

TSE 1707



2019 Shareholders Meeting Handbook

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葡萄王生技
GRAPE KING BIO

Published on May 29, 2019

I. Meeting Agenda.....	2
II. Report Items.....	3
III. Matters for Ratification.....	6
IV. Matters for Discussion.....	8
V. Extempore motion.....	36
VI. Adjournment.....	36
VII. Appendix.....	37
1. Supervisors’ Review Report.....	37
2. Certified Public Accountant’s Audit Report and 2018 (Financial Statements)	38
3. Profit Distribution Table for 2018.....	58
4. Article of Incorporation (Before Amendment)...	59
5. Procedures for Acquisition or Disposal of Assets (Before Amendment).....	67
6. Rules of Procedure for Shareholders Meetings....	80
7. Shareholdings of All Directors and Supervisors...	84

Grape King Bio Ltd.

Agenda of the 2019 Annual General Meeting of Shareholders

Time: 9:00 a.m. May 29, 2019

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

1. Commencement of Meeting
2. Chairman's Statement
3. Report Items
 - (1) 2018 Business Report
 - (2) Supervisors' Review Report on the 2018 Financial Statements
 - (3) Report on Remuneration Distribution for Employees, Directors and Supervisors for the Year 2018
 - (4) 2018 Implementation of Investments in the PRC
4. Matters for Ratification
 - (1) Adoption of the 2018 Business Report and Financial Statements
 - (2) Adoption of the Proposal for Distribution of 2018 Profits
5. Matters for Discussion
 - (1) To amend the Company's Article of Incorporation
 - (2) To amend the Company's Procedures for Acquisition or Disposal of Assets
6. Extempore motion
7. Adjournment

1. 2018 Business Report

The Company is entering its 50th anniversary and heading towards its goal of sustainable development with a steady pace of operation. In alignment with this goal, the Company continues to strengthen our Corporate Governance through the reinforcement of a corporate governance structure that beyond the standard of related laws and regulations. Moreover, our persistent devotion to innovative research and development is amplified with the establishment of the Grape King BioTech Research Institute Longtan in Longtan Science Park, which is expected to be formally completed by the first quarter of 2019.

The extraordinary performance of Grape King is relied on the efforts of all colleagues. I would like to thank our shareholders' trust and support, letting the Company to continue to create outstanding performance. The following is a brief report to the shareholders of our operating results from the past year:

In 2018, the operating income of the Company was NT\$2,349,837 thousand; net income was NT\$1,890,072 thousand; and earnings per share was NT\$9.57.

In 2018, the Company's extraordinary achievement in terms of its corporate, products, or core technology, and we won recognitions across various agencies, including being ranked as number 3 for five consecutive years in the pharmaceuticals and biotechnology industry in the "Top 2000 Enterprises in Taiwan by the Common Wealth Magazine" and the Food Research Innovation Award at the "2018 International Union of Food Science and Technology (IUFOST)". In the technology research and development aspect, in 2018 the Company won 8 gold, 4 silver, and 3 bronze medals and 7 special awards by its patented technologies of Cicada, *Heridium erinaceus*, *antrodia cinnamomea* and probiotics. In addition, our continuous involvement in corporate social responsibility was recognized by the gold medal we received during the "2018 TCSA Taiwan Enterprise Sustainability Report Awards".

The Company's subsidiary Pro-Partner Co., Ltd. (hereinafter referred to as Pro-Partner) was also experiencing growth at a steady pace under the leadership of Chairwoman

Chang-Yeh Tseng and General Manager Mei-Ching Tseng, as well as the guidance of the six consultants. Pro-Partner has been ranked top one in the local direct sales business (and ranked second place as a whole) for successive years, thus renowned as the pride of Taiwan's direct sales business.

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

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

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

2. Supervisors' Review Report on the 2018 Financial Statements

Description: The Supervisors' Review Report is attached as Appendix 1. (page 37).

3. Report on Remuneration Distribution for Employees, Directors and Supervisors for the Year 2018

Description:

- (1) The profit of the Company is NT\$1,532,226,203 (i.e., pre-tax profit before deducting the remuneration of employees, directors and supervisors). In accordance with Article 29 of the Articles of Incorporation, it has been proposed that the Company disburses 8% in cash, amounting to NT\$122,578,096, to employees and 2%, amounting to NT\$30,644,524, to directors and supervisors.
- (2) There is no difference between the amount of distribution and the amount of recognized expenses in 2018.

4. 2018 Implementation of Investments in the PRC

Description:

The Company's investment in Dongpu Biotech Corporation in 2018 was as follows:

The Company was approved by the Board of Director to invest in Dongpu Biotech Corporation in mainland China in June, 2017. The Company injected RMB 5 million into this subsidiary in June 2018, and received the approval letter from the Investment Commission, MOEA on August 29, 2018.

As of the end of 2018, the total amount of investment into the subsidiary was RMB 5 million (about NT\$23.2 million). It is directly invested and 100% owned by the Company.



Item 1

Proposed by the Board of Directors

Item: Adoption of the 2018 Business Report and Financial Statements

Description:

(1) The Company's 2018 Financial Statements have been audited by Mars Hong and Julia Lo, Certified Public Accountants of Ernst & Young, and an audit report has been issued.

(2) The Business Report and Financial Statements have been examined by the supervisors.

Business Report (Please refer to page 3)

Financial Statements (Please refer to page 38 to 57)

Resolution:

Item 2

Proposed by the Board of Directors

Item: Adoption of the Proposal for Distribution of 2018 Profits

Description:

- (1) The Company's 2018 Profit Distribution Table was approved by the 5th meeting of the 19th Board of Directors on February 25, 2019. It was proposed that the Company disburses cash dividend amounting to NT\$882,559,425 which is obtained from retained earnings, valued at NT\$6.5 per share, and estimated by rounding down to the dollar unit. The fractional amount will be included in the Company's other income. Upon approval during the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, ex-rights date, and other relevant issues.
- (2) In the event that the subsequent changes in capital affect the number of outstanding shares and cause changes in the dividend payout ratio, it is proposed that the Board of Directors be authorized to adjust the payout ratio.
- (3) Profit Distribution Table for 2018 please refer to Page58.

Resolution:

Item 1

Proposed by the Board of Directors

Item: To amend the Company's Article of Incorporation.

Description:

- (1) The amendments were proposed to tailor the needs of the Company in accordance with Company Law and revised relevant laws and regulations.
- (2) Comparison Table on the Amendments to Article of Incorporation:

Clause	After Amendment	Before Amendment	Explanation
Article 5-1	<p><u>When the Company issues new shares, there shall be reserved for employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements.</u></p> <p><u>The treasury shares bought back by the Company under the laws, there shall be transferred to employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements.</u></p> <p><u>The Company issues a share subscription warrant to employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements.</u></p> <p><u>The Company issues restricted stock for employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements.</u></p> <p><u>The above specific requirements shall authorize the Board of Directors to establish.</u></p>	Add	In compliance with the needs of the Company and in accordance with Article 167-1, 167-2 and 267 of the Company Act to add
Article 25-3	The Company shall purchase liability insurance for Directors and Supervisors to guarantee Director or	The Company shall purchase liability insurance for Directors and supervisors to guarantee Director or	In accordance with the

	Supervisor to take potential legal responsibility occurring from the implementation of duties thereof.	Supervisor to take potential legal responsibility occurring from the implementation of duties thereof.	1070025395 letter issued by TWSE on December 27, 2018 to amend
Article 29	<p>The Company shall make appropriate provisions for Employee bonus and remuneration to Director and Supervisor according to the proportion as below on the occasion of a profit making year.</p> <p>However, it shall preserve amount to cover the deficit and then make appropriate provisions to employee bonuses and remunerations to Directors and Supervisors by following proportion in case that there is accumulated deficits in the Company.</p> <p>(1) Employee Bonus: The Company shall make appropriate provisions based on Income Before Tax (Employee Bonus and Remuneration to Director and Supervisor excluded) for 6-8% as employee bonus and distribute and issue stock or cash depends on the resolution of Board of Directors. The distributed targets include the employees of <u>parents or subsidiary of the Company meeting certain specific requirements and specific requirements shall authorize the Board of Directors to establish.</u></p> <p>(2) Remuneration to Director and Supervisor: The Company shall make appropriate provisions but not more than 2%</p>	<p>The Company shall make appropriate provisions for Employee bonus and remuneration to Director and Supervisor according to the proportion as below on the occasion of a profit making year.</p> <p>However, it shall preserve amount to cover the deficit and then make appropriate provisions to employee bonuses and remunerations to Directors and Supervisors by following proportion in case that there is accumulated deficits in the Company.</p> <p>(1) Employee Bonus: The Company shall make appropriate provisions based on Income Before Tax (Employee Bonus and Remuneration to Director and Supervisor excluded) for 6-8% as employee bonus and distribute and issue stock or cash depends on the resolution of Board of Directors. The distributed targets include the employees of subsidiary company on the proviso of meeting certain conditions.</p> <p>(2) Remuneration to Director and Supervisor: The Company shall make appropriate provisions but not more than 2% based on Income before Tax</p>	<p>In compliance with the needs of the Company and in accordance with Article 235-1 of the Company Act to amend</p>

	<p>based on Income before Tax (Employee Bonus and Remuneration to Director and Supervisor excluded) for Remuneration to Director and Supervisor).</p> <p>The distribution proposal of employee bonus and remuneration to Director and Supervisor shall be proposed in Directors' meeting.</p>	<p>(Employee Bonus and Remuneration to Director and Supervisor excluded) for Remuneration to Director and Supervisor).</p> <p>The distribution proposal of employee bonus and remuneration to Director and Supervisor shall be proposed in Directors' meeting.</p>	
Article 32	<p>The Article is stipulated on March 6 1971. The 1st amendment was on July 31, 1973.... The 40th amendment was on June 13, 2017. <u>The 41th revision was made on May 29, 2019.</u></p>	<p>The Article is stipulated on March 6 1971. The 1st amendment was on July 31, 1973.... The 40th amendment was on June 13, 2017.</p>	Add revision date

Resolution:

Item 2

Proposed by the Board of Directors

Item: To amend the Company's Procedures for Acquisition and Disposal of Assets.

Description:

- (1) The provision was amended to tailor the needs of the Company and to adjust to the newly revised article no. 1070341072 by the Financial Supervisory Commission R.O.C (Taiwan) announced on Nov 26, 2018.
- (2) Comparison Table on the Amendments to Procedures for Acquisition or Disposal of

Assets:

Clause	After Amendment	Before Amendment	Explanation
Article 3	<p>The term "assets" as used in these Procedures includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. <u>Right-of-use assets.</u> 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 9. Other major assets. 	<p>The term "assets" as used in these Procedures includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 	<p>In accordance with 26 November 2018 Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission</p>

		8. Other major assets.	
Article 4	<p>Terms are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, <u>or</u> swap contracts, whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts.</u></p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p>	<p>Terms are defined as follows:</p> <p>1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, <u>interest rates, foreign exchange rates, indexes or other interests.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>agreements.</u></p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 3 of the Company Act.</p> <p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a</p>	<p>In accordance with 26 November 2018 Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission</p>

	<p>3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, <u>date of payment</u>, date of <u>consignment</u> trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>7. <u>Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business,</u></p>	<p>real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence: Refers to the date of contract signing, date of trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment : Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	
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	<p><u>futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p><u>8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p><u>Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>		
Article 5	<p>Acquisition or disposal of assets, and handle the acquisition or disposal matters in compliance with the procedures as the following:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of assets shall be no more than the range of Article 3 of the procedures. 2. With respect to the acquisition or 	<p>Acquisition or disposal of assets, and handle the acquisition or disposal matters in compliance with the procedures as the following:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of assets shall be no more than the range of Article 3 of the procedures. 2. With respect to the acquisition or 	<p>In accordance with 26 November 2018 Order No. Financial-Supervisory-</p>

	<p>disposal of assets, the each transaction amount reaches 10 percent of the Company's paid-in capital, after conducted by the financial department and requesting department, have the decisions submitted to the Board of Directors in accordance with trade terms. The Company's Board of Directors may delegate the Board Chairman to decide such matters and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting. If not exceed the above rules, the Company shall handle in accordance with the Company's authorization routine. Deal with the same person by separate continuously the same year, the cumulative transaction amount also in accordance with above rules.</p> <p>3. The total investment of securities of the Company shall be no more than 80% net value of the Company. The amount that is invested in an individual security shall be no more than 20% net value of the Company.</p> <p>4. The total investment of securities of the subsidiaries shall be no more than 80% net value of the Company. The amount that is invested in an individual security shall be no more than 20% net value of the Company.</p> <p>5. The Company and Subsidiaries could invest in non-business real estate and <u>right-of-use assets</u> that shall not exceed the limit of more than 40% net value of the Company.</p>	<p>disposal of assets, the each transaction amount reaches 10 percent of the Company's paid-in capital, after conducted by the financial department and requesting department, have the decisions submitted to the Board of Directors in accordance with trade terms. The Company's Board of Directors may delegate the Board Chairman to decide such matters and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting. If not exceed the above rules, the Company shall handle in accordance with the Company's authorization routine. Deal with the same person by separate continuously the same year, the cumulative transaction amount also in accordance with above rules.</p> <p>3. The total investment of securities of the Company shall be no more than 80% net value of the Company. The amount that is invested in an individual security shall be no more than 20% net value of the Company.</p> <p>4. The total investment of securities of the subsidiaries shall be no more than 80% net value of the Company. The amount that is invested in an individual security shall be no more than 20% net value of the Company.</p> <p>5. The Company and Subsidiaries could invest in non-business real estate and securities that shall not exceed the limit of more than 40% net value of the Company.</p>	<p>Securities-Corporate-1070341072 of the Financial Supervisory Commission and in order to meet the actual needs of the Company to amend</p>
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	"Net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	"Net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.	
Article 6	<p>Appraisal procedures</p> <p>1. In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof held</u> for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1)Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall <u>also</u> be followed <u>whenever there is any subsequent</u> change to the terms and conditions of the transaction.</p> <p>(2)Where the transaction amount is NT\$1 billion or more, appraisals from</p>	<p>Appraisal procedures</p> <p>1. In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machine equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1)Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>(2)Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers</p>	<p>In accordance with 26 November 2018 Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission and in order to meet the actual needs of the Company to amend</p>

	<p>two or more professional appraisers shall be obtained.</p> <p>(3)Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(a)The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(b)The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4)No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be</p>	<p>shall be obtained.</p> <p>(3)Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No.20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(a)The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>(b)The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>(4)No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be</p>	
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	<p>issued by the original professional appraiser.</p> <p>2. Acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.</p> <p>3. Acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency, the Company shall engage a certified</p>	<p>issued by the original professional appraiser.</p> <p>2. Acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.</p> <p>3. Acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to</p>	
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	<p>public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>4. The calculation of the transaction amounts referred to in the preceding three subparagraphs shall be done in accordance with Article 19, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>5. Acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>6. Engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the above provisions of the Article. The</p>	<p>the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>4. The calculation of the transaction amounts referred to in the preceding three subparagraphs shall be done in accordance with Article 19, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>5. Acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p> <p>6. Engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the above provisions of the Article. The</p>	
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	<p>calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the Article, subparagraph 4 herein.</p> <p>When judging whether a <u>transaction</u> counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. Intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a <u>transaction</u></p>	<p>calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the Article, subparagraph 4 herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. Intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2) The reason for choosing the related party as a trading counterparty.</p> <p>(3) With respect to the acquisition of</p>	
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<p>counterparty.</p> <p>(3) With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the competent authority.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original <u>transaction</u> counterparty, and that <u>transaction</u> counterparty's relationship to the Company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 19, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the</p>	<p>real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the competent authority.</p> <p>(4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 19, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition of</p>	
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<p>supervisors need not be counted toward the transaction amount. With respect to the <u>types of transactions listed below, when to be conducted</u> between the Company and subsidiaries, <u>or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the Company's Board of Directors may delegate the Board Chairman to decide such matters when the transaction is within/included NT\$300 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting;</p> <p><u>(1)Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p><u>(2)Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>Where the position of independent director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to the subparagraph, paragraph 3, the Board of Directors shall take into full</p>	<p>disposal of business use equipment between the Company and subsidiaries, the Company's Board of Directors may delegate the Board Chairman to decide such matters when the transaction is within/included NT\$300 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting-</p> <p>For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>Where the position of independent director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to the subparagraph, paragraph 3, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Where an audit committee has been established, the matters for which the subparagraph, paragraph 3, requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the</p>	
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	<p>consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Where an audit committee has been established, the matters for which the subparagraph, paragraph 3, requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>7. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>meet the following requirements:</u></p> <p><u>(1) May not have previously received</u></p>	<p>Board of Directors for a resolution. If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p> <p>7. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or under writer's opinions shall not be a related party of any party to the transaction.</p>	
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	<p><u>a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>(2) May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>(3) If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <p><u>(1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></p> <p><u>(2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use</u></p>	
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	<p><u>the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></p> <p><u>(3)They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></p> <p><u>(4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>		
<p>Article 7</p>	<p>Trading principles and strategies of Engaging in Derivatives Trading</p> <p>1. The types of traded: The <u>types of</u> derivatives transactions that the Company is engaged in <u>accordance with the range of subparagraph 1 of Article 4 of the procedures.</u></p> <p>2. Operating or hedging strategies: (1)Financial derivatives are mainly used for hedging and to raise fund management purpose. (2)For the credit and market risks of derivatives, if it's difficult to evaluate by reasonably and objectively due to the uncertainty of finance, economy,</p>	<p>Trading principles and strategies of Engaging in Derivatives Trading</p> <p>1. The types of traded: The derivatives transactions that the Company is engaged in include swaps, options, futures, forwards, indexes, interest rates or exchange rates, fund contracts and various combinations thereof. The term "forward contracts" does not include insurance contracts, performance contracts, after sales service contracts, long term leasing contracts, or long term purchase (sales) agreements.</p> <p>2. Operating or hedging strategies:</p>	<p>In accordance with 26 November 2018 Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission and in order</p>

	<p>politics environment, shall be stopped the related trading.</p> <p>3. Segregation of duties and authorization: The above derivatives transactions that the Company is engaged in, the types of traded, issued amount, conditions and evaluated items shall be handled after approved by the Board Chairman that submitted by the Financial Supervisor. It shall be submitted by the next Board of Directors meeting.</p> <p>4. Essentials of performance evaluation: Periodically evaluate and review the performance of engagement and evaluation reports shall be submitted to the Board Chairman for review.</p> <p>5. Total amount of contracts: With respect of the total contract amount of derivatives transactions the Company is engaged in, shall not exceed 30% of the net value of the Company.</p> <p>6. The loss limit on trading: With respect of the loss limit for all contracts of derivatives transactions the Company is engaged in, shall not exceed NT\$30 million, and the loss limit for individual shall not exceed NT\$10 million.</p>	<p>(1)Financial derivatives are mainly used for hedging and to raise fund management purpose.</p> <p>(2)For the credit and market risks of derivatives, if it's difficult to evaluate by reasonably and objectively due to the uncertainty of finance, economy, politics environment, shall be stopped the related trading.</p> <p>3. Segregation of duties and authorization: The above derivatives transactions that the Company is engaged in, the types of traded, issued amount, conditions and evaluated items shall be handled after approved by the Board Chairman that submitted by the Financial Supervisor. It shall be submitted by the next Board of Directors meeting.</p> <p>4. Essentials of performance evaluation: Periodically evaluate and review the performance of engagement and evaluation reports shall be submitted to the Board Chairman for review.</p> <p>5. Total amount of contracts: With respect of the total contract amount of derivatives transactions the Company is engaged in, shall not exceed 30% of the net value of the Company.</p> <p>6. The loss limit on trading: With respect of the loss limit for all contracts of derivatives transactions the Company is engaged in, shall not exceed NT\$30 million, and the loss limit for individual shall not exceed</p>	<p>to meet the actual needs of the Company to amend</p>
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		NT\$10 million.	
Article 9	<p>The supervise and manage of Engaging in derivatives trading:</p> <p>1. The Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>(1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.</p> <p>2. Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:</p> <p>(1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the Company.</p> <p>(2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has independent</p>	<p>The supervise and manage of Engaging in derivatives trading</p> <p>1. The Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>(1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>(2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.</p> <p>2. Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:</p> <p>(1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the Company.</p> <p>(2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has independent</p>	<p>In accordance with 26 November 2018 Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission</p>

	<p>directors, an independent director shall be present at the meeting and express an opinion.</p> <p>3. The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	<p>directors, an independent director shall be present at the meeting and express an opinion.</p> <p>3. The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	
Article 10	<p>The internal audit of Engaging in derivatives trading</p> <p>1. Shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 8 and subparagraph 1-(1) of Article 9, and s subparagraph 1-(2) shall be recorded in detail in the log book.</p> <p>2. The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report.</p> <p>If any material violation is discovered, all supervisors shall be notified in writing.</p> <p><u>3. Where independent directors have been appointed in accordance with the provisions of the Act, for matters for which notice shall be given to the</u></p>	<p>The internal audit of Engaging in derivatives trading</p> <p>1. Shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 8 and subparagraph 1-(1) of Article 9, and s subparagraph 1-(2) shall be recorded in detail in the log book.</p> <p>2. The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report.</p> <p>If any material violation is discovered, all supervisors shall be notified in writing.</p>	<p>In accordance with 26 November 2018 Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission</p>

	<p><u>supervisors under the preceding paragraph, written notice shall also be given to the independent directors.</u></p> <p><u>4. Where an audit committee has been established in accordance with the provisions of the Act, the provisions of subparagraph 2 relating to supervisors shall apply mutatis mutandis to the audit committee.</u></p>		
Article 13	<p>The Company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>The Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the</p>	<p>The Company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>The Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the</p>	<p>In accordance with 26 November 2018 Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission and in order to meet the actual needs of the Company to amend</p>

	<p>case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another</p>	<p>case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another</p>	
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	company's shares is neither listed on an exchange nor has its shares traded on an OTC market, shall sign an agreement with such company whereby the latter is required to abide by the provisions of <u>the preceding two paragraphs</u> .	company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4 .	
Article 19	<p>Under any of the following circumstances, acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days <u>counting inclusively</u> from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading 	<p>Under any of the following circumstances, acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual 	<p>In accordance with 26 November 2018 Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission</p>

	<p>reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where equipment <u>or right-of-use assets thereof</u> for business use <u>are acquired or disposed of, and furthermore the transaction</u> counterparty is not a related party, and the transaction amount is not less than NT\$500 million.</p> <p>5. Acquisition or disposal by a public company in the construction business of real property <u>or right-of-use assets thereof</u> for construction use, <u>and furthermore the transaction</u> counterparty is not a related party, and the transaction amount <u>reaches</u> NT\$500 million.</p> <p>6. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party</u>, and the amount the Company expects to invest in the transaction <u>reaches</u> NT\$500 million.</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20</p>	<p>contracts set out in the procedures adopted by the Company.</p> <p>4. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is not less than NT\$500 million.</p> <p>5. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is not less than NT\$500 million.</p> <p>6. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is not less than NT\$500 million.</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(a) Trading of government bonds.</p>	
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<p>percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(a) Trading of <u>domestic</u> government bonds.</p> <p>(b) <u>Where done by professional investors—</u>securities trading on securities exchanges or <u>OTC</u> markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (<u>excluding subordinated debt</u>) that are offered and issued in the primary market, or subscription <u>or redemption of securities investment trust funds or futures trust funds, or subscription</u> by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(c) Trading of bonds under repurchase <u>and</u> resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction 	<p>(b) Securities trading by investment professionals on foreign or domestic securities exchanges or over the counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(c) Trading of bonds under repurchase/ resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the 	
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	<p>counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) <u>of real property or right-of-use assets thereof</u> within the same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly</p>	<p>preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA,</p>	
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	<p>announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	
<p>Article 22</p>	<p>Subsidiaries to establish relevant procedures for acquisition or disposal of assets could be referred to the Company's procedures and should follow the procedures. Information relating to any acquisition or disposal of assets by the Subsidiaries shall be provided regularly to this Company for inspection.</p> <p><u>If subsidiaries do not to establish relevant procedures for acquisition or disposal of assets, should follow the procedures of the Company.</u></p>	<p>Subsidiaries to establish relevant procedures for acquisition or disposal of assets could be referred to the Company's procedures and should follow the procedures. Information relating to any acquisition or disposal of assets by the Subsidiaries shall be provided regularly to this Company for inspection.</p>	<p>In accordance with 26 November 2018 Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission and in order to meet the actual needs of the Company</p>

Resolution:

V. Extempore motion

VI. Adjournment

Appendix 1

Grape King Bio Ltd Supervisors' Review Report

Approved

The Board of Directors submit the 2018 Business Report, Financial Statements and Profit Distribution Table which were inspected and affirmed by the Supervisors to ensure that there was no violation of the law and the Company is in compliance with all regulations.

For review

Sincerely,

Grape King Bio Ltd
2019 Annual Shareholders' Meeting

Chi-Sheng Chang

Supervisors:

Hsing-Chun Chen

February 25, 2019

Appendix 2English Translation of a Report Originally Issued in Chinese**Independent Auditor's Report**

To Grape King Bio Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Grape King Bio Ltd. (the "Company") as of December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of other auditor (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2018 and 2017, and their parent company only financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2018 the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

English Translation of a Report Originally Issued in Chinese

Revenue Recognition

We have determined that revenue recognition is one of the key audit matters due to the following considerations. First of all, the revenue amounting to NT\$1,821,840 thousand for the year ended December 31, 2018 is a significant account to the Company's financial statements. Secondly, the Company's revenue sources include a variety of business models, including sale through distributors, subcontracting services, etc. The judgements needed for identifying performance obligations embedded in customer's orders or contracts and for determining the timing of satisfaction, the shelf fee arrangement for part of distributors' contracts increase the complexity of the Company's revenue recognition. As a result, our audit procedures include, but are not limited to, evaluating the properness of performance obligations and revenue recognition accounting policies (mainly including assessing the sufficiency of management's accruals made for shelf fee arrangement involving considerations to be paid to customers) for distributors' sales, testing effectiveness of relevant internal controls established by the management, performing test of details sampled from the sale subledger, performing sale cutoff test, and subsequently reviewing and searching for significant sale allowances and returns, etc. We also consider the appropriateness of the disclosure of operating revenues in Note 6 to the parent company only financial statements.

Inventory valuation

The net carrying value of inventory as of December 31, 2018 for Grape King Bio Ltd. amounted to NT\$320,562 thousand, which were significant to the parent company only financial statements. We have determined that valuation on inventory is one of the key audit matters in considering that the maturity of the Company's main products, including health foods and beverages, may be short and the policy for provision against inventory normally involves the management's significant judgment. Our audit procedures therefore mainly include, but are not limited to, assessing the appropriateness of policy for inventory provision including those for identifying slow-moving inventory and analysis on inventory movement, testing the management's execution and compliance with the control policy for identifying products maturity including test on correctness of calculating the duration, analyzing the reasonableness of expiring inventory movement, examining the compliance of computing net realizable value of inventory based on different product maturity, and performing the observation procedure on the Company's inventory physical taking, etc. We also considered the appropriateness of the disclosure of inventories in Note 5 and 6 to the parent company only financial statements.

English Translation of a Report Originally Issued in Chinese

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

We did not audit the financial statements of Pro-partner Inc., an investment accounted for using equity method by the Company. The financial statements of Pro-partner Inc. as of December 31, 2018 and 2017, and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment accounted for using equity method amounting to NT\$1,784,621 thousand and NT\$1,681,309 thousand as of December 31, 2018 and 2017 representing 24.87% and 26.45% of the Company's total assets, the related shares of profit or loss from the subsidiaries under equity method for the years then ended amounting to NT\$893,337 thousand and NT\$874,386 thousand representing 64.78% and 60.97% of the Company's income before tax, and the related shares of other comprehensive income from the subsidiaries under equity method for the years then ended amounting to NT\$(57) thousand and NT\$(181) thousand representing 0.25% and 1.43% of the other comprehensive income, are based solely on the audit reports of other auditors.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

English Translation of a Report Originally Issued in Chinese

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

English Translation of a Report Originally Issued in Chinese

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 the parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

English Translation of a Report Originally Issued in Chinese

Hong, Mao-Yi



Lo, Hsiao-Chin



ERNST & YOUNG

February 25th, 2019

Taipei, Taiwan,

Republic of China

Notices to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

GRAPE KING BIO LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2018 and 2017

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

	Notes	2018	2017
Operating revenues	3,4,6(23),7	\$1,821,840	\$1,770,158
Operating costs	7	(887,878)	(889,927)
Gross profit before unrealized inter-company profit		933,962	880,231
Unrealized inter-company profit		(5,078)	(4,505)
Gross profit		928,884	875,726
Operating expenses	7		
Sales and marketing		(315,038)	(224,058)
General and administrative		(253,348)	(220,436)
Research and development		(166,690)	(159,187)
Operating expenses total		(735,076)	(603,681)
Operating income		193,808	272,045
Non-operating income and expenses			
Other income	6(25),7	89,729	165,848
Other gain and losses	6(25)	(9,355)	(1,194)
Finance costs	6(25)	(6,400)	(5,057)
Share of profit or loss of subsidiaries		1,111,222	1,002,395
Non-operating income and expenses total		1,185,196	1,161,992
Income from continuing operations before income tax		1,379,004	1,434,037
Income tax expense	4,6(27)	(83,610)	(82,096)
Net income		1,295,394	1,351,941
Other comprehensive income (loss)	6(26)		
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain (loss) from defined benefit plans		935	(4,867)
Unrealized gains or losses on financial assets at fair value through other comprehensive income (loss)		(7,495)	-
Actuarial gain (loss) from defined benefit of subsidiaries		(72)	(240)
Income tax related to items that may not be reclassified subsequently		(169)	887
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(16,355)	(8,399)
Income tax related to items that may be reclassified subsequently		-	-
Total other comprehensive income(loss), net of tax		(23,156)	(12,619)
Total comprehensive income		\$1,272,238	\$1,339,322
Earnings per share-basic (In NTD)	6(28)	\$9.57	\$10.03
Earnings per share-diluted (In NTD)	6(28)	\$9.50	\$9.93

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
GRAPE KING BIO LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollar)

	Other Components of equity							Total	
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income		Treasury stock
Balance as of January 1, 2017	\$1,352,142	\$799,221	\$545,536	\$74,671	\$2,062,646	\$ (26,204)	\$-	\$-	\$4,808,012
Appropriations of prior year's earnings									
Legal reserve			129,677		(129,677)				(862,120)
Cash dividends					(862,120)				1,094
Shares from bonds converted	69	1,025			1,351,941				1,351,941
Net income, 2017					(4,220)	(8,399)			(12,619)
Other comprehensive income, 2017									
Total comprehensive income					1,347,721	(8,399)			1,339,322
Treasury stock								(91,062)	(91,062)
Balance as of December 31, 2017	\$1,352,211	\$800,246	\$675,213	\$74,671	\$2,418,570	\$ (34,603)	\$-	\$ (91,062)	\$5,195,246
Balance as of January 1, 2018	\$1,352,211	\$800,246	\$675,213	\$74,671	\$2,418,570	\$ (34,603)	\$-	\$ (91,062)	\$5,195,246
Impact of retroactive applications								(9,641)	(9,641)
Adjusted balance as of January 1, 2018	1,352,211	800,246	675,213	74,671	2,418,570	(34,603)	(9,641)	(91,062)	5,185,605
Appropriations of prior year's earnings									
Legal reserve			135,194		(135,194)				(903,199)
Cash dividends					(903,199)				169,200
Shares from bonds converted	10,653	158,547			1,295,394				6,451
Other		6,451							
Net income, 2018					1,295,394				1,295,394
Other comprehensive income, 2018					694	(16,355)			(23,156)
Total comprehensive income					1,296,088	(16,355)			1,272,238
Balance as of December 31, 2018	\$1,362,864	\$965,244	\$810,407	\$74,671	\$2,676,265	\$ (50,958)	\$ (17,136)	\$ (91,062)	\$5,730,295

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
GRAPE KING BIO LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

	2018	2017		2018	2017
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$1,379,004	\$1,434,037	Disposal of financial assets measured at amortized cost	(15,970)	-
Adjustments to reconcile net income (loss) before tax to net cash provided by (used in) operating activities:			Investments accounted for using equity method	(23,200)	-
Depreciation	168,292	159,584	Acquisition of property, plant and equipment	(733,777)	(692,547)
Amortization	6,640	6,296	Disposal of property, plant and equipment	72	-
Expected credit loss(gain) through profit or loss	87	-	Decrease (increase) in refundable deposits	608	(1,183)
Net gain of financial assets at fair value	(364)	(387)	Acquisition of intangible assets	(1,117)	(1,903)
Interest expense	6,400	5,057	Other financial assets	15,000	-
Interest income	(453)	(481)	Cash dividends received	786,589	637,324
Dividend income	(2)	(2)	Net cash provided by (used in) investing activities	28,205	(58,309)
Share of profit or loss of subsidiaries	(1,111,222)	(1,002,395)			
Loss from disposal of property, plant and equipment	495	851	Cash flows from financing activities:		
Urealized inter-company profit	5,078	4,505	Increase (decrease) in short-term loans	500,000	250,000
Changes in operating assets and liabilities:			Repayment of bonds payable	(3,325)	-
Financial asset held for trading	-	241,378	(Decrease) increase deposits received	(2,007)	(186)
Financial assets mandatorily measured at fair value through profit or loss	427	-	Cash dividends	(903,199)	(862,120)
Notes receivable	771	(1,048)	Cost of Treasury stock	-	(91,062)
Accounts receivable	2,356	14,140	Other	6,451	-
Accounts receivable-related parties	(53,150)	25,649	Net cash provided by (used in) financing activities	(402,080)	(703,368)
Other receivables	2,438	(1,139)			
Other receivables-related parties	(3,989)	738	Net (decrease) increase in cash and cash equivalents	(45,519)	(34,235)
Inventories	1,283	13,129	Cash and cash equivalents at beginning of period	316,143	350,378
Prepayments	(16,788)	(7,552)	Cash and cash equivalents at end of period	\$270,624	\$316,143
Other current assets	946	(1,460)			
Contract liabilities	1,680	-			
Notes payable	(11)	(130)			
Accounts payable	22,999	3,115			
Other payables	12,386	18,930			
Other payables-related parties	72	-			
Advance receipts	(1,293)	(2,482)			
Other current liabilities	(5,869)	(78,463)			
Accrued pension liabilities	(4,287)	(14,109)			
Cash generated from operations	413,926	817,761			
Interest received	453	481			
Interest paid	(4,941)	(1,510)			
Income tax paid	(81,082)	(89,290)			
Net cash provided by (used in) operating activities	328,356	727,442			

The accompanying notes are an integral part of the parent company only financial statements.

Independent Auditor’s Report

To Grape King Bio Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Grape King Bio Ltd. (the “Company”) and its subsidiaries as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditor (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2018 and 2017, and their consolidated financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2018 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

We have determined that revenue recognition is one of the key audit matters due to the following considerations. First of all, the consolidated revenue amounting to NT\$9,183,321 thousand for the year ended December 31, 2018 is a significant account to the Company's consolidated financial statements. Secondly, the Company's revenue sources include a variety of business models, including direct-sale, sale through distributors, subcontracting services, etc. The judgements needed for identifying performance obligations embedded in customer's orders or contracts and for determining the timing of satisfaction, the terms of members' bonus within direct selling contracts, and the shelf fee arrangement for part of distributors' contracts increase the complexity of the Company's revenue recognition. As a result, our audit procedures include, but are not limited to, evaluating the properness of performance obligations and revenue recognition accounting policies (mainly including assessing the sufficiency of management's accruals made for shelf fee arrangement involving considerations to be paid to customers) for distributors' sales, testing effectiveness of relevant internal controls established by the management, performing test of details sampled from the sale subledger, performing sale cutoff test, and subsequently reviewing and searching for significant sale allowances and returns, etc. With respect to the audit procedures for direct-sale revenue recognition by the Company's subsidiary, Pro-partner Inc., involving auditors have performed test on relevant internal controls (mainly including assessing the sufficiency of management's accruals made for members' bonus arrangement involving considerations to be paid to customers) for direct-sale contracts, test of details sampled from the sale subledger, sale cutoff test, and subsequent review and search for significant sale allowances and returns, etc. We, as the primary auditors, have reviewed and assessed the other auditors' procedures described above. We also consider the appropriateness of the disclosure of operating revenues in Note 6 to the consolidated financial statements.

Inventory valuation

The net carrying value of inventory as of December 31, 2018 for Grape King Bio Ltd. and its subsidiaries amounted to NT\$562,831 thousand, which were significant to the consolidated financial statements. We have determined that valuation on inventory is one of the key audit matters in considering that the maturity of the Company's main products, including health foods and beverages, may be short and the policy for provision against inventory normally involves the management's

significant judgment. Our audit procedures therefore mainly include, but are not limited to, assessing the appropriateness of policy for inventory provision including those for identifying slow-moving inventory and analysis on inventory movement, testing the management's execution and compliance with the control policy for identifying products maturity including test on correctness of calculating the duration, analyzing the reasonableness of expiring inventory movement, examining the compliance of computing net realizable value of inventory based on different product maturity, and performing the observation procedure on the Company's inventory physical taking, etc. We also considered the appropriateness of the disclosure of inventories in Note 5 and 6 to the consolidated financial statements.

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

We did not audit the financial statements of Pro-partner Inc., a 60%-owned subsidiary of the Company, while they were audited by the other auditors. Our audits, insofar as it relates to the financial statements of Pro-partner Inc. are based solely on the reports of the other auditors. As of December 31, 2018 and 2017, total assets of Pro-partner Inc. were NT\$5,076,770 thousand and NT\$4,950,253 thousand, representing 47.68% and 50.04% of the consolidated total assets of the Company, while the operating revenues for the years then ended were NT\$7,388,521 thousand and NT\$8,050,198 thousand, representing 80.46 % and 85.75% of the consolidated operating revenues.

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

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

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion including and Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2018 and 2017.

Hong, Mao-Yi



Lo, Hsiao-Chin



ERNST & YOUNG

February 25th, 2019

Taipei, Taiwan,

Republic of China

Notices to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRAPE KING BIO LTD.

CONSOLIDATED BALANCE SHEETS

As of December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	2018	2017	Liabilities and Stockholders' Equity	Notes	2018	2017
Current assets				Current liabilities			
Cash and cash equivalents	4,6(1)	\$2,050,224	\$1,920,497	Short-term debt	4,6(14),8	\$800,000	\$300,000
Financial assets at fair value through profit or loss, current	4,6(2)	-	70,376	Contract liabilities	3,6(23)	106,317	-
Financial assets measured at amortized cost	3,4,6(5)	38,214	-	Notes payable		1,756	7,207
Debt investments without active market	3,4,6(6)	-	180,075	Accounts payable		260,479	316,108
Notes receivable, net	4,6(7)	3,597	5,753	Other payables	6(15)	1,686,465	1,618,259
Accounts receivable, net	4,6(8)	167,648	154,616	Other payables-related parties	7	35,622	32,773
Other receivables	4	3,818	6,111	Current tax liabilities	4,5,6(27)	303,844	250,431
Inventories, net	4,5,6(9)	562,831	492,058	Other current liabilities	6(16),7	49,514	151,078
Prepayments	6(10)	61,943	48,892	Current portion of bonds payable	4,6(17)	-	171,207
Other current assets	6(10)	4,708	11,643	Current portion of long-term loans payable	4,6(18),8	26,012	31,974
Total current assets		2,892,983	2,890,021	Total current liabilities		3,270,009	2,879,037
Non-current assets				Non-current liabilities			
Financial assets at fair value through other comprehensive income	3,4,5,6(3)	10,892	-	Long-term debt	4,6(18),8	292,795	518,670
Financial assets measured at amortized cost	3,4,6(5),8	11,460	-	Deferred tax liabilities	4,5,6(27)	68,628	68,463
Debt investments without active market	3,4,6(4)	-	28,028	Other liabilities	4,5,6(19)	83,347	97,514
Property, plant and equipment	3,4,6(6),8	5,926,655	6,355,416	Total non-current liabilities		444,770	684,647
Investment properties	4,6(12)	1,485,928	185,985	Total liabilities		3,714,779	3,563,684
Intangible assets	4,6(13)	20,141	22,442	Equity attributable to the parent company			
Deferred tax assets	4,5,6(27)	8,032	5,752	Capital			
Other assets-others	6(10)	291,958	399,552	Common stock		1,362,864	1,352,211
Total non-current assets		7,755,066	7,001,635	Additional paid-in capital		965,244	800,246
				Retained earnings			
				Legal reserve	6(22)	810,407	675,213
				Special reserve		74,671	74,671
				Unappropriated earnings		2,676,265	2,418,570
				Other components of equity		(68,094)	(34,603)
				Treasury stock		(91,062)	(91,062)
				Non-controlling interests		1,202,975	1,132,726
				Total equity		6,933,270	6,327,972
Total assets		\$10,648,049	\$9,891,656	Total liabilities and equity		\$10,648,049	\$9,891,656

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRAPE KING BIO LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2018 and 2017

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

	Notes	2018	2017
Operating revenues	3,4,6(23),7	\$9,183,321	\$9,388,128
Operating costs		(1,854,057)	(1,523,444)
Gross profit		7,329,264	7,864,684
Operating expenses	7		
Sales and marketing		(4,274,566)	(4,983,215)
General and administrative		(520,292)	(467,511)
Research and development		(184,569)	(159,663)
Operating expenses total		(4,979,427)	(5,610,389)
Operating income		2,349,837	2,254,295
Non-operating income and expenses			
Other income	6(25),7	151,370	177,933
Other gain and losses	6(25)	(60,430)	(9,179)
Finance costs	6(25)	(14,113)	(17,579)
Non-operating income and expenses total		76,827	151,175
Income from continuing operations before income tax		2,426,664	2,405,470
Income tax expense	4,6(27)	(536,592)	(470,738)
Net income		1,890,072	1,934,732
Other comprehensive income (loss)	6(26)		
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain (loss) from defined benefit plans		816	(5,267)
Unrealized gains or losses on financial assets at fair value through other comprehensive income (loss)		(7,495)	-
Income tax related to items that may not be reclassified subsequently		(160)	926
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(16,355)	(8,399)
Income tax related to items that may be reclassified subsequently		-	-
Total other comprehensive income(loss), net of tax		(23,194)	(12,740)
Total comprehensive income		\$1,866,878	\$1,921,992
Net income attributable to:			
Stockholders of the parent		\$1,295,394	\$1,351,941
Non-controlling interests	6(29)	594,678	582,791
		\$1,890,072	\$1,934,732
Total comprehensive income attributable to:			
Stockholders of the parent		\$1,272,238	\$1,339,322
Non-controlling interests	6(29)	594,640	582,670
		\$1,866,878	\$1,921,992
Earnings per share-basic (In NTD)	6(28)	\$9.57	\$10.03
Earnings per share-diluted (In NTD)	6(28)	\$9.50	\$9.93

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollar)

	Other Components of equity										Total Equity	
	Common Stock	Additional Paid-in Capital	Retained Earnings			Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Treasury stock	Total	Non-Controlling Interests		
			Legal Reserve	Special Reserve	Unappropriated Earnings							
Balance as of January 1, 2017	\$1,352,142	\$799,221	\$545,536	\$74,671	\$2,062,646	\$(26,204)	\$-	\$-	\$4,808,012	\$974,937	\$5,782,949	
Appropriations of prior year's earnings												
Legal reserve			129,677		(129,677)							
Cash dividends					(862,120)				(862,120)	(424,881)	(1,287,001)	
Shares from bonds converted	69	1,025							1,094	-	1,094	
Net income, 2017					1,351,941				1,351,941	582,791	1,934,732	
Other comprehensive income, 2017					(4,220)				(8,399)	(121)	(12,740)	
Total comprehensive income					1,347,721				1,339,322	582,670	1,921,992	
Treasury stock								(91,062)	(91,062)		(91,062)	
Balance as of December 31, 2017	\$1,352,211	\$800,246	\$675,213	\$74,671	\$2,418,570	\$(34,603)	\$-	\$-	\$5,195,246	\$1,132,726	\$6,327,972	
Balance as of January 1, 2018	\$1,352,211	\$800,246	\$675,213	\$74,671	\$2,418,570	\$(34,603)	\$-	\$-	\$5,195,246	\$1,132,726	\$6,327,972	
Impact of retroactive applications								(9,641)	(9,641)		(9,641)	
Adjusted balance as of January 1, 2018	1,352,211	800,246	675,213	74,671	2,418,570	(34,603)	(9,641)	(9,641)	5,185,605	1,132,726	6,318,331	
Appropriations of prior year's earnings												
Legal reserve			135,194		(135,194)							
Cash dividends					(903,199)				(903,199)	(524,391)	(1,427,590)	
Shares from bonds converted	10,653	158,547							169,200	-	169,200	
Other		6,451							6,451	-	6,451	
Net income, 2018					1,295,394				1,295,394	594,678	1,890,072	
Other comprehensive income, 2018					694				(16,355)	(38)	(23,194)	
Total comprehensive income					1,296,088				1,279,039	594,640	1,866,878	
Balance as of December 31, 2018	\$1,362,864	\$965,244	\$810,407	\$74,671	\$2,676,265	\$(50,958)	\$(17,136)	\$(91,062)	\$5,730,295	\$1,202,975	\$6,933,270	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRAPE KING BIO LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

	2018	2017		2018	2017
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$2,426,664	\$2,405,470	Disposal of financial assets measured at amortized cost	3,956	-
Adjustments to reconcile net income (loss) before tax to net cash provided by (used in) operating activities:			Acquisition of bond investments without active market	-	(136,950)
Depreciation	254,140	218,064	Acquisition of property, plant and equipment	(1,116,483)	(772,361)
Amortization	7,330	6,608	Disposal of property, plant and equipment	73	580
Expected credit loss(gain) through profit or loss	(117)	43	(Increase) decrease in refundable deposits	(3,448)	5,422
Net gain of financial assets at fair value	(489)	(723)	Acquisition of intangible assets	(5,028)	(2,415)
Interest expense	14,113	17,579	Other non-financial assets	(7,208)	(2,577)
Interest income	(7,204)	(4,632)	Cash dividends received	2	2
Dividend income	(2)	(2)	Net cash provided by (used in) investing activities	(1,128,136)	(908,299)
Loss from disposal of property, plant and equipment	3,739	7,274			
Changes in operating assets and liabilities:			Cash flows from financing activities:		
Financial asset held for trading	-	276,496	Increase (decrease) in short-term loans	500,000	250,000
Financial assets mandatorily measured at fair value through profit or loss	205,019	-	Repayment of bonds payable	(3,325)	-
Notes receivable	2,156	(655)	Repayment of long-term loans	(231,837)	(435,966)
Accounts receivable	(12,915)	41,748	Increase(Decrease) deposits received	10,429	2,513
Accounts receivable-related parties	-	2,907	Cash dividends	-	(1,287,001)
Other receivables	2,436	2,907	Cost of Treasury stock	-	(91,062)
Inventories	(70,773)	(57,068)	Other	6,451	-
Prepayments	(10,401)	(2,023)	Net cash provided by (used in) financing activities	(1,145,872)	(1,561,516)
Other current assets	6,935	(13,956)			
Contract liabilities	23,232	(5,907)	Effect of exchange rate changes on cash and cash equivalents	(13,694)	(4,646)
Notes payable	(5,451)	(4,128)	Net increase (decrease) in cash and cash equivalents	129,727	21,195
Accounts payable	(55,629)	(4,128)	Cash and cash equivalents at beginning of period	1,920,497	1,899,302
Other payables	152,825	129,371	Cash and cash equivalents at end of period	\$2,050,224	\$1,920,497
Other payables-related parties	2,849	9,379			
Advance receipts	(6,375)	(306)			
Other current liabilities	(19,155)	33,809			
Accrued pension liabilities	(5,116)	(48,349)			
Cash generated from operations	2,907,811	2,996,750			
Interest received	7,061	4,600			
Interest paid	(12,678)	(14,102)			
Income tax paid	(484,765)	(491,592)			
Net cash provided by (used in) operating activities	2,417,429	2,495,656			

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

Appendix 3

Grape King Bio Ltd
Profit Distribution Table

Year 2018

(Unit: NTD \$)

Items	Amount	Note
Beginning retained earnings	1,380,177,213	
Add (minus):		
Other Comprehensive Income (remeasurements of defined benefit plans,2018)	751,219	
Other Comprehensive Income (Investment adjustments for Using Equity Method)	(57,350)	
2018 Net Profit after Tax	1,295,393,804	
Subtotal	2,676,264,886	
Designated item:		
10% legal reserve	(129,539,380)	
Distributable net profit	2,546,725,506	
Distributable items:		
Cash dividend to shareholders-NT\$6.5 per share	(882,559,425)	
Unappropriated retained earnings	1,664,166,081	

Note: 1. Profit distribution was first allocated in the 2018 unallocated earnings.

2. The above dividend is based on the number of common shares issued by the Company as of February 25, 2019 (excluding 508,000 treasury shares); 135, 778, 373 shares were the bases for the calculation.

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

Appendix 4

Grape King Bio Ltd. Articles of Incorporation

Chapter 1 General Principles

Article 1

The Company is named by GRAPE KING BIO LTD, which is organized in accordance with the regulation of company limited by share in The Company Act

Article 2

Business items of the Company is shown as follows.

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

27. F206020 Retail Sale of Articles for Daily Use
28. F106020 Wholesale of Articles for Daily Use
29. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
30. F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
31. F401010 International Trade
32. H201010 Investment
33. H701010 Residence and Buildings Lease Construction and Development
34. C110010 Beverage Manufacturing
35. C199990 Other Food Manufacturing Not Elsewhere Classified
36. F102030 Wholesale of Tobacco Products and Alcoholic Beverages
37. F203020 Retail Sale of Tobacco and Alcoholic Beverages
38. I401010 General Advertising Services
39. JE01010 Rental and Leasing Business
40. IZ12010 Manpower Services
41. A101040 Edible Fungus and Algae
42. A101030 Special Crops
43. A101050 Flower Gardening
44. IG01010 Biotechnology Services
45. F401171 Alcohol Drink Import
46. F107080 Wholesale of Environment Medicines
47. F207080 Retail Sale of Environment Medicine
48. C802080 Pesticides Manufacturing
49. H703100 Real Estate Rental and Leasing
50. F601010 Intellectual Property
51. I101090 Food Consultancy
52. C201020 Pet food processing
53. F106060 Wholesale of pet food and appliances
54. F206050 Retail of pet food and appliances
55. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3

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

Article 3-1

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

Article 3-2

The Company shall make endorsement and guarantee externally and the procedure shall be handled according to the regulation of endorsement and guarantee for the Company.

Article 4 : Deleted

Chapter 2 Shares

Article 5

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

Article 6

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

Article 7 : Deleted

Article 8

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

Article 9

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

Article 10

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

Article 11 : Deleted

Article 12

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

Article 13 : Deleted

Chapter 3 Stockholders' Meeting

Article 14

Shareholders' meeting consists of two types, one is regular shareholders' meeting, the other is provisional shareholders meeting. The regular shareholders' meeting will be conducted by the Chairman of the Board and may be held within six months after the end of fiscal year every year. The provisional shareholders' meeting may be held if necessary.

Article 15

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

Article 16

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

Article 17

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

Article 18

There solutions during the shareholders' meeting except those stipulated in the Company Act, shall be decided by the majority of shareholders who represent the total number of issued shares, and whose voting rights shall prevail. Attendance is less than the previous one and the number of shareholders representing

more than one third of the total number of issued shares is present in accordance with the provisions of the the Company Act. 175.

Shareholders of the Company are also allowed to exercise their voting rights electronically. Shareholders who exercise their voting rights electronically shall be deemed physically present. All relevant matters are governed by existing laws and regulations.

Article 19

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

Chapter 4 Director and Supervisor

Article 20

The Company shall have nine (9) to eleven (11) directors. The number of directors is authorized by the board of directors. The term of office shall be three (3) years. Directors shall be individuals with legal capacity and shall be elected and appointed by the shareholders during the shareholders' meeting.

Directors may also be re-elected for succeeding terms. The number of independent directors shall not be less than two, and shall not be less than one fifth of the directors' seats. The election of directors and supervisors entails a nomination system in accordance with Article 192-1 of the Company Act.

The nomination, notice and other matters relating to the candidates for Directors and super visors shall be in accordance with the Company Act, securities trading law, related laws and regulations. Independent directors and non-independent directors should be elected together to determine their designation.

The total shares of nominal stocks held by either directors or supervisors shall not be less than the specified percentage regulated by the relevant competent authority.

Article 20-1: Deleted

Article 21

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

Article 22

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

Article 22-1

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

Article 23

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

Article 24

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

Article 25

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

Article 25-1

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

Article 25-2: Deleted

Article 25-3

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

Chapter 5 Manager

Article 26

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

Chapter 6 Accounting

Article 27

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

Article 28

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

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

Article 29

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

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

(1) Employee Bonus:

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

(2) Remuneration to Director and Supervisor:

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

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

Article 30

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

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

Chapter 7 Supplementary Articles

Article 31

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

Article 32

The Article is established on March 6 1971. The 1st amendment was on July 31, 1973. The 2nd amendment was on January 20 1974. The 3rd amendment was on April 11, 1977. The 4th amendment was on February 5 1979. The 5th amendment was on May 6 1979. The 6th amendment was on March 29, 1980. The 7th amendment was on March 29 1981. The 8th amendment was on February 21, 1982. The 9th amendment was on May 3, 1985. The 10th amendment was on June 17, 1986. The 11th amendment was on November 20, 1986. The twelve amendment was on May 23, 1987. The 13th amendment was May 25, 1988. The 14th amendment was on May 24 1989. The 15th amendment was on November 3, 1989. The 16th amendment was on April 19, 1990. The 17th amendment was on September 9, 1991. The 18th amendment was on May 25, 1992. The 19th amendment was on April 23, 1993. The 20th amendment was on May 30, 1994. The 21st amendment was on May 31, 1995. The 22nd amendment was on May 29, 1996. The 23rd amendment was on June 16, 1997. The 24th amendment was on June 26, 1998. The 25th amendment was on June 26, 1998. The 26th amendment was on June 25, 1999. The 27th amendment was on June 12, 2000. The 28th amendment was on June 14, 2001. The 29th amendment was on June 12, 2002. The 30th amendment was on June 18, 2003. The 31st amendment was on June 21, 2004. The 32nd amendment was on June 17, 2005. The 33rd amendment was on June 14, 2006. The 34th amendment was on June 18, 2008. The 35th amendment was on June 19, 2009. The 36th amendment was June 13, 2012. The 37th amendment was on June 23 2014. The 38th amendment was on June 26, 2015. The 39th amendment was on June 16, 2016. The 40th amendment was on June 13, 2017.

Grape King Bio Ltd. Procedures for Acquisition and Disposal of Assets

Approved by the shareholders' meeting held on June 13, 2017

Chapter I General Principles

Article 1

These Regulations are adopted for the procedural rules and standards of the acquisition or disposal of the Company's assets.

Article 2

The Procedures shall be subject to the "Guidelines for Handling Acquisition or Disposal of Assets by Public Companies" announced by the regulatory authority.

Article 3

The term "assets" as used in these Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article 4

Terms are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Chapter II Disposition Procedures and Appraisal

Article 5

Acquisition or disposal of assets, and handle the acquisition or disposal matters in compliance with the procedures as the following:

1. Acquisition or disposal of assets shall be no more than the range of Article 3 of the procedures.
2. With respect to the acquisition or disposal of assets, the each transaction amount reaches 10 percent of the Company's paid-in capital, after conducted by the financial department and requesting department, have the decisions submitted to the Board of Directors in accordance with trade terms.
The Company's Board of Directors may delegate the Board Chairman to decide such matters and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting. If not exceed the above rules, the Company shall handle in accordance with the Company's authorization routine. Deal with the same person by separate continuously the same year, the cumulative transaction amount also in accordance with above rules.
3. The total investment of securities of the Company shall be no more than 80% net value of the Company. The amount that is invested in an individual security shall be no more than 20% net value of the Company.
4. The total investment of securities of the subsidiaries shall be no more than 80% net value of the Company. The amount that is invested in an individual security shall be no more than 20% net value of the Company.

5. The Company and Subsidiaries could invest in non-business real estate and securities that shall not exceed the limit of more than 40% net value of the Company. "Net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 6

Appraisal procedures

1. In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machine equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
 - (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
 - (2) Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
 - (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No.20 published by the ROC Accounting Research and Development Foundation and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (a) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (b) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
 - (4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
2. Acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally

engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.

3. Acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.
4. The calculation of the transaction amounts referred to in the preceding three subparagraphs shall be done in accordance with Article 19, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
5. Acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
6. Engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the above provisions of the Article. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the Article, subparagraph 4 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. Intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:
 - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a trading counterparty.
 - (3) With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the competent authority.

- (4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
- (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (7) Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 19, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the Company and subsidiaries, the Company's Board of Directors may delegate the Board Chairman to decide such matters when the transaction is within/included NT\$300 million and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting. For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Where the position of independent director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to the subparagraph, paragraph 3, the Board of Directors shall take into full consideration each independent director's opinions.

If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Where an audit committee has been established, the matters for which the subparagraph, paragraph 3, requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members as required is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

7. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the company with appraisal reports, certified public accountant's opinions, attorney's opinions, or under writer's opinions shall not be a related party of any party to the transaction.

Section III Engaging in Derivatives Trading

Article 7

Trading principles and strategies of Engaging in Derivatives Trading

1. The types of traded:

The derivatives transactions that the Company is engaged in include swaps, options, futures, forwards, indexes, interest rates or exchange rates, fund contracts and various combinations thereof. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

2. Operating or hedging strategies:

(1) Financial derivatives are mainly used for hedging and to raise fund management purpose.

(2) For the credit and market risks of derivatives, if it's difficult to evaluate by reasonably and objectively due to the uncertainty of finance, economy, politics environment, shall be stopped the related trading.

3. Segregation of duties and authorization:

The above derivatives transactions that the Company is engaged in, the types of traded, issued amount, conditions and evaluated items shall be handled after approved by the Board Chairman that submitted by the Financial Supervisor. It shall be submitted by the next Board of Directors meeting.

4. Essentials of performance evaluation:

Periodically evaluate and review the performance of engagement and evaluation reports shall be submitted to the Board Chairman for review.

5. Total amount of contracts:

With respect of the total contract amount of derivatives transactions the Company is engaged in, shall not exceed 30% of the net value of the Company.

6. The loss limit on trading:

With respect of the loss limit for all contracts of derivatives transactions the Company is engaged in, shall not exceed NT\$30 million, and the loss limit for individual shall not exceed NT\$10 million.

Article 8

The Company engaging in derivatives trading shall adopt the following risk management measures:

1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or Senior Management personnel with no responsibility for trading or position decision-making.

4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.
5. Other important risk management measures.

Article 9

The supervise and manage of Engaging in derivatives trading

1. The Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:
 - (1) Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
 - (2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
2. Senior management personnel authorized by the Board of Directors shall manage derivatives trading in accordance with the following principles:
 - (1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the Company.
 - (2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.
3. The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 10

The internal audit of Engaging in derivatives trading

1. Shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 8 and subparagraph 1-(1) of Article 9, and s subparagraph 1-(2) shall be recorded in detail in the log book.
2. The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

Section IV Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 11

Conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage.

However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 12

The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 13

The Company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

Article 14

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 15

The Companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.

4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 16

The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 17

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 18

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 13, Article 14, and Article 17.

Chapter V Public Disclosure of Information

Article 19

Under any of the following circumstances, acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is not less than NT\$500 million.
5. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is not less than NT\$500 million.
6. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is not less than NT\$500 million.
7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (a) Trading of government bonds.
 - (b) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - (c) Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

Article 20

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Article 21

Information required to be publicly announced and reported in accordance with the provisions of acquisitions and disposals of assets by a subsidiary of the Company that is not itself a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding article requiring a public announcement and regulatory filing in the

event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

Chapter IV Additional

Article 22

Subsidiaries to establish relevant procedures for acquisition or disposal of assets could be referred to the Company's procedures and should follow the procedures. Information relating to any acquisition or disposal of assets by the Subsidiaries shall be provided regularly to this Company for inspection.

Article 23

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

Article 24

Approval and amendment

1. After the procedures for the acquisition or disposal of assets have been approved by the Board of Directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the Director's dissenting opinion to each supervisor.
2. Where the position of Independent Director has been created, when the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
3. Where an audit committee has been established, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all audit committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all audit committee members" in this paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Appendix 6

Grape King Bio Ltd. Rules of Procedure for Shareholders Meetings

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

Article 1

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

Article 2

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

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

Article 3

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

Article 4

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

Article 5

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

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

Article 6

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

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

Article 7

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

Article 8

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

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

Article 9

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

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

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

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

Article 10

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

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

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

Article 11

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

Article 12

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

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

Article 13

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

Article 14

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

Article 15

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

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

Article 16

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

Article 17

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

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

Article 18

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

Article 19

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

Article 20

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

Appendix 7

Shareholdings of All Directors and Supervisors

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

Title	Minimum legally-held shares	Recorded shares held
Directors	8,177,182 shares	14,126,747
Supervisors	817,718 shares	3,175,553

2. Directors and Supervisors Shareholding Structure in detail

Account number	Title	Name	Recorded shares held	Note
5	Chairman	Andrew Tseng	5,928,244	
4	Director	Mei-Ching Tseng	4,592,117	
94724	Director	Yanxiang Huang	122,000	
16	Director	Zhijia Chang	1,538,386	
99831	Director	Zhiwei Lai	653,000	
129223	Director	Ding Fu Investment Co., Ltd.	1,293,000	
	Independent Director	Fengyi Lin	0	
	Independent Director	Ching-Fu Chen	0	
	Independent Director	Yifan Miao	0	
15	Supervisor	Chih-Sheng Chang	2,093,957	
68613	Supervisor	Hsing-Chun Chen	1,081,596	

Note: as of March 31, 2019



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No.402, Sec. 2, Jinling Rd., Pingzhen Dist.,
Taoyuan City 324, Taiwan (R.O.C.)

TEL : +886(3)457-2121 FAX : +886(3)457-2128

