	196,383	99,973
Accounts receivable from related parties	159	2,907	14,365
Other receivables	3,922	4,056	4,187
Subtotal	2,148,819	2,151,404	1,611,513
Total	\$2,417,172	\$2,525,581	\$2,463,660

Financial liabilities

As of

	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016
Financial liabilities at amortized cost:			
Short-term loans	\$-	\$50,000	\$35,000
Notes payable	1,480	11,335	1,273
Accounts payable (related parties included)	172,851	186,737	163,915
Other payables	1,351,275	1,686,213	1,240,638
Other payables – related parties	39,847	33,079	34,478
Bonds payable	169,794	168,981	945,478
Long-term loans (current portion included)	980,831	986,610	1,290,001
Other long-term payables	16,339	17,203	17,440
Total	\$2,732,417	\$3,140,158	\$3,728,223

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

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

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

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

When NTD strengthens/weakens against foreign currency USD by 10%, the profit before tax for the three-month periods ended March 31, 2017 and 2016 decreased/increased by NT\$11,476 thousand and NT\$938 thousand, respectively.

Interest rate risk

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

variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments with variable interest rates. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit before tax for the three-month periods ended March 31, 2017 and 2016 to decrease/increase by NT\$250 thousand and increase/ decrease NT\$40 thousand, respectively.

Equity price risk

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

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

At the reporting date, a change of 5% in the net asset value of the monetary fund held for trading could increase/decrease the Group's profit before tax for the three-month periods ended March 31, 2017 and 2016 by NT\$12,009 thousand and NT\$41,113 thousand, respectively.

(4) Credit risk management

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

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

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

There is no concentration of credit risk of a single customer for the three-month periods ended March 31, 2017 and 2016. Therefore, the credit risk is insignificant.

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

(5) Liquidity risk management

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

Non-derivative financial instruments

	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
<u>As of March 31, 2017</u>						
Carried at amortized cost						
Notes payable	\$1,480	\$-	\$-	\$-	\$-	\$1,480
Accounts payable (related parties included)	172,851	-	-	-	-	172,851
Bonds payable	-	-	169,794	-	-	169,794
Other payables	1,246,177	144,345	-	-	-	1,391,122
Long-term payables	-	-	-	-	16,339	16,339
Long-term loans (current portion included)	30,764	36,822	73,644	220,933	755,580	1,117,743

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2016

Carried at amortized cost

Shrot-term loans	\$50,039	\$-	\$-	\$-	\$-	\$50,039
Notes payable	11,335	-	-	-	-	11,335
Accounts payable	186,737	-	-	-	-	186,737
Other payables	1,484,623	234,669	-	-	-	1,719,292
Bonds payable	-	-	174,502	-	-	174,502
Long-term loans (current portion included)	21,656	36,822	73,644	220,933	773,991	1,127,046
Long-term payables	-	-	-	-	17,203	17,203

As of March 31, 2016

Carried at amortized cost

Shrot-term loans	\$35,020	\$-	\$-	\$-	\$-	\$35,020
Notes payable	1,273	-	-	-	-	1,273
Accounts payable	163,915	-	-	-	-	163,915
Bonds payable	-	-	-	990,794	-	990,794
Other payables	1,114,177	160,939	-	-	-	1,275,116
Long-term payables	-	-	-	-	17,440	17,440
Long-term loans (current portion included)	24,199	27,908	91,103	293,276	1,041,235	1,477,721

(6) Fair values of financial instruments

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

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

- a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

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

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

	Carrying value			Fair value		
	2017.3.31	2016.12.31	2016.3.31	2017.3.31	2016.12.31	2016.3.31
Financial liabilities :						
Bonds payable	\$169,794	\$168,981	\$945,478	\$170,585	\$169,597	\$953,406

(c) Fair value measurement hierarchy for financial instruments

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

(7) Derivative financial instruments

The Group's derivative financial instruments include embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of March 31, 2016 and 2015 is as follows:

Embedded derivatives

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

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

As of March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Monetary fund	\$240,186	\$-	\$-	\$240,186
Embedded Derivatives	-	-	139	139
Total	\$240,186	\$-	\$139	\$240,325

As of December 31, 2016

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

As of March 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Monetary fund	\$822,251	\$-	\$-	\$822,251
Embedded derivative— Redemption	-	-	1,868	1,868
Total	\$822,251	\$-	\$1,868	\$824,119

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the three-month periods ended March 31, 2017 and 2016, there were no transfer between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period of March 31, 2017 and 2016 are as follows:

	Assets
	At fair value through profit or loss
Beginning balances as of January 1, 2017	\$87
Total gains and losses recognized for three-month period ended March 31, 2017:	
Amount recognized in profit or loss (presented in "other profit or loss")	52
Ending balances as of March 31, 2017	\$139

	Assets
	At fair value through profit or loss
Beginning balances as of January 1, 2016	\$2,373
Convertible for the three-month period ended March 31, 2016	(12)
Total gains and losses recognized for three-month period ended March 31, 2016:	
Amount recognized in profit or loss (presented in "other profit or loss")	(493)
Ending balances as of March 31, 2016	\$1,868

Total gains and losses recognized in profit or loss for the three-month ended March 31, 2017 and 2016 in the table above contain gains and losses related to assets on hand as of March 31, 2017 and 2016 in the amount of NT\$52 thousand and NT\$(493) thousand.

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information on significant unobservable inputs to valuation

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

As of March 31, 2017

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship	
				between inputs and fair value	Sensitivity of the input to fair value
Financial assets: At fair value through profit or loss					
Embedded derivatives	Option pricing model	Volatility	33.45%	The higher the volatility, the higher the fair value of the embedded derivatives.	1% increase (decrease) in the volatility would result in decrease in the Group's profit or loss by NT\$0/35 thousand

As of December 31, 2016

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

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of March 31, 2016

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Embedded derivatives	Option pricing model	Volatility	44.47%	The higher the volatility, the higher the fair value of the embedded derivatives.	1% increase (decrease) in the volatility would result in decrease in the Group's profit or loss by NT\$98/197 thousand

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

As of March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6.10)	\$-	\$-	\$247,692	\$247,692
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (please refer to Note 6.15)	\$-	\$-	\$170,585	\$170,585

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6.10)	\$-	\$-	\$247,692	\$247,692
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (please refer to Note 6.15)	\$-	\$-	\$169,597	\$169,597

As of March 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6.10)	\$-	\$-	\$233,575	\$233,575
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (please refer to Note 6.15)	\$-	\$-	\$953,406	\$953,406

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9) Significant assets and liabilities denominated in foreign currencies

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

	As of March 31, 2017			As of December 31, 2016		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$4,409	30.41	\$134,098	\$4,409	32.03	\$141,233
<u>Financial liabilities</u>						
Monetary items:						
USD	\$636	30.41	\$19,338	\$705	32.03	\$22,566
	As of March 31, 2016					
	Foreign currencies	Foreign exchange rate	NTD			
<u>Financial assets</u>						
Monetary items:						
USD	\$787	32.25	\$25,376			
<u>Financial liabilities</u>						
Monetary items:						
USD	498	32.13	15,994			

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

The Company's functional currency is variety. It can not be disclosed the foreign exchange gains or losses on monetary financial assets and financial liabilities with each

significant influence. The Foreign exchange losses of the Company amounted to NT\$1,112 thousand and NT\$179 thousand respectively on March 31, 2017 and 2016.

(10) Capital management

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

13. Other disclosure

(1) Information at significant transactions

- a. Financing provided to others for the three-month period ended March 31, 2017: None
- b. Endorsement/Guarantee provided to others for the three-month period ended March 31, 2017: Please refer to attachment 1.
- c. Securities held as of March 31, 2017 (excluding subsidiaries, associates and joint venture): Please refer to attachment 2.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three-month period ended March 31, 2017: None
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three-month period ended March 31, 2017: None
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three-month period ended March 31, 2017: None
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the three-month period ended March 31, 2017: Please refer to attachment 3.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of March 31, 2017: Please refer to attachment 6.
- i. Financial instruments and derivative transactions: None
- j. Intercompany relationships and significant intercompany transaction: Please refer to attachment 7.

(2) Information on investees

- 1. Names, locations and related information of investees as of March 31, 2017 (excluding the investment in Mainland China): Please refer to attachment 4.
- 2. Information at significant transactions
 - a. Financing provided to others for the three-month period ended March 31, 2017: Please refer to attachment 5.
 - b. Endorsement/Guarantee provided to others for the three-month period ended March 31, 2017: None
 - c. Securities held as of March 31, 2017 (excluding subsidiaries, associates and joint venture): Please refer to attachment 2.
 - d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three-month period ended March 31, 2017: None
 - e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three-month period ended March 31, 2017: None
 - f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three-month period ended March 31, 2017: None

- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the three-month period ended March 31, 2017: Please refer to attachment 3.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of March 31, 2017: Please refer to attachment 6.
- i. Financial instruments and derivative transactions: None

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information on investments in mainland China:

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

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated Investment Outflows from Taiwan as at January 1, 2017	Investment Flows		Accumulated Investment Outflows from Taiwan as at March 31, 2017	Net Income (Loss) of Investee Company	Percentage of Direct or Indirect Ownership	Investment Profit(Loss) Recognized (Note 2)	Carrying Amount as at March 31, 2017	Accumulated Inward Remittance of Earnings as of March 31, 2017
					Outflow	Inflow						
Shanghai Grape King Enterprise Co., Ltd.	Manufacturing and selling capsule, tablet, related products and services.	US\$27,900 thousand	(Note 1(2)) (Note 3)	\$847,672 (USD27,350 thousand)	\$-	\$-	\$847,672 (USD 27,350 thousand)	\$1,444 (Note 2 (2)B)	100%	\$1,444 (Note 2(2)B)	\$400,283	\$-
Shanghai Yusong Co., Ltd.	Stock management and related services of the thermostatic fresh freezing freezing warehouse.	US\$4,890 thousand	(Note 1(2)) (Note 4)	\$26,794 (USD878 thousand)	\$-	\$-	\$26,794 (USD878 thousand)	\$- (Note 2(3))	18.77%	\$- (Note 2(3))	\$28,008	\$-

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated investment in Mainland China as at March 31, 2017	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
\$874,466	\$874,466	\$3,629,682

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

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

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

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

3. Recorded as financial assets at cost-noncurrent

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)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

14. Segment information

The Group determined its operating segments based on business activities with discrete financial information regularly reported through the Company's internal reporting protocols to the Company's chief operating decision maker. The Company is organized into business units based on its marketing channels and services. As of March 31, 2017 and 2016, the Company had the following segments: MLM (Multi-level marketing), Distributors, and OEM (Original Equipment Manufacturer).

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

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

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

(1) Income (loss), assets and liabilities for reportable segments

For three-month period ended March 31, 2017

	<u>MLM</u>	<u>Distribution</u>	<u>OEM</u>	<u>Subtotal</u>	<u>Others</u>	<u>Adjustment/ elimination</u>	<u>Consolidated</u>
Revenue							
External customer	\$1,841,981	\$64,640	\$97,308	\$2,003,929	\$-	\$-	\$2,003,929
Inter-segment	315,778	26,461	1,591	343,830	-	(343,830)	-
Total revenue	<u>\$2,157,759</u>	<u>\$91,101</u>	<u>\$98,899</u>	<u>\$2,347,759</u>	<u>\$-</u>	<u>\$(343,830)</u>	<u>\$2,003,929</u>
Segment profit	<u>\$455,570</u>	<u>\$(3,090)</u>	<u>\$9,034</u>	<u>\$461,514</u>	<u>\$-</u>	<u>\$-</u>	<u>\$461,514</u>

Grape King Bio Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For three-month period ended March 31, 2016

	MLM	Distribution	OEM	Subtotal	Others	Adjustment/ elimination	Consolidated
Revenue							
External customer	\$1,853,603	\$78,293	\$77,078	\$2,008,974	\$-	\$-	\$2,008,974
Inter-segment	318,918	25,802	118	344,838	-	(344,838)	-
Total revenue	<u>\$2,172,521</u>	<u>\$104,095</u>	<u>\$77,196</u>	<u>\$2,353,812</u>	<u>\$-</u>	<u>\$(344,838)</u>	<u>\$2,008,974</u>
Segment profit	<u>\$481,918</u>	<u>\$(2,653)</u>	<u>\$(11,893)</u>	<u>\$467,372</u>	<u>\$-</u>	<u>\$29,574</u>	<u>\$496,946</u>

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

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

(2) Reconciliation of revenue, income, assets, liabilities and other significant items for reportable segments.

(1) Revenue

	For 3-month period ended March 31,	
	2017	2016
Total revenue	\$2,347,759	\$2,353,812
Other revenue	-	-
Reconciles inter-segment	(343,830)	(344,838)
Group revenue	<u>\$2,003,929</u>	<u>\$2,008,974</u>

(2) Income (Loss)

	For 3-month period ended March 31,	
	2017	2016
Total income (Loss)	\$461,514	\$467,372
Other income (Loss)	-	-
Reconciles gain on inter-segment	-	29,574
Pre-tax income	<u>\$461,514</u>	<u>\$496,946</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Endorsement/Guarantee Provided to Others

For the three-month period ended March 31, 2017

ATTACHMENT I

(Amounts Expressed in Thousands of New Taiwan Dollars)

Endorsements or guarantees provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party(Note3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed(Note3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note1)	Name	Company Name	Relationship (Note2)										
0	Grape King Bio Ltd.	Shanghai Grape Enterprise Co., Ltd.	3	\$2,163,605	\$93,930	\$93,930	\$-	\$93,930	1.95%	\$2,307,846	Y	N	Y

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

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

- 1.business related parties •
- 2.A company in which the public company directly holds more than 50% of ordinary shares.
- 3.The investee company with more than 50% of the shares held by the parent company and its subsidiaries. •
- 4.The parent company directly holds more than 50% of the ordinary shares of the company or through subsidiaries indirectly hold more than 50% of the ordinary shares of the company.
- 5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry
- 6.A company whose co-investment relationship is endorsed by its shareholders in proportion to their shareholding ratio •

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 Grape King Bio Ltd. and Subsidiaries
 Securities held as of March 31, 2017 (excluding subsidiaries, associates and joint venture)

ATTACHMENT2

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

Company Held Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	As of March 31, 2017				Note 3
				Shares/Units	Carrying Value (Note 2)	Percentage of Ownership	Fair Value	
Grape King Bio Ltd.	Fund	-	Fuh Hwa Money Market	2,991,750.20	\$40,002		40,002	
			UPAMC James Bond Money Market	1,810,457.20	30,002		30,002	
			Paradigm Pion Money Market	2,617,572.64	30,001		30,001	
			Total		<u>100,005</u>		<u>100,005</u>	
Grape King Bio Ltd.	Stock	-	Fu-Sheng International Inc.(BVI)	917,700.00	\$28,008	18.77%	28,008	Note 3
			Hsin Tung Yang Co., Ltd.	2,000.00	20	-	20	
			Total		<u>\$28,028</u>		<u>\$28,028</u>	
Pro-partner Inc.	Fund	-	Jih Sun Money Market	2,388,035.26	\$35,063		35,063	
			ING Taiwan Hong-Yang Money Market	2,167,437.66	35,062		35,062	
			UPAMC James Bond Money Market	2,115,225.39	35,052		35,052	
			Paradigm Pion Money Market	3,053,994.62	35,004		35,004	
			Total		<u>\$140,181</u>			

Note1 : The marketable securities mentioned here refer to the stocks, bonds, the beneficiary certificates, and the marketable securities derivative from the aforementioned items regulated in IAS 39"Financial Instruments : Recognition and Measurement"

Note2 : The book value of those measured by the fair value is calculated after adjusting the fair value. The book value of those that are not measured by fair value is calculated from the original cost of acquisition or the cost after amortization.

Note3 : The numbers listed represent the book value.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the nine-month period ended March 31, 2017

ATTACHMENT3

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

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction(note1)		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	Percentage of total Purchases (Sale)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of total receivables (payable)	
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Sales	\$315,778	81.82%	Net 30 days after monthly closing	By contract	-	\$127,563	57.48%	2
Pro-partner Inc.	Grape King Bio Ltd.	Parent Company	Purchases	\$315,778	100.00%	Net 30 days after monthly closing	By contract	-	\$(127,563)	100.00%	2

Note1 : 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.

Note2 : The transactions have been eliminated in the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Names, locations and related information of investees as of March 31, 2017 (excluding the investment in Mainland China)

ATTACHMENT 4

(Amounts in Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Business	Original Investment Amount		Balance as of March 31, 2017			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				March 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Book Value			
Grape King Bio Ltd.	Grape King International Investment Inc.(BVI)	BVI	Investment activities	\$1,198,018	\$1,198,018	24,890,000	100.00%	\$509,257	\$1,218	\$1,218	Subsidiary
	Pro-partner Inc.	Taoyuan County, Taiwan	Import and selling of health food, drink, cosmetics, sports apparatus, cleaning the articles, etc.	15,000	15,000	10,056,000	60.00%	1,632,932	306,712	183,348 (Note1)	Subsidiary
	Rivershine Ltd.	Taoyuan County, Taiwan	Import and selling of health food, drink, daily commodities, appliances, etc.	30,000	30,000	3,000,000	100.00%	13,692	1,170	1,170	Subsidiary
				Total					<u>\$2,155,882</u>		<u>\$185,736</u>

Note1 : The effect from the unrealized profit of the downstream transactions on income tax, which is NT\$(679) thousand has been adjusted.

Note2 : The book value at the end of the period and the current investment gain(loss) recognized have been eliminated in the consolidated financial statement.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Financing provided to others for the nine-month period ended March 31, 2017

ATTACHMENT 5

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

NO.	Capital Provider	Capital Receiver	Financial Statement Account	Related Party	Maximum Balance for the Period (US\$ in Thousands)	Ending Balance (US\$ in Thousands)	Amount Actually Drawn (US\$ in Thousands)	Interest Rate	Nature of capital (Note1)	Transaction Amounts	Reason for short term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	Grape King International Investment Inc. (BVI)	Shanghai Grape Enterprise Co., Ltd.	Long-term Accounts Receivable-Related Parties	YES	\$112,063 (US\$3,475)	\$105,391 (US\$3,475)	\$105,391 (US\$3,475)	-	b	-	the need for short-term financing	-	-	-	\$2,404,006 (Note2)	\$2,404,006 (Note2)

Note1 : Nature for financing

a. business related parties

b. Those with need for short-term financing.

Note2 : The Company holds, directly or indirectly, 100% of the voting shares, the limit of total financing amount and limit for each borrowing company shall not exceed 50% of the amount of the net value of the Company of March 31, 2017.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of March 31, 2017

ATTACHMENT 6

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

Company Name	Related Party	Nature of Relationships	Ending Balance (US\$ in Thousands) (Note)		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Recognized as Allowance for Bad Debts
						Amount	Action Taken		
Grape King International Investment Inc. (BVI)	Shanghai Grape King Enterprise Co., Ltd.	Subsidiary	Long-Term Accounts Receivable-Related Parties	<u>\$105,391</u> (US\$3,475)	-	<u>\$-</u>	<u>-</u>	<u>\$-</u>	<u>\$-</u>
Grape King Bio Ltd.	Pro-partner Inc.	Subsidiary	Accounts Receivable -Related Parties	<u>\$127,563</u>	9.51	<u>\$-</u>	<u>-</u>	<u>\$127,563</u>	<u>\$-</u>

Note : The transactions have been eliminated in the consolidated financial statement

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Grape King Bio Ltd. and Subsidiaries

Intercompany relationships and significant intercompany transaction

ATTACHMENT 7

(Amounts expressed in Thousands of New Taiwan Dollars)

No. (Note1)	Company Name	Counterparty	Nature of Relations (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Revenue or Total Assets (Note3)
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Sales	\$315,778	The price by contract	15.76%
0	Grape King Bio Ltd.	Pro-partner Inc.	1	Accounts Receivable	\$127,563	The price by contract	1.34%

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

Note2 : There are three types of relations between the parent company and the subsidiaries. Only categories should be identified.(There is no need to declare the same interaction between the parent company and the subsidiary, or the same transaction among subsidiaries repeatedly. For example,if the parent company has declared the transaction from parent company to subsidiary, the subsidiary need not repeatedly declare the same transaction. If the transaction is between subsidiaries, when one subsidiary has declared the transaction, the other subsidiary doesn't need to declare the same transaction.)

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

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

(3) represents the transactions between subsidiaries.

Note3 : 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

Note4 : 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.