



2017

Shareholders Meeting Handbook

GRAPE KING BIO LTD

TSE 1707



Meeting Time: June 13, 2017

Notice to readers

The English version shareholders meeting handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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Grape King Bio Ltd

Minutes of the 2017 Annual Meeting of Shareholders

Time: 9:00 a.m. on June 13, 2017

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

- 1.Meeting Opening
- 2.Chairman' s Address
- 3.Management Presentations
 - A. 2016 Business Report
 - B. Supervisors' Review Report on the 2016 Financial Statement
 - C. Report on Remuneration Distribution for Employees, Directors and Supervisors for the Year 2016
 - D. 2016 Implementation of Investments in the PRC
 - E. Report on the Issuance of Domestic Unsecured Convertible Bonds
 - F. Amendments to the Rules for Transferring Share Repurchases to Employees
 - G. Implementation of Share Buyback Program
4. Proposals for Acceptance and Approval
 - A. Adoption of the 2016 Business Report and Financial Statements
 - B. Adoption of the Proposal for Distribution of 2016 Profits
5. Discussion Items
 - A. Amendments to the Articles of Incorporation
 - B. Amendments to Procedures for Acquisition or Disposal of Assets
 - C. Amendments to Operational Procedures for Endorsements and Guarantees
6. Extempore motions
7. Adjournment

A. 2016 Business Report

The Company has seen great results this year. In 2016, the annual consolidated income reached NT\$9.185 billion, a 27% growth over 2015. In keeping with the spirit of innovation and progress, the Company has continued to advance its research and development endeavors. After completing the Pingzhen plant construction in September, in addition to introducing a supply chain management for inventory optimization, the Company intends to build a high-standard testing equipment and internal control system. There are a total of 674 inspection procedures involved in production, from processing of raw materials and semi-finished products to the delivery of finished products. These help ensure better product experience and customer confidence.

Aside from the relentless efforts of all the staff, we have the shareholders to thank for, for their trust and strong support which have enabled the Company to continue achieving new highs. The following is a brief report to the shareholders on our operating results for the past year:

The NT\$9,185,021 thousand operating income in 2016 was approximately a 27% increase from NT\$7,247,855 thousand in 2015; the NT\$2,234,022 thousand net operating profit was approximately a 23% increase from 2015; the net profit after tax of NT\$1,886,920 thousand was approximately a 22% increase from 2015 and the earnings per share of NT\$9.82 in 2016 was approximately a 22% increase from 2015.

In 2016, the Company was recognized for its outstanding performance in terms of management, product and core technologies. The Company won the following awards: "No. 32 among the Top 100 Enterprises the New Generation Wants to Work for in 2016" and "No. 1 in the Medical and Biotechnology Category" from Cheers Magazine Special Issue No. 184, " No. 3 in the Pharmaceutical and Biotechnology Category for Three Consecutive Years, 2016 Top 2000 Enterprise Survey" from Commonwealth Magazine Issue No. 597, "2016 Superbrands Award". The Company is also the only Taiwanese biotechnology company that was honored as one of "Asia's Top 50 Fast-Growing Biotechnology Companies" by BioSpectrum Magazine. In addition, the Company spares no effort to fulfill its corporate social responsibility and create a healthy workplace; hence, it received a commendation from the Taoyuan City Government for its commitment to education and the "Epidemic Fighting Award" from the Taiwan Immunization Vision and Strategy.

In the field of technology research and development, the Company's patented technologies; namely, Cicada, Hericium erinaceus and Antrodia camphorate, won various domestic and international awards, including "1 gold and 1 silver medal and 1 special award in the 44th International Exhibition of Inventions of Geneva"; "3 bronze medals in the 2016 Paris International Invention Awards"; "1 gold and 1 silver medal in the 2016 Taipei International Invention Show & Technomart"; "2 gold and 1 silver medal in the 2016 IICC International Innovation & Invention Competition; and "1 gold, 1 silver and 1 bronze medal and 1 special award in the 2016 Seoul Invention Exhibition". Products manufactured using Grape King R&D team's outstanding technology were also highly recognized. [Ganoderma King series of products] and [Beneficial bacteria series of products] won the Excellence and Outstanding Award, respectively during the "2016 Health Brand Awards" jointly organized by YAHOO! and "Good Morning Health", [Pro-Partner Kang Yi live *Heraclius mycelium* won the special "2016 IUFOST World Food Technology Conference" award, and [Pro-Partner Kang Yi live *Heraclius mycelium*] won a gold medal during the "Taiwan Association for Food Science and Technology's Innovative Product Evaluation Awards – Innovative Processing Technology".

The Company's subsidiary Pro-Partner Ltd. (hereinafter referred to as "Pro-Partner"), under the

outstanding leadership of Chairwoman Chang-Yue Tseng and General Manager Mei-Jing Tseng and guidance of the six sales consultants, has been growing steadily in recent years. It has consistently ranked number two in the local direct sales business for many years. In 2016, its business turnover exceeded NT\$8 billion for the first time, which may be regarded as Taiwan's pride in the area of direct sales business.

According to the Transparency Market Research's estimates, the average compound annual growth rate of the global healthy foods market will be 7.3% from 2015 to 2021. In 2022, the market size will be US\$207.9 billion, and the Asia-Pacific region will be the second largest nutrition and healthy foods market in the world. Because of this trend, the government strongly promotes the biotechnology industry as one of the five major innovative industries, and expects Taiwan to establish itself as an R&D center for the biotechnology and medical industry in the Asia-Pacific region. As a biotechnology industry participant, the Company will embark on a cooperation project -- the Executive Yuan's "Bio-economic Industrial Development Project" for future development and continuous growth.

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

Chairman: Andrew
Tseng

General Manager: Andrew
Tseng

Chief Accountant: Nick
Hung

B. Supervisors' Review Report on the 2016 Financial Statement

Description: The Supervisors' Review Report is attached as Appendix 1. (Page 28.)

C. Report on Remuneration Distribution for Employees, Directors and Supervisors for the Year 2016

Description:

- a. The profit of the Company is NT\$1,541,528,688 (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\$ 123,322,295, to employees and 2%, amounting to NT \$ 30,830,573, to directors and supervisors.
- b. There was no difference between the amount of distribution and the amount of recognized expense for 2016.

D. 2016 Implementation of Investments in the PRC

Description:

The Company has invested in two companies in the PRC. The investment status as of 2016 is as follows:

- a. Shanghai Grape King Enterprise Co., Ltd.

On 11 August 2005, the Board approved the Company's indirect capital increase of US\$14,000 thousand in Shanghai Grape King Enterprise Co., Ltd. in the PRC. The company increased capital amounting to US\$3,690 thousand in GRAPE KING INTERNATIONAL INVESTMENT INC., British Virgin Islands. With the capital increase in GRAPE KING INTERNATIONAL INVESTMENT INC., British Virgin

Islands. and its own funds worth US\$600 thousand and US\$6,710 thousand share in Shanghai Grape King Enterprise Co., Ltd., the company's indirect capital increase in Shanghai Grape King Enterprise Co., Ltd., has amounted to a total of US\$11,000 thousand. The company has also obtained a letter of approval from the Investment Commission, MOEA on Feb. 21, 2017.

As of end-2016, the total investment has amounted to US\$27,350 thousand (approximately NT\$847,672 thousand). Shanghai Grape King Enterprise Co., Ltd. is a subsidiary which is 100% owned by the company, re-directing capital investment into GRAPE KING INTERNATIONAL INVESTMENT INC., British Virgin Islands

b. Shanghai Yu Song Frozen Warehousing Co., Ltd.

As of end-2016, the Company has invested in Shanghai Yu Song Frozen Warehousing Co., Ltd. through FU-Sheng International Inc. Samoa (which is 18.77% owned by the Company) for a total amount of US\$878 thousand (about NT\$26,794 thousand). (Shanghai Yu Song Frozen Warehousing Co., Ltd. with a paid-up capital of US\$4,890 thousand is 100% owned by Samson FU-Sheng International Inc.)

E. Report on the Issurance of Domestic Unsecured Convertible Bonds

Description:

- a. The company's first issue of Domestic Unsecured Convertible Bonds was approved by both the Financial Supervisory Commission on July 29, 2015 and the Taipei Exchange, TPEX for OTC trading.
- b. As of February 2017, the status of the issuance and conversion of convertible bonds is as follows:
 - (a) Total amount of issuance: NT\$ 1 billion
 - (b) Denomination (Par Value): NT\$ 100,000
 - (c) Period of issuance: Issuing date on August 26, 2015 to Maturity Date on August 26, 2018 for three years
 - (d) Nominal interest rate: 0%
 - (e) Conversions: As of end-February 2017, the convertible bond has been converted into 4,979,171 shares and the balance of unconverted bonds is NT \$ 173,200 thousand.
- c. As of 2016, Application of funds from the conversion of bonds is as follows:

The total amount projected from the company's first issue of Domestic Unsecured Convertible Bonds was NT\$ 1,391,726 thousand of which NT\$1,041,726 thousand was allotted for the construction and purchase of machinery and equipment, which started in the second quarter of 2014. The installation, commissioning and delivery of all machines were completed in the third quarter of 2016. The remaining NT\$ 350,000 thousand was used to increase working capital and implemented in the third quarter of 2015.

The Company completed the first funding for unsecured convertible corporate bond in August 2015 and the total funding amounted to NT\$ 1 billion. As of 31 December 2016, the actual amount used for the construction and purchase of machinery and equipment was NT\$650,000 thousand and this was completed in the fourth quarter of 2016. The remaining amount needed will be obtained from owned funds or other means of support. The actual expenditure of NT\$350,000 thousand for working capital was made in the first quarter of 2016.

F. Amendments to the Rules for Transferring Share Repurchases to Employees

Description:

Comparison table on the Rules for Transferring Share Repurchases to Employees is attached as Appendix 2. (Please refer to Page 29.)

G. Implementation of Share Buyback Program

Description:

- a. Projected total amount of buyback limit: NT\$2,813,161,190
- b. Projected buyback period: 2017/01/04 ~ 2017/03/03
- c. Projected number of share buybacks : 3,000,000 shares
- d. Projected buyback price interval: NT\$118.00 ~NT\$ 349.50
- e. Actual buyback period: 2017/01/06 ~ 2017/03/02
- f. Actual number of share buybacks: 508,000 shares
- g. Actual total amount of buyback: NT\$91,061,773
- h. Average price per share buyback: NT\$179.26
- i. Accumulated shares held: 508,000 shares
- j. Accumulated number of shares held to the number of outstanding shares: 0.38%
- k. Reasons for incompletion :

In order to ensure effective use of funds, maintain shareholders' equity and take market mechanisms into account, the Company has adopted the partial buyback strategy depending on the share price changes and trading volume.

A. Adoption of the 2016 Business Report and Financial Statements

Description:

- a. The Company's Financial Statements for 2016 were audited by Mars Hong and James Wang, Certified Public Accountants of Ernst & Young, which issued the independent audit report.
- b. The Business Report and Financial Statements have been approved by the Board and examined by the supervisors.

Business Report (Please refer to Page 2 -Page 3.)

2016 Financial Statements, is attached as Appendix 3. (Please refer to Page 35–Page 42.)

Resolution:

B. Adoption of the Proposal for Distribution of 2016 Profits

Description:

- a. The Company's profit distribution table for 2016 was approved through a resolution during the 12th meeting of the 18th Board of Directors on 21 March 2017. It was proposed that the Company disburses cash dividend amounting to NT\$862,119,750 which is obtained from retained earnings, valued at NT\$6.4 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.
- b. 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.
- c. Profit Distribution Table for 2016 is attached as Appendix 4. (Please refer to Page 43.)

Resolution:

A. Amendment to the Articles of Incorporation

Description:

- a. In compliance with operating practices and requirements to related laws, the company hereby proposes to amend the Articles of Incorporation.
- b. Comparison Table on the Amendments to Articles of Association:

Articles	After Amendment	Before Amendment	Notes
18.	<p>The resolutions 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.</p> <p><u>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.</u></p>	<p>The resolutions 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.</p>	<p>According to the provisions of the Financial-Supervisory-Securities regarding company listing effective January 1, 2018, electronic voting shall be one of the accepted methods.</p>
20.	<p>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. <u>The election of directors and supervisors entails a nomination system in accordance with Article 192-1 of the Company Act.</u> <u>The nomination, notice and other matters relating to the candidates for Directors and supervisors shall be in accordance with the Company Act, securities trading law, related laws and regulations.</u> <u>Independent directors and non-independent directors should be elected together to determine their designation.</u></p> <p>The total shares of nominal</p>	<p>The Company shall have nine (9) to eleven (11) 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 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.</p>	<p>1.In accordance with the provisions of the Ministry of Economic Affairs, the shareholders should be informed before the shareholder' s meeting if the number of directors and supervisors in the Articles of Incorporation of the public company is not a fixed number.</p> <p>2.To improve the outcome of electronic voting, the nomination system is adopted for selecting directors and supervisors.</p>

Articles	After Amendment	Before Amendment	Notes
20.	stocks held by either directors or supervisors shall not be less than the specified percentage regulated by the relevant competent authority.		
21.	deleted	The number of independent directors shall not be less than two, and shall not be less than one fifth of the directors' seats. The nomination system shall be adopted for selecting the list of candidates for Independent Directors during the shareholders' meeting. The relevant qualifications, shareholding, partial restrictions, nomination, selection methods and other matters to be followed shall be subject to relevant provisions regulated by relevant authorities.	Included in Article 20
32.	The Articles were established on March 6, 1971. The first amendment was made on July 31, 1973. The 39th revision was made on June 16, 2016. The 40th revision was made on June 13, 2017	The Articles were established on March 6, 1971. The first amendment was made on July 31 1973. The 39th revision was made on June 16, 2016.	Add revision date

Resolutions :

B. Amendments to Procedures for Acquisition or Disposal of Assets

Description:

- a. In compliance with operating practices and requirements as well as the 1060001296 letter issued by the Financial Supervision and Management Committee on February 9, 2017, the company hereby proposes to amend the Operational Procedures for the Acquisition and Disposal of Assets.
- b. Comparison Table on the Amendments to Operational Procedures for the Acquisition and Disposal of Assets:

Clause	After Amendment	Before Amendment	Explanation
Article 4	<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, 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.</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 8 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 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</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, 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.</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 6 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 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 payment, date of consignment 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</p>	<p>In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.</p>

Clause	After Amendment	Before Amendment	Explanation
Article 4	<p>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>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>In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.</p>
Article 6	<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 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>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 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>In accordance with 9 February 2017 Order No. Financial-Supervisory-Securities-Corporate-1060001296 of the Financial Supervisory Commission to amend the wording.</p>

IV.

Discussion Items

Clause	After Amendment	Before Amendment	Explanation
Article 6	<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 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 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</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 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 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</p>	<p>In accordance with 9 February 2017 Order No. Financial-Supervisory-Securities-Corporate-1060001296 of the Financial Supervisory Commission to amend the wording.</p>

Clause	After Amendment	Before Amendment	Explanation
Article 6	<p>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 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.</p> <p>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 <u>redemption of money market funds issued by domestic securities investment trust enterprises</u>, 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>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 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.</p> <p>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 <u>redemption of domestic money market funds</u>, 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>	

IV.

Discussion Items

Clause	After Amendment	Before Amendment	Explanation
Article 6	<p>(2) The reason for choosing the related party as a trading counterparty.</p> <p>(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.</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 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.</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</p>	<p>(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.</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 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.</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</p>	

Clause	After Amendment	Before Amendment	Explanation
Article 6	<p>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.</p> <p>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.</p> <p>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 not be a related party of any party to the transaction.</p>	<p>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.</p> <p>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.</p> <p>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 not be a related party of any party to the transaction.</p>	
Article 11	<p>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.</p> <p><u>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.</u></p>	<p>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.</p>	<p>In accordance with 9 February 2017 Order No. Financial-Supervisory-Securities-Corporate-1060001296 of the Financial Supervisory Commission to amend the wording.</p>

Clause	After Amendment	Before Amendment	Explanation
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 commencing immediately from the date of occurrence of the event:</p> <p>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 <u>redemption of money market funds issued by domestic securities investment trust enterprises.</u></p> <p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>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.</p> <p><u>4.</u> 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 <u>not</u> less than NT\$500 million.</p> <p><u>5.</u> 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 <u>not</u> less than NT\$500 million.</p> <p><u>6.</u> 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 <u>not</u> 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</p>	<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> <p>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 <u>redemption of domestic money market funds.</u></p> <p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>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.</p> <p><u>4.</u> Where an asset transaction other than any of those referred to in the preceding <u>three</u> 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> <p>(b) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>(c) Trading of bonds under repurchase/resale agreements, or subscription or <u>redemption of domestic money market funds.</u></p> <p>(<u>d</u>) 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 <u>less than</u> NT\$500 million.</p>	<p>In accordance with 9 February 2017 Order No. Financial-Supervisory-Securities-Corporate-1060001296 of the Financial Supervisory Commission to amend the wording.</p>

Clause	After Amendment	Before Amendment	Explanation
Article 19	<p>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> <p>(b) Securities trading by investment professionals on foreign or domestic securities exchanges or <u>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.</u></p> <p>(c) Trading of bonds under repurchase/ resale agreements, or subscription or <u>redemption of money market funds issued by domestic securities investment trust enterprises.</u></p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> The amount of any individual transaction. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"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>(e) 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 <u>less than</u> NT\$500 million.</p> <p>(f) 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 <u>less than</u> NT\$500 million.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> The amount of any individual transaction. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"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>	

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Clause	After Amendment	Before Amendment	Explanation
Article 19	<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, <u>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.</u></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 headquarters, where they shall be retained for 5 years except where another act provides otherwise.</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, <u>all the items shall be again publicly announced and reported in their entirety.</u></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 headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	

Resolutions :

C. Amendments to Operational Procedures for Endorsements and Guarantees

Description:

- a. In compliance with operating practices and requirements, the company hereby proposes to amend the Operational Procedures for Endorsements and Guarantees.
- b. Comparison table on the Amendments to Operational Procedures for Endorsements and Guarantees:

	After Amendment		Before Amendment	Explanation
Article 1	Purpose: These Regulations are adopted for the procedural rules and standards of the endorsements / guarantees.	Article 1	Purpose: These Regulations are adopted for the procedural rules and standards of the endorsements / guarantees.	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
Article 2	Scope: The items of endorsements / guarantees: The "endorsements / guarantees" refers to the following: 1. Financing endorsements/ guarantees, including, bill discount financing. Endorsement or guarantee made to meet the financing needs of another company. Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself. 2. Customs duty endorsement / guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters. 3. Other endorsements / guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs. 4. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.	Article 2	The items of endorsements / guarantees: The "endorsements / guarantees" refers to the following: 1. Financing endorsements/ guarantees, including: (1) Bill discount financing. (2) Endorsement or guarantee made to meet the financing needs of another company. (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself. 2. Customs duty endorsement / guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters. 3. Other endorsements / guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
Article 3	Responsibility: 1. Financial department: Responsible for the evaluation of endorsements / guarantees		Add	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.

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	After Amendment		Before Amendment	Explanation
Article 4	<p>Definition:</p> <p>1. The latest financial statement: is subject to the latest financial statements most recently reviewed by the CPA.</p> <p>2. Subsidiary and parent company: as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>3. 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.</p> <p>4. Announce and report: as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).</p>		Add	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
Article 5-1	<p>Contents:</p> <p>1. Entities to which the company may make endorsements / guarantees for the following companies:</p> <p>(1) A company with which it does business.</p> <p>(2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.</p> <p>(4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements / guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements / guarantees made between companies in</p>	Article 3	<p>Entities to which the company may make endorsements / guarantees for the following companies:</p> <p>1. A company with which it does business.</p> <p>2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.</p> <p>Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements / guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p>	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.

	After Amendment		Before Amendment	Explanation
Article 5-1	<p>which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>(5)Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements / guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements / guarantees may be made free of the restriction of the 1.(1)-(4).</p>	Article 3	<p>Where the Company fulfills its contractual obligations by providing mutual endorsements / guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements / guarantees may be made free of the restriction of the preceding two paragraphs.</p> <p>Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.</p>	
Article 5-2	<p>2.The Limits and conditions on Endorsements and Guarantees:</p> <p>(1)The total amount of the endorsements / guarantees provided by the Company to others shall not exceed 48% of the Company’ s net value of the latest financial statements. The total amount of the endorsement / guarantee provided by the Company and its subsidiaries shall not exceed 48% of the Company’ s net value of the latest financial statements.</p> <p>(2)The amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed 45% of the Company’ s net value of the latest financial statements. The amount of endorsement / guarantee provided by the Company and its subsidiaries to any single entity shall not exceed 45% of the Company’ s net value of the latest financial statements.</p>	Article 4	<p>The Limits and conditions on Endorsements and Guarantees:</p> <p>1. Definitions: The latest financial statement is subject to the latest financial statements most recently reviewed by the CPA.</p> <p>2. The total amount of the endorsements/guarantees provided by the Company to others shall not exceed 48% of the Company’ s net value of the latest financial statements. The total amount of the endorsement / guarantee provided by the Company and its subsidiaries shall not exceed 48% of the Company’ s net value of the latest financial statements.</p> <p>3. The amount of the endorsement / guarantee provided by the Company to any individual entity shall not exceed 45% of the Company’ s net value of the latest financial statements. The amount of endorsement / guarantee</p>	<p>In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.</p>

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Discussion Items

After Amendment		Before Amendment		Explanation
<p>Article 5-2</p> <p>(3) The amount of the endorsement / guarantee by business relationship with the Company shall be not exceed the total amount of translation by recent year. The amount of the endorsement/guarantee by business relationship with the Company is that the higher between purchases or sales amounts prior year.</p> <p>(4)Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements / Guarantees are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement / guarantee. It shall also amend the Operational Procedures for Endorsements / Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p>(5)If, as a result of a change in circumstances, an entity for which an Endorsements / Guarantees is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.</p> <p>(6)For circumstances in which an entity for which the company makes any endorsement / guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, shall review</p>		<p>Article 4</p>	<p>provided by the Company and its subsidiaries to any single entity shall not exceed 45% of the Company' s net value of the latest financial statements.</p> <p>4. The amount of the endorsement/guarantee by business relationship with the Company shall be not exceed the total amount of translation by recent year.</p> <p>5. Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements / Guarantees are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement / guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p>6. If, as a result of a change in circumstances, an entity for which an Endorsements/ Guarantees is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.</p> <p>7. For circumstances in which an entity for which the company makes any endorsement / guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, shall review periodically if offer the financial</p>	

After Amendment		Before Amendment		Explanation
<p>Article 5-2</p> <p>periodically if offer the financial support continually and improve the finance and business, and an explanation of the necessity and reasonableness thereof shall be given at the Board of Directors meeting.</p> <p>(7)If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.</p> <p>(8)In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under 2-(6), the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>		<p>Article 4</p> <p>support continually and improve the finance and business, and an explanation of the necessity and reasonableness thereof shall be given at the Board of Directors meeting.</p> <p>8. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.</p> <p>9. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 7, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p> <p>10."Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where the Company' s financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>		
<p>Article 5-3</p> <p>3. Procedures for making endorsements / guarantees:</p> <p>(1)Submit for review The management of endorsement/guarantee or cancellation, shall fill the guarantee apply or cancellation apply to explain the guarantee company, types, reason and amount by requesting department, sent to the financial department for pre-review and submit to the board chairman.</p> <p>(2) Before making an endorsement/guarante</p>		<p>Article 5</p> <p>Procedures for making endorsements / guarantees:</p> <p>1. Submit for review The management of endorsement / guarantee or cancellation, shall fill the guarantee apply or cancellation apply to explain the guarantee company, types, reason and amount by requesting department, sent to the financial department for pre-review and submit to the board chairman under Article 8.</p> <p>2. Detailed review</p>		<p>In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.</p>

	After Amendment	Before Amendment	Explanation
Article 5-3	<p>3. Procedures for making endorsements / guarantees:</p> <p>(1) Submit for review The management of endorsement/guarantee or cancellation, shall fill the guarantee apply or cancellation apply to explain the guarantee company, types, reason and amount by requesting department, sent to the financial department for pre-review and submit to the board chairman.</p> <p>(2) Before making an endorsement/guarantee for others, the Company shall carefully evaluate by Finance Department refers to the following:</p> <p>(a) The necessity of and reasonableness of endorsements / guarantees.</p> <p>(b) Credit status and risk assessment of the entity for which the endorsement / guarantee is made.</p> <p>(c) The impact on the company's business operations, financial condition, and shareholders' equity.</p> <p>(d) Whether collateral must be obtained and appraisal of the value thereof.</p>	<p>Article 5</p> <p>Before making an endorsement / guarantee for others, the Company shall carefully evaluate by Finance Department refers to the following:</p> <p>(1) The necessity of and reasonableness of endorsements / guarantees.</p> <p>(2) Credit status and risk assessment of the entity for which the endorsement / guarantee is made.</p> <p>(3) The impact on the company's business operations, financial condition, and shareholders' equity.</p> <p>(4) Whether collateral must be obtained and appraisal of the value thereof.</p>	
Article 5-4	<p>4. Subsidiaries for endorsement / guarantee Subsidiaries to establish relevant procedures for endorsement / guarantee could be referred to the Company's procedures and should follow the procedures, but shall be not making an endorsement / guarantee for others without the Board of Directors approval.</p>	<p>Article 6</p> <p>Subsidiaries to establish relevant procedures for endorsement / guarantee could be referred to the Company's procedures and should follow the procedures. Subsidiaries shall be not making an endorsement / guarantee for others without the Board of Directors approved.</p>	<p>In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.</p>
Article 5-5	<p>5. Procedures for custody of corporate chops:</p> <p>(1) The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements / guarantees.</p> <p>(2) The corporate chop for endorsements / guarantee shall be kept by the management</p>	<p>Article 7</p> <p>Procedures for custody of corporate chops:</p> <p>1. The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements / guarantees.</p> <p>2. The corporate chop for endorsements / guarantee shall be kept by the management</p>	<p>In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.</p>

	After Amendment		Before Amendment	Explanation
Article5-5	<p>supervisor; the person may be used to seal only in got the approved guarantee apply.</p> <p>(3) When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by the chairman of the board on behalf of the Company.</p>	Article 7	<p>supervisor, the person may be used to seal only in got the approved guarantee apply.</p> <p>3. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by the chairman of the board on behalf of the Company.</p>	
Article5-6	<p>6.Decision-making authority and delegation</p> <p>(1) Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with the Company's Operational Procedures for Endorsements/Guarantees for Others. The company may make an endorsement/guarantee only after the evaluation results have been submitted to and resolved upon by the board of directors.</p> <p>(2)To satisfy its business requirements, within a specific limit not to exceed the limits on Endorsements and Guarantees of the Article 5-2, and within a period not to exceed one year approved by the Chairman of the Board, for subsequent submission to and ratification by the next Board of Directors meeting.</p> <p>(3)Before making any endorsement/guarantee pursuant to Article 1, paragraph 4, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company' s Board of Directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p>	Article 8	<p>Decision-making authority and delegation</p> <p>1. Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with the Company's Operational Procedures for Endorsements/Guarantees for Others. The company may make an endorsement/guarantee only after the evaluation results have been submitted to and resolved upon by the board of directors.</p> <p>2.To satisfy its business requirements, within a specific limit not to exceed the limits on Endorsements and Guarantees of the Article 4, and within a period not to exceed one year approved by the chairman of the board, for subsequent submission to and ratification by the next Board of Directors meeting.</p> <p>3. Before making any endorsement/guarantee pursuant to Article 3, paragraph 2, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company' s Board of Directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p>	<p>In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.</p>
Article5-7	<p>7.The process of announce and report</p> <p>(1)The Company shall announce and report the previous month's balance of endorsements/</p>	Article 9	<p>The process of announce and report</p> <p>1. The Company shall announce and report the previous month's balance of endorsements/</p>	<p>In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.</p>

IV.

Discussion Items

	After Amendment		Before Amendment	Explanation
Article5-7	<p>guarantees of itself and its subsidiaries by the 10th day of each month.</p> <p>(2)The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(a) The aggregate balance of endorsements / guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(b)The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(c)The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(d)The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3)The Company shall announce and report on behalf of any subsidiary thereof that is not the Company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to 5-7-2-4 of the preceding paragraph.</p>	Article 9	<p>guarantees of itself and its subsidiaries by the 10th day of each month.</p> <p>2.The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(1) The aggregate balance of endorsements / guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2) T h e b a l a n c e o f endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3) T h e b a l a n c e o f endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements / guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not the Company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 2-4 of the preceding paragraph.</p>	

	After Amendment		Before Amendment	Explanation
Article5-7	(4) "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.	Article 9	"Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier. The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).	
Article 5-8	8. The management of endorsement / guarantee: (1)The Company shall prepare a [memorandum book] for its endorsement / guarantee activities and record in detail the following information for the record: the entity for which the endorsement / guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the chairman of the board, the date the endorsement/ guarantee is made, and the results of the matters to be evaluated. (2)The Company's internal auditors shall audit the Operational Procedures for Endorsements / Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found. (3)The Company shall evaluate or record the contingent loss for endorsements / guarantees, and shall adequately disclose information on endorsements / guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.	Article 10	The management of endorsement / guarantee: 1. The Company shall prepare a memorandum book for its endorsement / guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the chairman of the board, the date the endorsement/ guarantee is made, and the results of the matters to be evaluated. 2. The Company's internal auditors shall audit the Operational Procedures for Endorsements / Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found. 3. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements / guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
	(4) This Company' s managers and persons-in-charge shall follow the Procedures in order	Article 11	This Company' s managers and persons-in-charge shall follow the Procedures in order to prevent this Company from	In order to conform to the needs of business requirements, the Company hereby proposes to amend

IV.

Discussion Items

	After Amendment		Before Amendment	Explanation
Article 5-8	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 11	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.	the wording.
Article 5-9	<p>9.Amendment for effect and resolve:</p> <p>(1)The Operational Procedures, after passage by the board of directors, submit the same to each supervisor and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>(2)The matters that shall be submitted to the Company' s Board of Directors for a resolution, the Board of Directors shall take into full consideration each Independent Director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors meeting.</p>	Article 12	<p>Amendment for effect and resolve:</p> <p>1. The Operational Procedures, after passage by the board of directors, submit the same to each supervisor and for approval by the shareholders' meeting. Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>2. The matters that shall be submitted to the Company' s Board of Directors for a resolution, the Board of Directors shall take into full consideration each independent director's opinions; the Independent Directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors meeting.</p>	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.

Resolutions :

V. Extempore motions

VI. Adjournment

VII. Appendix

Appendix 1

Grape King Bio Ltd
Supervisors' Review Report

Approved

The Board of Directors submit the 2016 Business Report, Earnings Distribution Table and Financial Statements 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
2017 Annual Shareholders' Meeting

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

March 21, 2017

VII.

Appendix

Appendix 2

Rules for Transferring Share Repurchases to Employees

Article 1

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

Article 2

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

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

Article 3

(Period of transfer)

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

Article 4

(Eligibility of transferees)

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

Article 5

(Transfer procedures)

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

Article 6

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

1. The repurchase of the Company shares will be publicly announced, reported, and carried out during the implementation period in accordance with a resolution of the board of directors.
2. The Board of Directors is hereby authorized to adopt and to publicly announce operating procedures

relating to the record date for employee subscriptions, the standards for numbers of shares to which employees may subscribe, the period for payment for subscriptions, and the rights associated with share subscriptions and any restrictive conditions.

3. Statistics will be compiled on the numbers of shares actually subscribed and paid for, and the registration of share transfers will be carried out.

Article 7

(Stipulation of share transfer price)

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

Formula for transfer price adjustment:

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

Article 8

(Rights and obligations subsequent to transfer)

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

Article 9

(Others)

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

Article 10

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

Comparison Table of Amendments Rules for Transferring Share Repurchases to Employees

	After Amendment		Before Amendment	Explanation
Article 1	In order to care for and encourage its employees, the Company adopts these Rules for the Repurchase of Shares and Transfer to Employees in accordance with Article <u>28-2</u> , paragraph <u>1</u> , subparagraph <u>1</u> of the Securities and Exchange Act and the provisions of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies issued by the <u>Financial Supervisory Commission, Executive Yuan</u> . Any <u>repurchase of shares and transfer to</u> employees by the Company, in addition to complying with related laws and regulations, will be carried out in accordance with these Rules.	Article 1	In order to care for and encourage its employees, the Company adopts these Rules for the Repurchase of Shares and Transfer to Employees in accordance with Article <u>28-2</u> , paragraph <u>1</u> , subparagraph <u>1</u> of the Securities and Exchange Act and the provisions of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies issued by the <u>Securities and Futures Bureau, Ministry of Finance</u> . <u>The repurchase of shares and transfer to employees by the regulation after being resolved by Board of Directors in accordance with preceding Rules.</u> Any <u>repurchase of shares and transfer to</u> employees by the Company, in addition to complying with related laws and regulations, will be carried out in accordance with these Rules.	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
Article 2	(Type of shares transferred, associated rights, and restrictions on rights) <u>The shares in the present</u> transfer of shares to employees will be common shares, and the rights and obligations associated with those shares, unless otherwise provided by <u>applicable laws and regulations</u> or these Rules, will be the same as <u>other outstanding common shares of the Company</u> .	Article 2	(Type of shares transferred, associated rights, and restrictions on rights) <u>The Treasury Stock in the Company</u> transfer to employees will be common shares, and the rights and obligations associated with those shares, unless otherwise provided by these Rules, will be the same as <u>issued shares of the Company</u> .	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
Article 3	(Period of transfer) <u>In accordance with these Rules, the shares in the present share repurchase</u> may be transferred to employees in a single transfer or multiple transfers <u>within</u> three years from the date of the share repurchase.	Article 3	(Period of transfer) <u>The treasury stocks this time may be transferred to employees, in accordance with this Regulation</u> , in a single transfer or multiple transfers <u>shall not exceed</u> three years from the date of the treasury stock buy-back.	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
Article 4	(Eligibility of transferees) For employees who have joined the Company above from the date of subscription record date or <u>those who have special contribution to the Company and being approved by Chairman or the Company's subsidiaries (the subsidiaries</u>	Article 4	(Eligibility of transferees) <u>All employees employed before the subscription reference date are entitled to subscribe the quantity and price.</u> <u>The term "employees" as used in these procedures includes full-time formal employees who have the full pay in the</u>	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.

VII.

Appendix

	After Amendment		Before Amendment	Explanation
Article 4	<u>(the subsidiaries are companies over 50% of the common stocks of which are held by the Company directly or indirectly) , are entitled to subscribe the amount specified in article five of this procedure.</u>	Article 4	<u>Company and subsidiary. Part-time employees, temporary employees, part-time student and outsourcing labor cannot subscribe.</u>	
Article 5	<u>(Transfer procedures) To set the standard for share subscription according to employee's rank, years of service, and special contribution to the Company. The number of the Company' s own shares to be purchased held on the date of subscription record date and the limit of share subscription, adopted by the board of directors.</u>	Article 5	<u>The quantity of treasury stock available for subscription of an employee will be stock seniority rated per appraisal, work performance, overall contribution, special merit or other conditions deemed relevant by the management.</u>	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
Article 6	Procedures for the present repurchase of shares and transfer to employees: <u>1. The repurchase of the Company shares</u> will be publicly announced, reported, and carried out during the implementation period in accordance with a resolution of the board of directors. 2. The Board of Directors is hereby authorized to adopt and to publicly announce operating procedures relating to the record date for employee subscriptions, the standards for numbers of shares to which employees may subscribe, the period for payment for subscriptions, and the rights associated with share subscriptions and any restrictive conditions. 3. Statistics will be compiled on the numbers of shares actually subscribed and paid for, and the registration of share transfers will be carried out.	Article 6	<u>(Transfer procedures)</u> The Procedure for transfer of the treasury stocks to employees is given as the following: <u>1. The repurchase of the Treasury Stock</u> will be publicly announced, reported, and carried out during the implementation period in accordance with a resolution of the board of directors. 2. The Board of Directors is hereby authorized to adopt and to publicly announce operating procedures relating to the record date for employee subscriptions, the standards for numbers of shares to which employees may subscribe, the period for payment for subscriptions, and the rights associated with share subscriptions and any restrictive conditions. 3. Statistics will be compiled on the numbers of shares actually subscribed and paid for, and the registration of share transfers will be carried out.	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
Article 7	(Stipulation of share transfer price) The share transfer price for the present repurchase of shares and transfer to employees will be the average of the actual share repurchase prices, provided that if, prior to the transfer, there is either an <u>increase or a decrease</u> in the number of issued shares of the Company common stock, the transfer price may be adjusted	Article 7	<u>(Stipulation of share transfer price and Adjustment of share transfer price)</u> <u>The share transfer price for the present repurchase of shares and transfer to employees will be the average of the actual share repurchases prices. However, when such mean price is lower than the closing price on the date set by this transfer regulation, the closing price of the date of this transfer</u>	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.

	After Amendment	Before Amendment	Explanation
Article 7	<p>within a range proportional to the increase or decrease.</p> <p>Formula for transfer price adjustment: Adjusted transfer price = <u>average actual repurchase price per share</u> × (total number of common stock shares after the repurchase has been executed by the Company ÷ total number of common stock shares prior to the Company's transfer of the repurchased shares to employees)</p>	<p>Article 7</p> <p>regulation shall be set as the <u>transferring price</u>. Prior to the transfer, any change occurs to shares of issued common stock (including cash capital increase, capitalization of earnings, capitalization of reserves, issue of new shares in connection with a merger, consolidation, stock split, capital reduction or issue of overseas depository receipts for a cash capital increase), the transfer price may be adjusted by the formula set out below.</p> <p><u>Adjusted transfer price</u>=[(transfer price before adjustment X number of shares already issued) + (amount paid per share X number of new shares issued)] ÷ (number of shares already issued + number of new shares issued - number of capital reduction)</p> <p>(1)" Number of shares already issued" means the total number of common shares already issued, included the number of treasury shares that has not yet canceled or transferred.</p> <p>(2)In the case of bonus shares or a stock split, the amount paid per share is zero.</p> <p>(3)When consolidated from another company, the amount paid per share for the new capital increase shares shall be the average closing price of the Company common shares for the period from 45 business days continuous 30 business days preceding the record date.</p> <p>(4)In the event that the <u>adjusted purchase price is higher than the purchase price before adjustment, the adjustment will not be made.</u></p>	
Article 8	<p>(Rights and obligations subsequent to transfer)</p> <p>Except where otherwise provided, the rights and obligations associated with the transferred shares, following the transfer of <u>shares in the present share repurchase</u> to employees and registration of share transfer will be the same as those originally associated with the shares.</p>	<p>Article 8</p> <p>(Rights and obligations subsequent to transfer)</p> <p>Except where otherwise provided, the rights and obligations associated with the transferred shares, following the transfer of <u>the Treasury Stock</u> to employees and registration of share transfer, will be the same as those originally associated with the shares.</p>	<p>In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.</p>

After Amendment		Before Amendment		Explanation
<u>Delete</u>		Article 9	<u>(Others related to the rights and obligations of the Company and employees) The Treasury Stock to employees shall be conveyed and registered after related taxes paid under the laws.</u>	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
<u>Delete</u>		Article 10	<u>(Others) When the Company transfers to employees' shares of treasury stock it has repurchased, the full number of those shares shall be transferred within three years from the date of repurchase. Any portion not yet transferred after that date will be deemed unissued the Company shares, and amendment registration of the share cancellation shall duly be carried out.</u>	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
Article 9	(Others) These Rules will be adopted and take effect following a resolution of the Board of Directors authorizing the chairman and their approval by the chairman, and may be amended by submission to the Board of Directors for a resolution.	Article 11	<u>This Regulation shall take effect after being resolved by Board of Directors and reported to governing authority. The same shall be submitted to the latest Shareholders Meeting. Same shall apply to amendment of the Regulation.</u>	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
Article 10	These Rules and any amendments hereto, shall be reported to the shareholders meeting.	Article 12	<u>In case of amendment of law, Board of Directors is authorized to apply the most favorable one.</u>	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.
<u>Delete</u>		Article 13	The Regulation is stipulated on July 5, 2005	In order to conform to the needs of business requirements, the Company hereby proposes to amend the wording.

Appendix 3

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

To Grape King Bio Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Grape King Bio Ltd. (the “Company”) and its subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditor (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2016 and 2015, and their consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Base 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 2016 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 consideration. First of all, the consolidated revenue amounting to NT\$9,185,021 thousand for the year ended December 31, 2016 is a significant account to the Company’ s consolidated financial statements.

Secondarily, the Company's revenue sources include a variety of business models, including direct-sale, sale through distributors, subcontracting services, etc. Furthermore, the various and complicated sale terms & conditions embedded in the Company's multiple sales contracts and/or orders also increase the complexity of revenue recognition. As a result, our audit procedures for distributors-sale and subcontracting services include, but are not limited to, identifying the models, assessing the appropriateness of revenue recognition policy, testing the effectiveness of the related controls established by the management, performing test of detail for shipping document to be agreed with underlying sale contracts, sale cutoff testing, and searching for significant subsequent sale return or allowance. For the direct-sale conducted by the Company's subsidiary, Pro-partner Inc., the other auditors have tested the effectiveness of relevant controls including vouching to related orders, shipping document and collection records, testing sale cutoff, and searching for significant subsequent sale return or allowance. We, as the primary auditors, have reviewed and assessed the other auditors' procedures described above and additionally tested the detail of direct-sale transactions, including review on related sale orders, shipping document and collection records. We also consider the appropriateness of the disclosure of operating income in Note 6 to the consolidated financial statements.

Inventory valuation

The net carrying value of inventory as of December 31, 2016 for Grape King Bio Ltd. and its subsidiaries amounted to NT\$434,990 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, 2016 and 2015, total assets of Pro-partner Inc. were NT\$4,994,993 thousand and NT\$4,653,425 thousand, representing 52.3% and 54.03% of the consolidated total assets of the Company while the operating revenues for the years then ended were NT\$8,169,428 thousand and NT\$6,708,035 thousand, representing 88.94% and 92.55% 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.

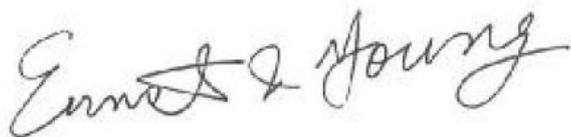
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Ernst & Young
March 21, 2017
Taipei, Taiwan,
Republic of China

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GRAPE KING BIO LTD.

CONSOLIDATED BALANCE SHEETS

As of December 31, 2016 and 2015

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	2016	2015	Liabilities and Stockholders' Equity	Notes	2016	2015
Current assets				Current liabilities			
Cash and cash equivalents	4,6(1)	\$1,899,302	\$1,432,560	Bank loans	6(12),8	\$50,000	\$-
Financial assets at fair value through profit or loss, current	4,6(2)	346,062	721,594	Notes payable		11,335	774
Debt investments without active market	4,6(4)	43,385	4,995	Accounts payable		186,737	152,077
Notes receivable, net	4,6(5)	5,098	8,312	Other payables	6(13)	1,686,213	1,317,835
Accounts receivable, net	4,6(6)	196,383	75,553	Other payables-related parties	7	33,079	27,347
Accounts receivable-related parties, net	4,6(6),7	2,907	12,720	Current tax liabilities	4,5,6(25)	288,031	192,612
Other receivables	4	4,056	1,688	Other current liabilities	6(14)	174,668	71,205
Inventories, net	4,5,6(7)	434,990	359,474	Current portion of long-term debt	4,6(16),8	43,087	26,467
Prepayments	4,6(8)	32,645	23,253	Total current liabilities		<u>2,473,150</u>	<u>1,788,317</u>
Other current assets	4,6(8)	5,736	10,419				
Total current assets		<u>2,970,564</u>	<u>2,650,568</u>	Non-current liabilities			
				Bonds payable	4,6(15)	168,981	946,164
Non-current assets				Long-term debt	4,6(16),8	943,523	1,466,867
Financial assets at fair value through profit or loss, non-current	4,5,6(2),(15)	87	2,373	Deferred tax liabilities	4,5,6(25)	69,272	69,155
Financial assets measured at cost	4,6(3)	28,028	28,028	Other liabilities	4,6(17),(19)	111,881	122,306
Debt investments without active market	4,6(4),8	4,460	1,860	Total non-current liabilities		<u>1,293,657</u>	<u>2,604,492</u>
Property, plant and equipment	4,6(9),8	6,084,377	5,596,702				
Investment properties	4,6(10)	185,985	185,985	Total liabilities		<u>3,766,807</u>	<u>4,392,809</u>
Intangible assets	4,6(11)	26,635	13,195	Equity attributable to the parent company			
Deferred tax assets	4,5,6(25)	22,381	5,973	Capital	6(20)		
Other assets-others	4,6(8),8	227,239	127,681	Common stock	6(15),(20)	1,352,142	1,303,001
Total non-current assets		<u>6,579,192</u>	<u>5,961,797</u>	Additional paid-in capital	6(20)	799,221	59,567
				Retained earnings			
				Legal reserve		545,536	440,371
				Special reserve		74,671	74,671
				Unappropriated earnings		2,062,646	1,600,204
				Other components of equity		(26,204)	395
				Non-controlling interests	6(20)	974,937	741,347
				Total equity		<u>5,782,949</u>	<u>4,219,556</u>
Total assets		<u>\$9,549,756</u>	<u>\$8,612,365</u>	Total liabilities and equity		<u>\$9,549,756</u>	<u>\$8,612,365</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 GRAPE KING BIO LTD.
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 For the years ended December 31, 2016 and 2015
 (Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	2016	2015
Operating revenues	4,6(21),7	\$9,185,021	\$7,247,855
Operating costs	7	(1,265,989)	(862,714)
Gross profit		7,919,032	6,385,141
Operating expenses	7		
Selling and marketing		(5,003,657)	(4,044,908)
General and administrative		(567,321)	(429,136)
Research and development		(114,032)	(98,681)
Operating expenses total		(5,685,010)	(4,572,725)
Operating income		2,234,022	1,812,416
Non-operating income and expenses			
Other income	6(23),7	109,990	92,017
Other gain and losses	6(23),7	194	1,307
Finance costs	6(23)	(31,707)	(23,136)
Non-operating income and expenses total		78,477	70,188
Income from continuing operations before income tax		2,312,499	1,882,604
Income tax expense	4,6(25)	(425,579)	(335,720)
Net income		1,886,920	1,546,884
Other comprehensive income	6(24)		
Items that may be reclassified subsequently to profit or loss			
Actuarial gain (loss) from defined benefit plans		584	(5,461)
Income tax related to items that may not be reclassified subsequently to P/L		(99)	928
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(26,599)	(5,528)
Income tax related to items that may be reclassified subsequently to P/L		-	-
Total other comprehensive income, net of tax		(26,114)	(10,061)
Total comprehensive income		\$1,860,806	\$1,536,823
Net income attributable to:			
Stockholders of the parent		\$1,296,769	\$1,051,652
Non-controlling interests		590,151	495,232
		\$1,886,920	\$1,546,884
Total comprehensive income attributable to:		-	-
Stockholders of the parent		\$1,270,689	\$1,041,648
Non-controlling interests		590,117	495,175
		\$1,860,806	\$1,536,823
Earnings per share-basic(NTD)	6(26)	\$9.82	\$8.07
Earnings per share-diluted(NTD)	6(26)	\$9.57	\$7.94

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, 2016 and 2015
(Amounts Expressed in Thousands of New Taiwan Dollar)

	Other Components of equity							Total Equity	
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Operations	Exchange Differences on Translation of		Non-Controlling Interests
Balance as of January 1, 2015	\$1,302,350	\$4,363	\$346,123	\$74,671	\$1,337,522	\$5,923	\$3,070,952	\$645,756	\$3,716,708
Appropriations of prior year's earnings									
Legal capital reserve			94,248		(94,248)				-
Cash dividends					(690,246)		(690,246)	(399,584)	(1,089,830)
Changes in capital surplus									
Embedded conversion options derived from convertible bonds		45,273					45,273		45,273
Shares from bonds converted	651	9,931			1,051,652	-	10,582	495,232	1,546,884
Net income, 2015									
Other comprehensive income, 2015					(4,476)	(5,528)	(10,004)	(57)	(10,061)
Total comprehensive income, 2015					1,047,176	(5,528)	1,041,648	495,175	1,536,823
Balance as of December 31, 2015	1,303,001	59,567	440,371	74,671	1,600,204	395	3,478,209	741,347	4,219,556
Appropriations of prior year's earnings									
Legal capital reserve			105,165		(105,165)				-
Cash dividends					(729,681)		(729,681)	(356,527)	(1,086,208)
Changes in capital surplus									
Embedded conversion options derived from convertible bonds		739,654							
Shares from bonds converted	49,141				1,296,769		788,795	590,151	1,886,920
Net income, 2016					519	(26,599)	1,296,769	(34)	(26,114)
Other comprehensive income, 2016						(26,599)	(26,080)		
Total comprehensive income, 2016					1,297,288	(26,599)	1,270,689	590,117	1,860,806
Balance as of December 31, 2016	\$1,352,142	\$799,221	\$545,536	\$74,671	\$2,062,646	(\$26,204)	\$4,808,012	\$974,937	\$5,782,949

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, 2016 and 2015

(Amounts Expressed in Thousands of New Taiwan Dollars)

	2016	2015		2016	2015
Cash flows from operating activities:			Cash flows from investing activities:		
Net income (loss) before tax	\$2,312,499	\$1,882,604	Acquisition of bond investments with no active market	(40,990)	(4,995)
Adjustments to reconcile net income (loss) before tax to net cash provided by (used in) operating activities:			Acquisition of financial assets measured at cost	-	(9,526)
Depreciation	205,015	149,781	Proceeds from disposal of property, plant and equipment	(736,118)	(2,634,649)
Amortization	4,281	610	Decrease (Increase) in refundable deposits	276	-
Bad debt expenses	2,299	25	Acquisition of intangible assets	(11,528)	5,472
Net gain of financial assets at fair value through profit or loss	(1,472)	(3,592)	Other non-financial assets	(17,721)	(2,594)
Interest expense	31,707	23,136	Cash dividends received	(2,659)	(383)
Interest revenue	(3,432)	(3,387)	Net cash provided by (used in) investing activities	2	-
Dividend revenue	(2)	-		(808,738)	(2,646,675)
Loss on disposal of property, plant and equipment	1,230	14,056	Cash flows from financing activities:		
Changes in operating assets and liabilities:			Increase in short-term loans	50,000	-
Financial asset held for trading	377,532	(513,825)	Cash received from issuance of debenture	-	995,000
Notes receivable	3,214	(1,432)	Increase in long-term loans	-	1,800,000
Accounts receivable	(122,874)	2,913	Repayment of long-term loans	(506,724)	(306,666)
Accounts receivable-related parties	9,813	616	Increase in deposits received	16,372	200
Other receivables	(2,397)	26	Cash dividends distributed	(1,086,208)	(1,089,830)
Inventories	(75,516)	(91,206)	Net cash provided by (used in) investing activities	(1,526,560)	1,398,704
Prepayments	(3,524)	(3,952)	Effect of exchange rate changes on cash and cash equivalents	(1,088)	(234)
Other current assets	4,683	(9,223)	Net increase (decrease) in cash and cash equivalents	466,742	58,725
Notes payable	10,561	(5,617)	Cash and cash equivalents at beginning of period	1,432,560	1,373,835
Accounts payable	34,660	31,248	Cash and cash equivalents at end of period	\$1,899,302	\$1,432,560
Accounts payable-related parties	-	(987)			
Other payables	293,060	128,681			
Other payables-related parties	5,732	25,702			
Receipts in advance	(11,241)	30,806			
Other current liabilities	111,264	(1,913)			
Accrued pension liabilities	(22,357)	(10,357)			
Cash generated from operations	3,164,735	1,644,713			
Interest received	3,461	3,387			
Interest paid	(18,500)	(16,696)			
Income tax paid	(346,568)	(324,474)			
Net cash provided by (used in) operating activities	2,803,128	1,306,930			

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

Appendix 4

Grape King Bio Ltd
Profit Distribution Table
Year 2016

(Unit: NTD\$)

Items	Amount	Note
Beginning retained earnings	765,358,093	
Add (minus):		
Other Comprehensive Income (remeasurements of defined benefit plans,2016)	571,356	
Other Comprehensive Income (Investment adjustments)for Using Equity Method	(52,209)	
2016 Net Profit after Tax	1,296,768,730	
Subtotal	2,062,645,970	
Designated item:		
10% legal reserve	129,676,873	
Distributable net profit	1,932,969,097	
Distributable items:		
Cash dividend to shareholders-NT\$6.4 per share	862,119,750	
Unappropriated retained earnings	1,070,849,347	

Note: 1. Profit distribution was first allocated in the 2016 unallocated earnings.
2. The above dividend is based on the number of common shares issued by the Company as of March 21, 2017 (excluding 508,000 treasury shares); 134, 706, 211 shares were the bases for the calculation.

Chairman **Andrew Tseng**

General Manager **Andrew Tseng**

Chief accountant **Nick Hung**

Appendix 5

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
- 8C114010 Food Additives Manufacturing
- 9.F121010Wholesale of food additives
- 10.F221010 Retail of food additives
- 11.C109010Seasoning Manufacturing
12. F501030 Coffee/Tea Shops and Bars
- 13C802041Drugs and Medicines Manufacturing
- 14.F108021 Wholesale of Drugs and Medicines
- 15.F208021 Retail Sale of Drugs and Medicines
- 16F208050 Retail Sale of the Second Type Patent Medicine
- 17.F108031 Wholesale of Drugs, Medical Goods
- 18F208031 Retail sale of Medical Equipment' s
- 19.C802100 Cosmetics Manufacturing
- 20.F108040 Wholesale of Cosmetics
- 21.F208040 Retail Sale of Cosmetics
- 22.C802090 Cleaning Products Manufacturing
- 23.F207030 Retail Sale of Cleaning Preparations
- 24.F107030 Wholesale of Cleaning Preparation
- 25.C105010 Edible Oil Manufacturing
- 26.C102010 Dairy Products Manufacturing
- 27.F206020 Retail Sale of Articles for Daily Use
- 28.F106020 Wholesale of Articles for Daily Use
- 29.F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
- 30.F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
- 31.F401010 International Trade
- 32.H201010 Investment
- 33.H701010 Residence and Buildings Lease Construction and

Development

- 34.C110010 Beverage Manufacturing
- 35.C199990 Other Food Manufacturing Not Elsewhere Classified
- 36.F102030 Wholesale of Tobacco Products and Alcoholic Beverages
- 37.F203020 Retail Sale of Tobacco and Alcoholic Beverages
- 38.I401010 General Advertising Services
- 39.JE01010 Rental and Leasing Business
- 40.IZ12010 Manpower Services
- 41.A101040 Edible Fungus and Algae
- 42.A101030 Special Crops
- 43.A101050 Flower Gardening
- 44.IG01010 Biotechnology Services
- 45.F401171 Alcohol Drink Import
- 46.F107080 Wholesale of Environment Medicines
- 47.F207080 Retail Sale of Environment Medicine
- 48.C802080 Pesticides Manufacturing
- 49.H703100 Real Estate Rental and Leasing
- 50.F601010 Intellectual Property
- 51.I101090 Food Consultancy
- 52.C201020 Pet food processing
- 53.F106060 Wholesale of pet food and appliances
- 54.F206050 Retail of pet food and appliances
- 55.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

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

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

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

Article 4: Deleted.

Chapter 2 Shares

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

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

Article 7 : Deleted.

Article 8: The Shareholder shall take his/her seal to make registration to The Company. The Shareholders

exercises every right depends on the seal kept in the Company

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

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

Article 11 : Deleted

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

Article 13 : Deleted.

Chapter 3 Stockholders’ Meeting

Article 14 : Shareholders’ meeting consists of two types, one is regular shareholders’ meeting, the other is provisional shareholders meeting. The regular shareholders’ meeting will be conducted by the Chairman of the Board and may be held within six months after the end of fiscal year every year. The provisional shareholders’ meeting may be held if necessary.

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

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

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

Article 18 : Unless otherwise specified in The Company Act, for the resolution of Shareholders’ meeting, it shall be made by the attendance with over a half of the shareholders holding outstanding number of shares and agreement of over a half of attending shareholders with voting rights. In the event of case insufficient number of attending shareholders, it shall be made by the

attendance with over one third of shareholders holding outstanding number of shares, conforming to the Article 175 of The Company Act.

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 set up a Board of between 9 – 11 persons to act as Directors with tenure of three years. 2 persons will be appointed supervisors for tenure of three years. Shareholders' meeting shall elect a person with competence and reappointment may occur upon reelection. When the tenure expires without any reelection, it shall extend the period of implementing the duty till other taking the office due to re-election. Total amount of registered stock that all Directors and supervisors may hold shall not lower than the ratio regulated by competent authority.

Article 20-1 : The number of independent Directors included in the previous Paragraph shall not be lower than 2 persons and no lower than one-fifth of total number of Directors. It adopts the system to be nominated by candidate and then to be elected from the list of independent Directors by Shareholders' meeting. For professional proficiency, number of shareholding, limit of concurrent post, nomination method, election method and other events to be abided by, it shall conform to the relevant regulations of the competent authority for security

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) 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 stipulated 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.

Appendix 6

GRAPE KING BIO LTD Procedures for Acquisition or Disposal of Assets

Approved by the Shareholders meeting held on June 23, 2014

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 6 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 payment, date of consignment 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 domestic money market funds, 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 underwriter'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 that 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.

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 domestic money market funds.
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 an asset transaction other than any of those referred to in the preceding three 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 of securities by a securities firm, either in the primary market or in accordance with relevant regulations.
 - (c) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.
 - (d) 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 less than NT\$500 million.
 - (e) 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 less than NT\$500 million.
 - (f) 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 less than NT\$500 million.

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.

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 7

GRAPE KING BIO LTD Operational Procedures for Endorsements and Guarantees

Approved by the shareh olders' meeting held on June 17, 2013

VII.

Appendix

Article 1 Purpose:

These Regulations are adopted for the procedural rules and standards of the endorsements / guarantees.

Article 2 The items of endorsements/guarantees:

The "endorsements/guarantees" refers to the following:

1. Financing endorsements/guarantees, including:
 - (1) Bill discount financing.
 - (2) Endorsement or guarantee made to meet the financing needs of another company.
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.

Article 3 Entities to which the company may make endorsements/guarantees for the following companies:

1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements / guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.

Article 4 The Limits and conditions on Endorsements and Guarantees:

1. Definitions: The latest financial statement is subject to the latest financial statements most recently reviewed by the CPA.
2. The total amount of the endorsements / guarantees provided by the Company to others shall not exceed 48% of the Company' s net value of the latest financial statements. The total amount of the endorsement / guarantee provided by the Company and its subsidiaries shall not exceed 48% of the Company' s net value of the latest financial statements.
3. The amount of the endorsement / guarantee provided by the Company to any individual entity shall not exceed 45% of the Company' s net value of the latest financial statements. The amount of endorsement / guarantee provided by the Company and its subsidiaries to any single entity shall not exceed 45% of the Company' s net value of the latest financial statements.
4. The amount of the endorsement / guarantee by business relationship with the Company, shall be not exceed the total amount of translation by recent year.
5. Where the Company needs to exceed the limits set out in the Operational Procedures for Endorsements/ Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.
6. If, as a result of a change in circumstances, an entity for which an Endorsements/Guarantees is made does not meet the requirements of these Regulations or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to all the supervisors, and shall complete the rectification according to the timeframe set out in the plan.
7. For circumstances in which an entity for which the company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, shall review periodically if offer the financial support continually and improve the finance and business, and an explanation of the necessity and reasonableness thereof shall be given at the Board of Directors meeting.
8. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.
9. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 7, the sum of the share capital plus paid-in capital in excess of par shall be substituted.
10. "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
Where the Company' s financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5 Procedures for making endorsements/guarantees:

1. Submit for review

The management of endorsement/guarantee or cancellation, shall fill the guarantee apply or cancellation apply to explain the guarantee company, types, reason and amount by requesting department, sent to the financial department for pre-review and submit to the board chairman under Article 8.

2. Detailed review

Before making an endorsement/guarantee for others, the Company shall carefully evaluate by Finance Department refers to the following:

- (1) The necessity of and reasonableness of endorsements/guarantees.
- (2) Credit status and risk assessment of the entity for which the endorsement/guarantee is made.
- (3) The impact on the company's business operations, financial condition, and shareholders' equity.
- (4) Whether collateral must be obtained and appraisal of the value thereof.

Article 6 Subsidiaries to establish relevant procedures for endorsement/guarantee could be referred to the Company's procedures and should follow the procedures:

1. Subsidiaries shall be not making an endorsement / guarantee for others without the Board of Directors approved.

Article 7 Procedures for custody of corporate chops:

1. The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees.
2. The corporate chop for endorsements/guarantee shall be kept by the management supervisor the person may be used to seal only in got the approved guarantee apply.
3. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by the chairman of the board on behalf of the Company.

Article 8 Decision-making authority and delegation

1. Before making an endorsement/guarantee for others, the Company shall carefully evaluate whether the endorsement/guarantee is in compliance with the Company's Operational Procedures for Endorsements/Guarantees for Others. The company may make an endorsement/guarantee only after the evaluation results have been submitted to and resolved upon by the board of directors.
2. To satisfy its business requirements, within a specific limit not to exceed the limits on Endorsements and Guarantees of the Article 4, and within a period not to exceed one year approved by the chairman of the board, for subsequent submission to and ratification by the next Board of Directors meeting.
3. Before making any endorsement/guarantee pursuant to Article 3, paragraph 2, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's Board of Directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Article 9 The process of announce and report

1. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.
2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall

announce and report such event within two days commencing immediately from the date of occurrence:

- (1) The aggregate balance of endorsements / guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
- (2) The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
- (3) The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.
- (4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not the Company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 2-4 of the preceding paragraph. "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier. The term "announce and report" as used in these Regulations means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

Article 10 The management of endorsement/guarantee:

1. The Company shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the results of the matters to be evaluated.
2. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.
3. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 11

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 12 Amendment for effect and resolve

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

directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Director' s meeting.

VII.

Appendix

Appendix 8

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 9

Directors and Supervisors Shareholding Structure

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

Title	Minimum legally-held shares	Recorded shares held
Board of Directors	8,112,852 shares	20,778,178 shares
Supervisors	811,285 shares	3,559,340 shares

2. Directors and Supervisors Shareholding Structure in detail

Account number	Title	Name	Recorded shares held	Note
5	Chairman of the Board	Andrew Tseng	5,592,244	
2	Director	Chang-Yeh Tseng	4,488,114	
4	Director	Mei-Jing Tseng	4,446,117	
69197	Director	Yan-Yi Huang	1,953,542	
16	Director	Chi-Chia Chang	1,538,386	
47	Director	Cheng-An Lai	1,466,775	
129223	Director	Ding Fu Investment Co., Ltd.	1,293,000	
	Independent Director	Feng-Yi Lin	0	
	Independent Director	Jin-Fu Chen	0	
15	Supervisor	Chi-Sheng Chang	2,093,957	
466	Supervisor	Mei-Li Chen	1,465,383	

Note: as of Apr.15, 2017

VII.

Appendix



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