

**KEE SONG BIO-TECHNOLOGY HOLDINGS
LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2015 AND 2014**

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

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English Translation of a Report Originally Issued in Chinese

INDEPENDENT AUDITOR'S REPORT

Kee Song Bio-Technology Holdings Limited

We have audited the accompanying consolidated balance sheets of Kee Song Bio-Technology Holdings Limited and its subsidiaries (the "Company") as of 31 December 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended 31 December 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with "Guidelines for Certified Public Accountants' Examination and Reporting on Financial Statements" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kee Song Bio-Technology Holdings Limited and its subsidiaries as of 31 December 2015 and 2014, and the results of its financial performance and its cash flows for the years ended 31 December 2015 and 2014, in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins recognized by the Financial Supervisory Commission.

18 March 2016
Taipei, Taiwan
Republic of China

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 31 December 2015 and 2014
 (Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December 2015		As of 31 December 2014	
		\$'000	%	\$'000	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$506,214	32	\$332,028	36
Accounts receivable, net	4, 6(2), 7	196,562	13	141,528	16
Other receivables	7	22,255	2	18,728	2
Current tax assets	4, 6(16)	98	-	116	-
Inventories	4, 6(3)	36,318	2	22,675	2
Biological assets	4, 6(4)	126,650	8	21,289	2
Prepayments		25,630	2	5,821	1
Other financial assets, current	8	46,751	3	50,650	6
Total current assets		960,478	62	592,835	65
Non-current assets					
Property, plant and equipment	4, 6(5), 7, 8	597,737	38	314,317	34
Prepayment for equipment		3,825	-	6,429	1
Total non-current assets		601,562	38	320,746	35
Total assets		\$1,562,040	100	\$913,581	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES (CONTINUED)
 CONSOLIDATED BALANCE SHEETS
 31 December 2015 and 2014
 (Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December 2015		As of 31 December 2014	
		\$'000	%	\$'000	%
Current liabilities					
Short-term loans	4, 6(6), 8	\$33,137	2	\$1,118	-
Financial liabilities at fair value through profit or loss, current	6(7)	430	-	-	-
Accounts payable	7	161,270	10	55,486	6
Other payables	7	223,446	14	50,802	6
Current tax liabilities	4, 5, 6(16)	23,365	2	14,814	2
Current portion of long-term debts	4, 6(9), 8	24,890	2	19,710	2
Total current liabilities		466,538	30	141,930	16
Non-current liabilities					
Convertible bonds	4, 6(8)	212,529	13	-	-
Long-term loans	4, 6(9), 8	93,792	6	92,785	10
Deferred tax liabilities	4, 5, 6(16)	13,357	1	12,106	1
Total non-current liabilities		319,678	20	104,891	11
Total liabilities		786,216	50	246,821	27
Equity attributable to owners of the parent					
Capital					
Share capital	6(8), 6(10)	346,057	22	340,000	37
Share premium	6(8), 6(10)	139,056	9	113,106	13
Retained earnings					
Special reserve	6(10)	15,163	1	19,867	2
Unappropriated earnings	6(10)	298,668	19	208,950	23
Total retained earnings		313,831	20	228,817	25
Other equity interest	4	(66,526)	(4)	(15,163)	(2)
Non-controlling interest	6(10)	43,406	3	-	-
Total equity		775,824	50	666,760	73
Total liabilities and equity		\$1,562,040	100	\$913,581	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the financial year ended 31 December			
		2015		2014	
		\$'000	%	\$'000	%
Operating revenues	4, 6(11), 7	\$1,837,201	100	\$1,309,247	100
Operating costs	6(3), 6(12), 6(13), 7	1,399,499	76	936,192	72
Gross profit		437,702	24	373,055	28
Operating expenses	6(12), 6(13), 7				
Selling and distribution expenses		153,622	9	151,850	11
Administrative expenses		133,741	7	113,256	9
Total operating expenses		287,363	16	265,106	20
Operating income		150,339	8	107,949	8
Non-operating income and expense	4, 6(14), 7				
Other income		3,703	-	4,188	-
Other gain and loss		10,994	1	8,078	1
Finance costs		(6,674)	-	(4,249)	-
Total non-operating income and expense		8,023	1	8,017	1
Income before income tax		158,362	9	115,966	9
Income tax expense	4, 5, 6(16)	31,417	2	23,094	2
Net Income		126,945	7	92,872	7
Other comprehensive (loss) income	6(15)				
Items that may be reclassified subsequently to profit or loss					
Exchange difference on translation of foreign operations		(65,994)	(4)	4,704	-
Total other comprehensive (loss) income, net of tax		(65,994)	(4)	4,704	-
Total comprehensive income		\$60,951	3	\$97,576	7
Net Income attributable to :					
Owners of the parent		\$129,214		\$92,872	
Non-controlling interests		(2,269)		-	
		\$126,945		\$92,872	
Comprehensive Income attributable to :					
Owners of the parent		\$77,851		\$97,576	
Non-controlling interests		(16,900)		-	
		\$60,951		\$97,576	
Earning per share - basic (NTD)	6(17)				
Basic earnings per share					
Income from continuing operations		\$3.79		\$2.73	
Net Income		\$3.79		\$2.73	
Diluted earnings per share					
Income from continuing operations		\$3.64		\$2.73	
Net Income		\$3.64		\$2.73	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015 and 2014
 (Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent							Non-controlling interests	Total equity
	Retained earnings			Others			Total		
	Share capital	Share premium	Special reserve	Unappropriated earnings	Exchange difference on translation of foreign operations	Non-controlling interests			
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance as of 1 January 2014	\$340,000	\$113,106	\$7,254	\$149,091	\$(19,867)	\$589,584	\$-	\$589,584	
Appropriation of 2013 earnings:	-	-	12,613	(12,613)	-	-	-	-	
Special reserve appropriated	-	-	-	(20,400)	-	(20,400)	-	(20,400)	
Cash dividends	-	-	-	-	-	-	-	-	
Profit for the year	-	-	-	92,872	-	92,872	-	92,872	
Other comprehensive income	-	-	-	-	4,704	4,704	-	4,704	
Total comprehensive income for the year	-	-	-	92,872	4,704	97,576	-	97,576	
Balance as of 31 December 2014	\$340,000	\$113,106	\$19,867	\$208,950	\$(15,163)	\$666,760	\$-	\$666,760	
Balance as of 1 January 2015	\$340,000	\$113,106	\$19,867	\$208,950	\$(15,163)	\$666,760	\$-	\$666,760	
Appropriation of 2014 earnings:	-	-	-	(44,200)	-	(44,200)	-	(44,200)	
Cash dividends	-	-	-	4,704	-	-	-	-	
Reversal of special reserve	-	-	(4,704)	-	-	-	-	-	
Other changes in share premium	-	9,132	-	-	-	9,132	-	9,132	
Equity component of convertible bonds, stock rights	-	-	-	-	-	-	-	-	
Profit for the year	-	-	-	129,214	-	129,214	(2,269)	126,945	
Other comprehensive loss	-	-	-	-	(51,363)	(51,363)	(14,631)	(65,994)	
Total comprehensive income for the year	-	-	-	129,214	(51,363)	77,851	(16,900)	60,951	
Issue of shares upon conversion of convertible bonds	6,057	16,818	-	-	-	22,875	-	22,875	
Equity contribution by non-controlling interests	-	-	-	-	-	-	60,306	60,306	
Balance as of 31 December 2015	\$346,057	\$139,056	\$15,163	\$298,668	\$(66,526)	\$732,418	\$43,406	\$775,824	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the financial year ended 31 December 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	For the financial year ended	
	31 December	
	2015	2014
	\$'000	\$'000
Cash flows from operating activities:		
Profit before income tax	\$158,362	\$115,966
Adjustments for:		
Depreciation	35,992	33,818
Bad debt reversal	(1,391)	(667)
Gain on financial liabilities at fair value through profit or loss	(284)	-
Gain on disposal of property, plant and equipment	(1,038)	(456)
Interest expense	6,674	4,249
Interest income	(3,219)	(1,904)
Changes in operating assets and liabilities:		
Accounts receivable	(53,472)	(11,842)
Other receivables	(3,527)	(873)
Inventories	(13,643)	2,574
Biological assets	(115,652)	5,977
Prepayments	(19,809)	(470)
Accounts payable	105,784	(2,888)
Other payables	172,644	7,922
Cash from operating activities	267,421	151,406
Interest received	3,219	1,904
Interest paid	(4,898)	(4,249)
Income tax paid	(21,597)	(15,270)
Net cash generated from operating activities	244,145	133,791
Cash flows from investing activities:		
Decrease in other financial assets-current	3,899	9,741
Increase in prepayment for equipment	(689)	(27,139)
Proceeds from disposal of property, plant and equipment	2,985	1,064
Acquisition of property, plant and equipment	(370,905)	(57,919)
Net cash used in investing activities	(364,710)	(74,253)
Cash flows from financing activities:		
Increase in short-term loans	22,984	-
Decrease in short-term loans	-	(32,631)
Proceeds from issuance of convertible bonds, net	243,474	-
Proceeds from long-term loans	6,187	50,279
Dividends paid	(44,200)	(20,400)
Proceed from equity contribution by non-controlling interests	60,306	-
Net cash generated from (used in) financing activities	288,751	(2,752)
Effect of exchange rate changes on cash and cash equivalents	(3,035)	4,171
Net increase in cash and cash equivalents	165,151	60,957
Cash and cash equivalents at beginning of the period	330,910	269,953
Cash and cash equivalents at end of the period	\$496,061	\$330,910

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

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KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 AND 2014
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. Corporate information

- (1) Kee Song Bio-Technology Holdings Limited (hereinafter referred to as the Company) is incorporated in Cayman Islands on 11 May 2010. The Company was formed for the purpose of restructuring the organization in order to apply for Foreign Issuer Listing on the Taipei Exchange (formerly known as GreTai Securities Market). The principal place of business of the Company is located at No. 2 Defu Lane 2 Singapore 539465. After restructuring, the Company became the parent company of Kee Song Holdings Pte. Ltd. (hereinafter referred to as KSH Company).
- (2) The principal activities of KSH Company is investment holding.
- (3) The major subsidiaries of the Company are Kee Song Brothers Poultry Industries Pte. Ltd. (hereinafter referred to as KSB Company) operating as a poultry slaughterhouse and distributors; and Meng Kee Poultry (M) Sdn. Bhd. (hereinafter referred to as MKP Company) operating as a poultry farmer.

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

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2015 and 2014 were authorized for issue by the Board of Directors on 18 March 2016.

3. Newly issued or revised standards and interpretations

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2015. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

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IAS 19 Employee Benefits

The revised IAS 19 brought about the following changes to defined benefit plans which are summarized below:

- (a) The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under the revised IAS 19, which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period.
- (b) In the previous version of IAS 19, past service cost is recognized as an expense immediately to the extent that the benefits are already vested, or on a straight-line basis over the average period until the benefits become vested. Under the revised IAS 19, all past service costs are recognized at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognized. Therefore unvested past service cost is no longer deferred over future vesting periods.
- (c) The revised IAS 19 required more disclosures; please refer to Note 6 for more details.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 *Disclosure of Interests in Other Entities* sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements, for example, summarized financial information about the associate or disclosure on subsidiaries with material non-controlling interests. Please refer to Note 6 for more details.

IFRS 13 Fair Value Measurements

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. The Group re-assessed its policies for measuring fair values. Application of IFRS 13 has not materially impacted the fair value measurements of the Group.

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Additional disclosures where required under IFRS 13, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 12. According to the transitional provisions of IFRS 13, IFRS 13 is applied prospectively as of 1 January 2015; the disclosure requirements of IFRS 13 need not be applied in comparative information before 1 January 2015.

IAS 1 *Presentation of Financial Statements* - Presentation of items of other comprehensive income

Beginning 1 January 2014, the Group presented its items of other comprehensive income that will be reclassified to profit or loss separately from items that will not be reclassified in accordance with the amendments to IAS 1. The amendments affect presentation of statement of comprehensive income only and have no impact on the Group's financial position or performance.

IAS 1 *Presentation of Financial Statements* - Clarification of the requirement for comparative information

Beginning 1 January 2014, according to the amendments to IAS 1, when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements, the opening statement of financial position does not have to be accompanied by comparative information in the related notes. The amendments affect notes accompanying the financial statements only and have no impact on the Group's financial position or performance.

- (2) Standards or interpretations issued by IASB but not yet endorsed by FSC at the date when the Group's financial statements were authorized are listed below.

(a) *IAS 36 "Impairment of Assets" (Amendment)*

This amendment relates to the amendment issued in May 2011 and requires entities to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit when an impairment loss has been recognized or reversed during the period. The amendment also requires detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed, including valuation techniques used, level of fair value hierarchy of assets and key assumptions used in measurement. The amendment is effective for annual periods beginning on or after 1 January 2014.

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(b) *IFRIC 21 “Levies”*

This interpretation provides guidance on when to recognize a liability for a levy imposed by a government (both for levies that are accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain). The interpretation is effective for annual periods beginning on or after 1 January 2014.

(c) *IAS 39 “Financial Instruments: Recognition and Measurement” (Amendment)*

Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The interpretation is effective for annual periods beginning on or after 1 January 2014.

(d) *IAS 19 “Employee Benefits” (Defined benefit plans: employee contributions)*

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to provide a policy choice for a simplified accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment is effective for annual periods beginning on or after 1 July 2014.

(e) *Improvements to International Financial Reporting Standards (2010-2012 cycle):*

IFRS 2 “Share-based Payment”

The annual improvements amend the definitions of 'vesting condition' and 'market condition' and add definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment prospectively applies to share-based payment transactions for which the grant date is on or after 1 July 2014.

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IFRS 3 “Business Combinations”

The amendments include: (1) deleting the reference to "other applicable IFRSs" in the classification requirements; (2) deleting the reference to "IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or other IFRSs as appropriate", other contingent consideration that is not within the scope of IFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss; (3) amending the classification requirements of IFRS 9 *Financial Instruments* to clarify that contingent consideration that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in profit or loss depending on the requirements of IFRS 9. The amendments apply prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

IFRS 8 “Operating Segments”

The amendments require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. The amendments also clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The amendment is effective for annual periods beginning on or after 1 July 2014.

IFRS 13 “Fair Value Measurement”

The amendment to the Basis for Conclusions of IFRS 13 clarifies that when deleting paragraph B5.4.12 of IFRS 9 *Financial Instruments* and paragraph AG79 of IAS 39 *Financial Instruments: Recognition and Measurement* as consequential amendments from IFRS 13 *Fair Value Measurement*, the IASB did not intend to change the measurement requirements.

IAS 16 “Property, Plant and Equipment”

The amendment clarifies that when an item of property, plant and equipment is revalued, the accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendment is effective for annual periods beginning on or after 1 July 2014.

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IAS 24 “Related Party Disclosures”

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment is effective for annual periods beginning on or after 1 July 2014.

IAS 38 “Intangible Assets”

The amendment clarifies that when an intangible asset is revalued, the accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset. The amendment is effective for annual periods beginning on or after 1 July 2014.

(f) *Improvements to International Financial Reporting Standards (2011-2013 cycle):*

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

The amendment clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application.

IFRS 3 “Business Combinations”

This amendment clarifies that paragraph 2(a) of IFRS 3 *Business Combinations* excludes the formation of all types of joint arrangements as defined in IFRS 11 *Joint Arrangements* from the scope of IFRS 3; and the scope exception only applies to the financial statements of the joint venture or the joint operation itself. The amendment is effective for annual periods beginning on or after 1 July 2014.

IFRS 13 “Fair Value Measurement”

The amendment clarifies that paragraph 52 of IFRS 13 includes a scope exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis. The objective of this amendment is to clarify that this portfolio exception applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*. The amendment is effective for annual periods beginning on or after 1 July 2014.

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IAS 40 “Investment Property”

The amendment clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property; in determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 *Business Combinations* and investment property as defined in IAS 40 *Investment Property*, separate application of both standards independently of each other is required. The amendment is effective for annual periods beginning on or after 1 July 2014.

(g) *IFRS 14 “Regulatory Deferral Accounts”*

IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. IFRS 14 is effective for annual periods beginning on or after 1 January 2016.

(h) *IFRS 11 “Joint Arrangements” (Accounting for Acquisitions of Interests in Joint Operations)*

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments require the entity to apply all of the principles on business combinations accounting in IFRS 3 “Business Combinations”, and other IFRS (that do not conflict with the guidance in IFRS 11), to the extent of its share in a joint operation acquired. The amendment also requires certain disclosure. The amendment is effective for annual periods beginning on or after 1 January 2016.

(i) *IAS 16 “Property, Plant and Equipment and IAS 38 “Intangible Assets” — Clarification of Acceptable Methods of Depreciation and Amortization*

The amendment clarified that the use of revenue-based methods to calculate depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, such as selling activities and change in sales volumes or prices. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendment is effective for annual periods beginning on or after 1 January 2016.

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(j) *IFRS 15 “Revenue from Contracts with Customers”*

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

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

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

(k) *IAS 16 “Property, Plant and Equipment and IAS 41 “Agriculture” — Agriculture: Bearer Plants*

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 *Property, Plant and Equipment*, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, and the produce growing on bearer plants will remain within the scope of IAS 41. The amendment is effective for annual periods beginning on or after 1 January 2016.

(l) *IFRS 9 “Financial Instruments”*

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

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

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

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

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

(m) *IAS 27 "Separate Financial Statements" — Equity Method in Separate Financial Statements*

The IASB restored the option to use the equity method under IAS 28 for an entity to account for investments in subsidiaries and associates in the entity's separate financial statements. In 2003, the equity method was removed from the options. This amendment removes the only difference between the separate financial statements prepared in accordance with IFRS and those prepared in accordance with the local regulations in certain jurisdictions.

The amendment is effective for annual periods beginning on or after 1 January 2016.

(n) *IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

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The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of this amendment has been postponed indefinitely, but early adoption is allowed.

(o) *Improvements to International Financial Reporting Standards (2012-2014 cycle):*

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendment clarifies that a change of disposal method of assets (or disposal groups) from disposal through sale or through distribution to owners (or vice versa) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendment also requires identical accounting treatment for an asset (or disposal group) that ceases to be classified as held for sale or as held for distribution to owners. The amendment is effective for annual periods beginning on or after 1 January 2016.

IFRS 7 "Financial Instruments: Disclosures"

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset and therefore the disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety under IFRS 7 *Financial Instruments: Disclosures* is required. The amendment also clarifies that whether the IFRS 7 disclosure related to the offsetting of financial assets and financial liabilities are required to be included in the condensed interim financial report would depend on the requirements under IAS 34 *Interim Financial Reporting*. The amendment is effective for annual periods beginning on or after 1 January 2016.

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IAS 19 “Employee Benefits”

The amendment clarifies the requirement under IAS 19.83, that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. The amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 34 “Interim Financial Reporting”

The amendment clarifies what is meant by “elsewhere in the interim financial report” under IAS 34; the amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is effective for annual periods beginning on or after 1 January 2016.

(p) *Disclosure Initiative – Amendment to IAS 1 “Presentation of Financial Statements”:*

The amendments contain (1) clarifying that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments reemphasize that, when a standard requires a specific disclosure, the information must be assessed to determine whether it is material and, consequently, whether presentation or disclosure of that information is warranted, (2) clarifying that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, and how an entity shall present additional subtotals, (3) clarifying that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasize that understandability and comparability should be considered by an entity when deciding on that order, (4) removing the examples of the income taxes accounting policy and the foreign currency accounting policy, as these were considered unhelpful in illustrating what significant accounting policies could be, and (5) clarifying that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2016.

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- (q) *IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities”, and IAS 28 “Investments in Associates and Joint Ventures” — Investment Entities: Applying the Consolidation Exception*

The amendments contain (1) clarifying that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity when the investment entity measures all of its subsidiary at fair value, (2) clarifying that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated when all other subsidiaries of an investment entity are measured at fair value, and (3) allowing the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendment is effective for annual periods beginning on or after 1 January 2016.

- (r) *IFRS 16 “Leases”*

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

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

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

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. All other standards and interpretations have no material impact on the Group.

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4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the financial year ended 31 December 2015 and 2014 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission.

(2) Basis of preparation

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

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

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When the Group has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries used in preparation of consolidated financial statements are prepared for the same reporting period as the parent company, consistent accounting policies are applied to like transactions and events in similar circumstance. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control over a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) recognizes any surplus or deficit in profit or loss; and
- (f) reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss.

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The consolidated entities are as follows:

Investor	Subsidiary	Principal activities	Percentage (%) of equity attributable to the Company	
			31.12.2015	31.12.2014
The Company	Kee Song Holdings Pte. Ltd. (KSH Company)	Investment holding	100%	100%
KSH Company	Kee Song Brothers Poultry Industries Pte. Ltd. (KSB Company)	Importing, slaughtering, wholesaling and retailing poultry and consumable goods of all kinds	100%	100%
KSH Company	Meng Kee Poultry (M) Sdn. Bhd. (MKP Company)	Poultry farming	100%	100%
KSH Company	Yong Tai Hoe (Taiwan) Co., Ltd. (YTH Company)	Poultry farming, wholesaling and retailing poultry and consumable goods of all kinds	100%	100%
KSH Company	Kee Song Natural Foods (M) Sdn. Bhd. (KSNF Company)	Layer farming	100%	100%
KSH Company	Kee Song Agriculture (M) Sdn. Bhd. (KSA Company)	Poultry farming, processing and marketing of poultry related products	70%	-
KSH Company	YKH Holdings (M) Sdn. Bhd. (YKH Company)	Investment holding	100%	-
KSH Company and YKH Company	Kee Song Realty (M) Sdn. Bhd. (KSR Company)	Property investment	70%	-
KSH Company	Kee Song Ocean Pte. Ltd. (KSO Company)	Processing and marketing of seafood products	60%	-
MKP Company	Lucky Poultry (M) Sdn. Bhd. (LKP Company)	Processing and marketing of poultry related products	100%	100%
MKP Company	Meng Woon Holdings (M) Sdn. Bhd. (MW Company)	Property investment	100%	100%
MKP Company	Kee Song Jaya Feedmills (M) Sdn. Bhd. (KSJ Company)	Manufacturing of poultry feed products	100%	100%

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(4) Foreign currency

The Group's consolidated financial statements are presented in New Taiwan Dollar (NT\$), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the entities of the Group using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on settlement or translation of monetary items at the end of the reporting date are recognized in profit or loss except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary items that form part of a reporting entity's net investment in a foreign operation, is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on translation of a non-monetary items is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on translation of a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

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(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the exchange rates prevailing at the end of reporting date and their statement of profit or loss are translated at an average rate for the year. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Classification of current and non-current assets and liabilities

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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Other than the above are classified as non-current

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Other than the above are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand, demand deposits and short-term, highly liquid time deposits or investments (including fixed-term deposits with term period within three months) that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(8) Financial instruments

Financial assets and financial liabilities are recognized on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are recognized initially at fair value, plus or minus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

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(a) Financial assets

All regular way purchases or sales of financial assets are recognized or derecognized on the trade date.

Financial assets of the Group are classified as financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. The Group determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if:

- i. it is acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- ii. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

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If financial assets do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or those not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, or loans and receivables.

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

Investment in equity instruments that do not have quoted prices in an active market and whose fair value cannot be reliably measured, are measured at cost less accumulated impairment losses, if any, as at the reporting date.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables, other than those that upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and transaction costs. The effective interest method amortization is recognized in profit or loss.

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Impairment of financial assets

The Group assesses at each end of the period reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered as evidence of impairment.

Objective evidence of impairment may include:

- i significant financial difficulty of the issuer or obligor; or
- ii. a breach of contract, such as a default or delinquency in interest or principal payments;
or
- iii. it becoming probable that the borrower will enter bankruptcy or other financial restructuring; or
- iv. the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Group first assesses whether objective evidence of impairment exists individually, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss on financial assets has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If in a subsequent year, the amount of the impairment loss increases or decreases, and the decrease or increase can be objectively related to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is increased or reduced through the use of an allowance account. When the assets becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are recognized against the same line item in profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss – measured as the difference between its acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss – is transferred from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

- i. The contractual rights to receive cash flows from the asset have expired
- ii. The Group has transferred substantially all the risks and rewards of the asset
- iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

(b) Financial liabilities and equity instruments

Classification as liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Compound instruments

The convertible bonds of the Group are separated into liability and equity components based on the terms of contracts. The Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost until extinguished on conversion or redemption.

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For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The carrying amount is not remeasured in subsequent years. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IAS 39 *Financial Instruments: Recognition and Measurement*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

- i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- ii. on initial recognition it is part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- ii. the financial liability forms part of a group of financial assets, financial liabilities or both which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement are recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

If the financial liabilities at fair value through profit or loss do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost as at the reporting date.

Financial liabilities at amortized cost

After initial recognition, other financial liabilities, include trade and other payables, interest bearing loans and borrowings, are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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(10) Inventories

Inventories are accounted for on a perpetual basis. Costs are determined using the first-in-first-out method. Inventories are stated at the lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(11) Biological assets

Biological assets of the Group are live poultry. Biological assets are measured at their fair value less costs to sell. The fair values are determined based on market prices. Costs to sell are incremental costs directly attributable to the disposal of an asset excluding finance costs and income tax. Gains or losses arising on biological assets at fair value less costs to sell are included in the profit or loss for the period in which they arise. For the biological assets can not be reliably measured at fair value, the biological assets are measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological assets becomes reliably measurable, an entity shall measure it at its fair value less costs to sell. Biological assets transfer to inventory are measured at fair value less costs to sell at the maturity day.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs that are directly attributable to the construction in progress of a qualifying property, plant and equipment. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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Depreciation is calculated on a straight-line basis over the estimated economic lives of the assets as follows:

Buildings	10~30 years
Machinery and equipment	10 years
Motor vehicles	5~10 years
Office equipment	3~10 years
Other equipment	3~10 years

An item of property, plant and equipment and any significant part is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and depreciation method are reviewed at each financial year end and adjusted as appropriate at each balance sheet date, with the effect of any revisions from the previous estimation are treated as change in accounting estimates.

(13) Leases

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

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Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized previously.

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A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). An impairment loss recognized for goodwill is not reversed in a subsequent period.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized upon transfer of significant risks and rewards of ownership of the goods to the buyer; there is no continuing managerial involvement or effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred in respect of the transaction can be measured reliably.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, its interest income is recognized in profit or loss using the effective interest method.

Dividend income

Dividend income is recognized when the Group's right to receive the payment is established.

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(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Post-employment benefits

The Company's representative office and its subsidiary in Taiwan participate in the national pension scheme. The Company makes monthly contributions to the pension scheme at least 6% of employee salary. Such contributions are recognized as an expense in the period in which the related service is performed.

As required by law, the companies in Singapore and Malaysia make compulsory contributions to the Central Provident Fund ("CPF") and the Employee Provident Fund ("EPF") respectively, a defined contribution pension scheme, at a certain percentage of employee's monthly gross salary toward employee account under the scheme.

(18) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income taxes relating to items recognized other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 10% surtax on undistributed retained earnings in respect of Taiwan subsidiary is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

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Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

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Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. The details on unrecognized deferred tax assets are disclosed in Note 6 to the consolidated financial statements.

6. Contents of significant accounts

(1) Cash and cash equivalents

	<u>31.12.2015</u>	<u>31.12.2014</u>
	\$'000	\$'000
Cash on hand	\$1,757	\$1,193
Cash at bank	134,997	215,487
Fixed-term deposits	<u>369,460</u>	<u>115,348</u>
Total	<u>\$506,214</u>	<u>\$332,028</u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	<u>31.12.2015</u>	<u>31.12.2014</u>
	\$'000	\$'000
Cash on hand	\$1,757	\$1,193
Cash at bank	134,997	215,487
Fixed-term deposits	<u>369,460</u>	<u>115,348</u>
Subtotal	506,214	332,028
Bank overdrafts (Note 6.6)	<u>(10,153)</u>	<u>(1,118)</u>
Total	<u>\$469,061</u>	<u>\$330,910</u>

Cash and cash equivalent are not secured by any collateral or restricted in use.

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(2) Accounts receivable and accounts receivable from related parties

	31.12.2015	31.12.2014
	\$'000	\$'000
Accounts receivable	\$197,258	\$143,819
Less: Allowance for doubtful debts	(732)	(2,294)
Subtotal	196,526	141,525
Accounts receivable from related parties	36	3
Less: Allowance for doubtful debts	-	-
Subtotal	36	3
Total	\$196,562	\$141,528

Accounts receivable are not secured by any collateral.

Accounts receivable are generally on 60 day terms. The movements of the allowance for doubtful debt are as follows (Credit risk exposure is disclosed in Note 12 to the consolidated financial statements):

Individually assessed impairment loss

	31.12.2015	31.12.2014
	\$'000	\$'000
At beginning of year	\$2,294	\$2,961
Charge for the year	542	325
Bad debt written off	(1,613)	(880)
Reversal for the year	(320)	(126)
Exchange differences	(171)	14
At end of year	\$732	\$2,294

Account receivables that are individually assessed to be impaired at the end of the reporting year related to debtors that are in significant financial difficulties. The impairment recognized represents the difference between the carrying amount of the accounts receivable and the present value of its expected recoverable amount. The Group does not hold any collateral for such accounts receivable.

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Ageing analysis of accounts receivable and accounts receivable from related parties that are not impaired is as follows:

	Not past due and not impaired	Past due but not impaired			Total
		<=30 days	31~60 days	above 61 days	
		\$'000	\$'000	\$'000	
31 December 2015	\$166,156	\$21,846	\$6,731	\$1,829	\$196,562
31 December 2014	128,721	8,468	1,464	2,875	141,528

(3) Inventories

	31.12.2015	31.12.2014
	\$'000	\$'000
Trading goods	\$14,534	\$2,081
Finished goods	16,151	17,907
Raw materials	5,633	2,687
Total	<u>\$36,318</u>	<u>\$22,675</u>

The cost of inventories recognized in expense amounts to NT\$1,339,499,000 and NT\$936,192,000 for the financial years ended 31 December 2015 and 2014, respectively, including the write-down of inventories of NT\$0.

Inventories are not secured by any collateral.

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(4) Biological assets

(a) Biological assets movement:

	31.12.2015		
	Broiler \$'000	Breeder \$'000	Total \$'000
At beginning of period	\$21,289	\$-	\$21,289
Purchases during the period	756,941	222,048	978,989
Sold during the period	(716,211)	(83,570)	(799,781)
Accumulated depreciation and impairment losses	-	(63,556)	(63,566)
Exchange differences	(5,723)	(4,568)	(10,291)
At end of period	<u>\$56,296</u>	<u>\$70,354</u>	<u>\$126,650</u>

	31.12.2014		
	Broiler \$'000	Breeder \$'000	Total \$'000
At beginning of period	\$27,252	\$-	\$27,252
Purchases during the period	367,696	-	367,696
Sold during the period	(373,673)	-	(373,673)
Exchange differences	14	-	14
At end of period	<u>\$21,289</u>	<u>\$-</u>	<u>\$21,289</u>

(b) Biological assets component item:

	31.12.2015 \$'000	31.12.2014 \$'000
Fair value less costs to sell		
Broiler stocks	\$56,295	\$21,289
Hatching eggs	20,546	-
Subtotal	<u>76,841</u>	<u>21,289</u>
At cost less accumulated depreciation and impairment losses		
Breeding stocks – Immature	9,625	-
Breeding stocks – Mature	40,184	-
Subtotal	<u>49,809</u>	<u>-</u>
Total	<u>\$126,650</u>	<u>\$21,289</u>

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(c) Biological assets measured at cost movement:

	31.12.2015		
	Immature	Mature	Total
	\$'000	\$'000	\$'000
Costs:			
At beginning of period	\$-	\$-	\$-
Additions	61,908	58,579	120,487
Write off / disposal	-	(24,439)	(24,439)
Transfer	(51,658)	51,658	-
Exchange difference	(625)	(5,231)	(5,856)
At end of period	<u>\$9,625</u>	<u>\$80,567</u>	<u>\$90,192</u>
Accumulated deprecation and impairment losses:			
At beginning of period	\$-	\$-	\$-
Additions	-	63,556	63,556
Write off / disposal	-	(20,551)	(20,551)
Exchange difference	-	(2,622)	(2,622)
At end of period	<u>\$-</u>	<u>\$40,383</u>	<u>\$40,383</u>
Net carrying amount	<u>\$9,625</u>	<u>\$40,184</u>	<u>\$49,809</u>

(d) Financial risk management strategy

The Group is exposed to financial risk arising from fluctuation in poultry prices. The Group anticipates that there will not be any material fluctuation in poultry prices, and thus the Group did not enter into any hedging and derivatives contract on the poultry. Management focuses close attention to poultry prices on regular basis, and considers taking measures against the risk, if necessary.

(e) Biological assets are not secured by any collateral.

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(5) Property, plant and equipment

	Land	Buildings	Machinery and Equipment	Office Equipment	Transportation Equipment	Other Equipment	Construction in progress and equipment awaiting examination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:								
At 1 January 2014	\$63,042	\$224,972	\$144,881	\$39,775	\$74,569	\$14,305	\$2,568	\$564,112
Additions	-	39,112	1,982	1,228	11,128	2,386	2,083	57,919
Disposals	-	-	(720)	(202)	(2,763)	-	-	(3,685)
Transfers	1,842	24,852	2,444	1,842	1,659	-	(2,454)	30,185
Exchange differences	(351)	(458)	1,743	407	602	72	(3)	2,012
At 31 December 2014	64,533	288,478	150,330	43,050	85,195	16,763	2,194	650,543
Additions	75,156	125,340	108,202	7,143	29,391	1,422	24,251	370,905
Disposals	-	-	-	-	(12,049)	(5,835)	-	(17,884)
Transfers	-	2,344	-	-	-	-	(2,344)	-
Exchange differences	(14,405)	(39,223)	(12,433)	(2,454)	(6,108)	(1,352)	(1,669)	(77,644)
At 31 December 2015	\$125,284	\$376,939	\$246,099	\$47,739	\$96,429	\$10,998	\$22,432	\$925,920

	Land	Buildings	Machinery and Equipment	Office Equipment	Transportation Equipment	Other Equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:								
At 1 January 2014	\$-	\$111,579	\$112,251	\$29,424	\$43,917	\$6,758	\$-	\$303,929
Depreciation	-	13,424	7,225	3,219	7,819	2,131	-	33,818
Disposals	-	-	(604)	(199)	(2,274)	-	-	(3,077)
Exchange differences	-	(533)	1,421	327	275	66	-	1,556
At 31 December 2014	-	124,470	120,293	32,771	49,737	8,955	-	336,226
Depreciation	-	13,145	7,045	3,417	10,717	1,668	-	35,992
Disposals	-	-	-	-	(11,048)	(4,889)	-	(15,937)
Exchange differences	-	(17,501)	(4,816)	(1,586)	(3,698)	(497)	-	(28,298)
At 31 December 2015	\$-	\$120,114	\$122,522	\$34,602	\$45,708	\$5,237	\$-	\$328,183

Net carrying amount as at:

At 31 December 2015	\$125,284	\$256,825	\$123,577	\$13,137	\$50,721	\$5,761	\$22,432	\$597,737
At 31 December 2014	\$64,533	\$164,008	\$30,037	\$10,279	\$35,458	\$7,808	\$2,194	\$314,317

- (a) Details on property, plant and equipment pledged as security for bank borrowing are disclosed in Note 8 to the consolidated financial statements.
- (b) During the financial year, there were no borrowing costs being capitalized as cost of property, plant and equipment.

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(6) Short-term loans

	Interest rates (%)	31.12.2015	31.12.2014
		\$'000	\$'000
Bank overdrafts	7.85%	\$10,153	\$1,118
Bank loans (secured)	4.10%-4.20%	22,984	-
Total		<u>\$33,137</u>	<u>\$1,118</u>

Details on assets pledged as security for short-term loans are disclosed in Note 8 to the consolidated financial statements.

(7) Financial liabilities at fair value through profit or loss

	31.12.2015	31.12.2014
	\$'000	\$'000
Held for trading:		
Derivatives not designated as hedging instruments		
Embedded derivatives	<u>\$430</u>	<u>\$-</u>

(8) Convertible bonds

(a) Unsecured domestic convertible bonds

	31.12.2015	31.12.2014
	\$'000	\$'000
Principal amount	\$226,500	\$-
Discounts on bonds payable	(13,971)	-
Subtotal	212,529	-
Less: current portion	-	-
Net	<u>\$212,529</u>	<u>\$-</u>
Embedded derivative	<u>\$430</u>	<u>\$-</u>
Equity component	<u>\$9,132</u>	<u>\$-</u>

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The first unsecured domestic convertible bonds payable

- a. Issue size and issue price: NT\$250,000,000, each with a face value of NT\$100,000, issued based on 100% of par value
- b. Coupon rate: 0% per annum
- c. Issue period: From 15 September 2015 to 15 September 2018
- d. Terms of exchange:
 - i. Conversion Securities: Common share of the Company.
 - ii. Conversion Period: The bonds are exchangeable at any time on or after 16 October 2015 and prior to 15 September 2018 into common share of the Company.
 - iii. Conversion Price and Adjustment: The conversion price was originally NT\$38.8 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.
- e. The Company's call option:

Under the following circumstances, effective from 1 month after the issuance until 40 days to maturity, the Company may recall the convertible bonds at par value per year:

- i. The closing price of the Company's common stocks exceeds 30% of the last adjusted conversion price for a period of 30 consecutive business days.
 - ii. The balance of the Company's total bonds currently in circulation falls lower than 10% of par value.
- f. Bondholder's put option:

The bondholders will have the right, at such holder's option, to redeem the bonds held by such holder on the date that two years from the issuance date. (at par value with interest calculated at the rate of 2.01%)

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(b) Unsecured domestic bonds payable conversions are as follows:

	31.12.2015		31.12.2014	
	Conversion price of convertible bonds \$'000	Exchange number of share share'000	Conversion price of convertible bonds \$'000	Exchange number of share share'000
At beginning of conversion	\$-	-	\$-	-
At end of conversion	23,500	606	-	-
Total	\$23,500	606	\$-	-

(8) Long-term debts

	31.12.2015	31.12.2014
	\$'000	\$'000
Bank loans (secured)	\$98,900	\$99,426
Finance leases	19,782	13,069
Subtotal	118,682	112,495
Less: current portion	(24,890)	(19,710)
Total	\$93,792	\$92,785

- (a) Details on maturity dates, interest rates and amounts due for long-term debt, are disclosed in Attachment 7 to the consolidated financial statements.
- (b) Details on property, plant and equipment pledged as security for bank loan are disclosed in Note 8 to consolidated financial statements.

(10) Equity

(a) Share capital

The Company's authorized capital is NT\$1,000,000,000 as at 31 December 2015 and 2014. The Company's issued capital is NT\$346,057,000 (2014: NT\$340,000,000) at balance sheet date, each at a par value of NT\$10. All ordinary share carry one vote per share and carry a right to dividends.

As at 31 December 2015, the bonds holders have exercised their right to convert bonds into 605,700 shares of NT\$10 par value common share of the company. The newly issued shares have been approved and registered with relevant authorities.

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(b) Share premium

	31.12.2015	31.12.2014
	\$'000	\$'000
Share premium	\$113,106	\$113,106
Premium on conversion of convertible bonds	25,950	-
Total	\$139,056	\$113,106

(c) Retained earnings and distribution policies

According to the Company's Memorandum and Articles of Association, the Company may distribute profits in accordance with a proposal for profit distribution approved by the Board and sanctioned by the Shareholders by an Ordinary Resolution in annual general meetings. The Board shall set aside out of profits for the relevant financial year: (i) a reserve for payment of tax for the relevant year; (ii) an amount to offset losses incurred in previous years; and (iii) a special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules. The remaining amount shall be distributed in the following sequence and manner upon approval by the Shareholders:

- i. no more than 3% as employees' bonus;
- ii. no more than 3% as directors' bonus; and
- iii. the balance as dividends to shareholders. The dividends shall not be less than 10% of net profit after tax earned in such financial year deducting reserves, employees' bonus and directors' bonus.

Dividends to the Shareholders and the employees' bonus may be distributed, in the discretion of the Board of Directors, by way of cash or by way of applying such sum in paying up in fall unissued shares or a combination of both for allocation and distribution to Shareholders or employees. Cash dividends to Shareholders shall not be less than 10 % of the total amount of dividends to Shareholders, provided, however, that the Board may adjust the cash dividends payout ratio in any given year based on the Company's net income and business operations for the respective financial year. When the employees' bonus is distributed by way of an issue of fully paid shares, the recipients may include qualified employees of the Company's subsidiaries. No unpaid dividend and bonus shall bear interest as against the Company.

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When distributing distributable earnings, the Company has to set aside special reserve, for other net deductions from shareholders' equity of the period. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

In accordance with the Order No. Financial-Supervisory-Securities-Corporate-1010012865 issued by FSC on 6 April 2012, on the first-time adoption of the TIFERS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that company elects to transfer to retained earnings by application of the exemption under IFERS 1, the company shall set aside an equal amount of special reserve. The above-mentioned Order has no impact to the Company.

- (d) The distribution of earnings distribution and dividends per share for the year ended 31 December 2015 and 2014 was resolved by the Board of Directors on 18 March 2016 and approved by the shareholders' meeting held on 22 June 2015, respectively. The details of earnings distribution and dividends per share are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$	\$
Appropriation (reversal) of special reserve	\$51,363	\$(4,704)		
Common stock-cash dividend	52,500	44,200	\$1.517	\$1.3

- (e) Details on employee' compensation and remuneration to directors and supervisors are disclosed in Note 6(13) to the consolidated financial statements.
- (f) Non-controlling interests

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
At beginning of period	\$-	\$-
Loss attributable to non-controlling interests	(2,269)	-
Other comprehensive income (loss), attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operations	(14,631)	-
Equity contribution by non-controlling interests	60,306	-
At end of the period	<u>\$43,406</u>	<u>\$-</u>

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(11) Operating revenue

	2015	2014
	\$'000	\$'000
Sale of goods	\$1,866,760	\$1,333,324
Less: Sales returns, discounts and allowances	(29,559)	(24,077)
Total	\$1,837,201	\$1,309,247

(12) Operating lease

Operating lease commitments - as lessee

The Group has entered into commercial leases for its land and building. Future minimum rental payable under non-cancellable operating leases as at 31 December 2015 and 2014, are as follows:

	31.12.2015	31.12.2014
	\$'000	\$'000
Not later than one year	\$7,054	\$8,492
Later than one year but not later than five years	2,604	7,012
Later than five years	-	-
Total	\$9,658	\$15,504

Operating lease expenses recognized are as follows:

	2015	2014
	\$'000	\$'000
Minimum lease payments	\$18,728	\$14,929

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(13) Summary of employee benefits and depreciation expenses are as follows:

	2015			2014		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefits expenses						
Salaries	\$84,744	\$152,663	\$237,407	\$73,342	\$141,662	\$215,004
Provident fund expenses	3,502	11,556	15,058	2,531	10,393	12,924
Other personnel expenses	12,840	10,569	23,409	10,572	9,556	20,128
Depreciation	19,774	16,218	35,992	21,124	12,694	33,818

For future information on the Board proposal and shareholder's approval in respect of employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" of Taiwan Stock Exchange Website.

Based on profit of current year, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2015 is NT\$0. A resolution was passed at a Board of Directors meeting held on 18 March 2016 to distribute NT\$0 as employees' compensation and remuneration to directors and supervisors.

The estimated employee bonuses and remuneration to directors and supervisors for the year ended 31 December 2014 were based the Company's Articles of Incorporation, and considered factors such as legislation etc. The estimated employee bonuses and remuneration to directors and supervisors for the year ended 31 December 2014 are recognized as employee benefits expense for the period. If the Board modified the estimates significantly in the subsequent periods, the Company will recognize the change as an adjustment to current income. The difference between the estimation and the resolution of shareholders' meeting will be recognized in profit or loss of the subsequent year. The number of stocks distributed as employee bonuses was calculated based on the closing price one day earlier than the date of shareholders' meeting and considered the impacts of ex-right/ex-dividend. The Company estimated the amounts of the employee bonuses and remuneration to directors and supervisors for both the year ended 31 December 2014 to be NT\$0. There is no significant difference between the actual employee bonuses and remuneration to directors and supervisors distributed from the 2014's earnings and the estimated amount in the financial statements for the year ended 2014.

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(14) Non-operating income and expense

(a) Other income

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Interest income	\$3,219	\$1,904
Other income	484	2,284
Total	<u>\$3,703</u>	<u>\$4,188</u>

(b) Other gain and loss

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Gains on disposal of property, plant and equipment	1,038	\$456
Foreign exchange gain (losses), net	79	(1,023)
Gain on financial liabilities at fair value through profit or loss	284	-
Other gains and losses	9,593	8,645
Total	<u>\$10,994</u>	<u>\$8,078</u>

(c) Finance costs

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Interest expenses from bank borrowings	\$4,898	\$4,249
Interest expenses from convertible bonds	1,776	-
Total	<u>\$6,674</u>	<u>\$4,249</u>

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(15) Components of other comprehensive income

Components for other comprehensive income for the financial year ended 31 December 2015 are as follows:

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
	\$'000	\$'000	\$'000	\$'000
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of foreign operations	\$(65,994)	\$-	\$(65,994)	\$-
	<u>\$(65,994)</u>	<u>\$-</u>	<u>\$(65,994)</u>	<u>\$-</u>

Components for other comprehensive income for the financial year ended 31 December 2014 are as follows:

	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
	\$'000	\$'000	\$'000	\$'000
To be reclassified to profit or loss in subsequent periods:				
Exchange differences resulting from translating the financial statements of foreign operations	\$4,704	\$-	\$4,704	\$-
	<u>\$4,704</u>	<u>\$-</u>	<u>\$4,704</u>	<u>\$-</u>

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(16) Income tax

The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Current income tax expense (income):		
Current income tax charge	\$30,530	\$18,319
Adjustments in respect of current income tax of previous periods	(1,645)	(457)
Deferred income tax expense (income):		
Deferred income tax expense (income) relating to origination and reversal of temporary differences	2,299	5,233
Tax expense recognized in period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	303	-
Others	-	(1)
Total income tax expense	<u>\$31,417</u>	<u>\$23,094</u>

A reconciliation between tax expense and accounting profit multiplied by the applicable tax rates is as follows:

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Profit before tax from continuing operations	<u>\$158,362</u>	<u>\$115,966</u>
Tax at the domestic rates applicable to profits in the country concerned	\$29,471	\$19,950
Tax effect of revenues exempt from taxation	(33)	(4)
Tax effect of expense non-deductible for tax purpose	4,468	3,798
Tax incentive	(2,296)	(2,500)
Adjustment in respect of current income tax of prior periods	(1,343)	334
Deferred tax assets not recognized	2,238	2,962
Others	(1,088)	(1,446)
Income tax expense recognized in profit or loss	<u>\$31,417</u>	<u>\$23,094</u>

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Deferred tax liabilities as at 31 December relate to the following:

	At 1 January 2015	Deferred tax income (expense) recognized in profit or loss	Exchange differences	At 31 December 2015
	\$,000	\$,000	\$,000	\$,000
Temporary differences				
Depreciation difference for tax purpose	\$(12,964)	\$(1,818)	\$1,119	\$(13,663)
Others	224	35	(36)	223
Unused tax losses	634	(749)	198	83
Deferred tax (expense) / income		<u>\$(2,532)</u>	<u>\$1,281</u>	
Net deferred tax liabilities	<u>\$(12,106)</u>			<u>\$(13,357)</u>
Reflected in balance sheet as follows:				
Deferred tax liabilities	<u>\$(12,106)</u>			<u>\$(13,357)</u>

	At 1 January 2014	Deferred tax income (expense) recognized in profit or loss	Exchange differences	At 31 December 2014
	\$,000	\$,000	\$,000	\$,000
Temporary differences				
Depreciation difference for tax purpose	\$(7,882)	\$(4,625)	\$(457)	\$(12,964)
Others	38	117	69	224
Unused tax losses	923	(725)	436	634
Deferred tax (expense) / income		<u>\$(5,233)</u>	<u>\$48</u>	
Net deferred tax liabilities	<u>\$(6,921)</u>			<u>\$(12,106)</u>
Reflected in balance sheet as follows:				
Deferred tax liabilities	<u>\$(6,921)</u>			<u>\$(12,106)</u>

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Unrecognized deferred tax assets of the Group relate to the following:

	31.12.2015	31.12.2014
Unused tax losses	\$8,703	\$7,020

Income tax conditions imposed on the Company and its subsidiaries are as follows:

- (a) The Company was incorporated in the Cayman Islands, where companies are exempted from corporate income tax.
- (b) The Company's subsidiaries, Kee Song Holdings Pte. Ltd., Kee Song Brothers Poultry Industries Pte. Ltd., and Kee Song Ocean Pte. Ltd. were incorporated in Singapore; Meng Kee Poultry (M) Sdn. Bhd., Lucky Poultry (M) Sdn. Bhd., Meng Woon Holdings (M) Sdn. Bhd., Kee Song Jaya Feedmills (M) Sdn. Bhd., Kee Song Natural Foods (M) Sdn. Bhd., Kee Song Agriculture (M) Sdn. Bhd., Kee Song Realty (M) Sdn. Bhd., and YKH Holdings (M) Sdn. Bhd. were incorporated in Malaysia; Yong Tai Hoe (Taiwan) Co., Ltd. was incorporated in ROC. Income tax rate for profit-making companies for each country is as follows:

Singapore:

- i. In accordance with the provisions of the Singapore Income Tax Act, the taxable income is determined as total revenue for this financial year less cost of sales, operating expenses, loss, tax incentives and tax exemptions. The net amount will be the basis for calculating the profit-seeking enterprise income tax for this financial year.
- ii. In accordance with the Singapore Income Tax Act, 75% on the first SGD10,000 of taxable income is exempted; 50% on the next SGD10,000~290,000 of the taxable income is exempted.
- iii. Local corporate tax rate is 17%.

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Malaysia:

- i. In accordance with the provisions of the Malaysia Income Tax Act, the taxable income is determined as total revenue for this financial year less cost of sales, operating expenses, loss, tax incentives and tax exemptions. The net amount will be the basis for calculating the profit-seeking enterprise income tax for the financial year.
- ii. Local corporate tax rate is 25%.

Taiwan:

- i. In accordance with the provisions of the Taiwan ROC Income Tax Act, the taxable income is determined as total revenue for this financial year less cost of sales, operating expenses, loss, tax incentives and tax exemptions. The net amount will be the basis for calculating the profit-seeking enterprise income tax for the financial year.
- ii. Local corporate tax rate is 17%.

(17) Earnings per share

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

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

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	2015	2014
	\$'000	\$'000
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$129,214	\$92,872
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand)	34,097	34,000
Basic earnings per share (NT\$)	\$3.79	\$2.73
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$129,214	\$92,872
Less: Interest expense from convertible bonds (in thousand NT\$)	1,054	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$130,268	\$92,872
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	34,097	34,000
Convertible bonds (in thousands)	1,703	-
Weight average number of ordinary shares outstanding (in thousands)	35,800	34,000
Diluted earnings per share (NT\$)	\$3.64	\$2.73

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related party transactions

Significant transactions with related parties

(1) Sales

	2015	2014
	\$'000	\$'000
Other related parties	\$969	\$365

All the above transactions are priced on an arm length's basis.

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(2) Purchase

	2015	2014
	\$'000	\$'000
Other related parties	\$29,623	\$21,375

All the above transactions are priced on an arm length's basis.

(3) Operating expenses-rental expense

	2015	2014
	\$'000	\$'000
Key management personnel of the Group	\$293	\$333

Office premises was leased from a related party and the lease price was determined in accordance with the local general price levels.

(4) Other gain and loss

	2015	2014
	\$'000	\$'000
Other related parties	\$393	\$750

(5) Accounts receivable from related parties

	31.12.2015	31.12.2014
	\$,000	\$,000
Other related parties	\$36	\$3
Less: allowance for doubtful debts	-	-
Total	\$36	\$3

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(6) Other receivables from related parties

	31.12.2015	31.12.2014
	\$,000	\$,000
Other related parties	\$131	\$54

(7) Accounts payable to related parties

	31.12.2015	31.12.2014
	\$,000	\$,000
Other related parties	\$4,205	\$1,956

(8) Other payables to related parties

	31.12.2015	31.12.2014
	\$,000	\$,000
Other related parties	\$36,181	\$14

(9) The Group purchased NT\$734,000 of transportation equipment from related parties for the financial year ended 31 December 2014.

(10) Compensation of key management personnel

	2015	2014
	\$'000	\$'000
Short-term employee benefits	\$33,239	\$31,449
Post-employment benefits	1,414	1,271
Total	\$34,653	\$32,720

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8. Assets pledged as collateral

The following assets of the Group are pledged as security:

Assets pledged for security	Carrying amount		Secured liabilities
	31.12.2015	31.12.2014	
	\$,000	\$,000	
Property, plant and equipment	\$206,217	\$226,207	Short-term loans and Long-term debts
Other financial assets - fixed-term deposits	46,751	50,650	Short-term loans and Long-term debts
Total	\$252,968	\$276,857	

9. Commitments and contingencies

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

On 8 March 2016, KSB, a subsidiary of the Company received a Notice of Proposed Infringement Decision (“PID”) from the Competition Commission of Singapore (“CCS”). CCS provisionally finds that 13 fresh chicken distributors, including KSB, participated in agreements and/or concerted practices relating to not competing for each other’s customers and to the quantum and timing of price movements in relation to the sale and distribution of fresh chickens in Singapore. The purpose of the PID is to give each party an opportunity to make representations on CCS’s proposed decision.

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12. Financial instruments

(1) Categories of financial instruments

Financial assets

	31.12.2015	31.12.2014
	\$'000	\$'000
Loans and receivables:		
Cash and cash equivalents (excluding cash on hand)	\$504,457	\$330,835
Accounts receivable	218,817	160,256
Other financial assets	46,751	50,650
Total	\$770,025	\$541,741

Financial liabilities

	31.12.2015	31.12.2014
	\$'000	\$'000
Financial liabilities at fair value through profit or loss		
Held for trading	\$430	\$-
Financial liabilities at amortized cost:		
Short-term loans	33,137	\$1,118
Accounts payable	384,716	106,288
Bonds payable	212,529	-
Long-term debts (including current portion with maturity less than 1 year)	118,682	112,495
Total	\$749,494	\$219,901

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(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries. Foreign currency risk is not material to the Group.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

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Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2015 and 2014 to increase/decrease by NT\$352,000 and NT\$217,000, respectively.

(4) Credit risk management

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

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

As at 31 December 2015 and 2014, accounts receivables from top ten customers all represent 54% and 60% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

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(5) Liquidity risk management

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

Non-derivative financial instruments

	<u>< 1 year</u>	<u>1 to 2 years</u>	<u>3 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2015					
Borrowings	\$60,512	\$35,777	\$23,502	\$51,890	\$171,681
Accounts payable	384,716	-	-	-	384,716
Convertible bonds	-	230,389	-	-	230,389
As at 31 December 2014					
Borrowings	\$23,971	\$31,076	\$18,711	\$57,557	\$131,315
Convertible bonds	106,288	-	-	-	106,288

(6) Fair values of financial instruments

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

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

- i. The carrying amount of cash and cash equivalents, accounts receivables, others financial assets-current and accounts payables approximate their fair value, due to their short maturities.

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- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
 - iii. Fair value of debt instruments without market quotations, bank loans and convertible bonds are determined based on the counterparty prices or valuation method. The valuation method uses Discount Cash Flow method as a basis, and the assumptions of the interest rate and discount rate are selected with reference to those of similar financial instruments
- (b) The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.
- (c) Fair value measurement hierarchy for financial instruments

Further information on fair value measurement hierarchy are disclosed in Note 12(7) to the consolidated financial statements.

(7) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

As at 31 December 2015

	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	\$-	\$430	\$-	\$430

As at 31 December 2014

None.

(8) Significant assets and liabilities denominated in foreign currencies

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

	31.12.2015	
Foreign currencies	Foreign exchange rate	NTD
\$'000		\$'000
<u>Financial assets</u>		
Monetary items:		
SGD	\$26,366	23.26
MYR	16,378	7.66
<u>Financial liabilities</u>		
Monetary items:		
SGD	\$4,388	23.26
MYR	46,872	7.66

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	31.12.2014		
	Foreign currencies	Foreign exchange rate	NTD
	\$'000		\$'000
<u>Financial assets</u>			
Monetary items:			
SGD	\$19,861	23.90	\$474,699
MYR	6,332	9.04	57,222
 <u>Financial liabilities</u>			
Monetary items:			
SGD	\$5,685	23.90	\$135,870
MYR	9,071	9.04	81,973

The group of foreign currencies are various, unable to disclose significant influence of each foreign currencies on exchange gain or loss of financial assets and liabilities. The foreign exchanges gain (loss) for the year ended 31 December 2015 and 2014 were NT\$79,000 and NT\$(1,023,000), respectively.

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

(9) Details on business relationship and significant transaction between the Company and its subsidiaries for the year ended 31 December 2015 are disclosed in Attachment 1.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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13. Other disclosure

(1) Information on significant transactions

- (a) Lending funds to others: None.
- (b) Providing endorsement or guarantee for others: None.
- (c) Holding of securities at the end of the periods: None.
- (d) Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more: None.
- (e) Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.
- (f) Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.
- (g) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.
- (h) Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.
- (i) Trading in derivative instruments: None.

(2) Information on investees

- (a) Disclose information of investees where the Group directly or indirectly exercises significant influence or control over investees: Refer to Attachment 6.
- (b) The information of the Note 1 items (a)~(i) above needs to be disclosed if the Group direct or indirect exercising control over investees.

However, the Group only needs to disclose Note 1 items (a)~(d) above, if: 1. the amount of total assets or operating revenue of investees less than 10% of each item of investor; 2. it controls only human affairs, finance or professional works of investees directly or indirectly.

- i. Lending funds to others: Refer to Attachment 2.
- ii. Providing endorsement or guarantee for others: Refer to Attachment 3.
- iii. Holding of securities at the end of the periods: None.

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- iv. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more: None.
- v. Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: Attachment 4.
- vi. Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: None.
- vii. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more: Attachment 5.
- viii. Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more: None.
- ix. Trading in derivative instruments: None.

(3) Information on investment in Mainland China: None.

14. Segment information

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments as follows:

- (1) Poultry and processing distribution: engages in business of importing, slaughtering, wholesaling and retailing poultry and consumable goods of all kinds;
- (2) Poultry farming: engages in the business of poultry farming;

The other operating segments not reported above have been aggregated and disclosed under other operating segments below.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

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

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2015						
	Poultry and processing distribution	Poultry farming	Subtotal	Other operating segments (Note 1)	Adjustments and eliminations (Note 2)	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues						
External customer	\$1,314,310	\$517,617	\$1,831,927	\$5,274	\$-	\$1,837,201
Inter-company	722	595,538	596,260	740	(597,000)	-
Total revenue	\$1,315,032	\$1,113,155	\$2,428,187	\$6,014	\$(597,000)	\$1,837,201
Segment profit (loss)	\$145,465	\$35,122	\$180,587	\$(22,593)	\$368	\$158,362

2014						
	Poultry and processing distribution	Poultry farming	Subtotal	Other operating segments (Note 1)	Adjustments and eliminations (Note 2)	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues						
External customer	\$1,307,369	\$642	\$1,308,011	\$1,236	\$-	\$1,309,247
Inter-company	-	660,259	660,259	160	(660,419)	-
Total revenue	\$1,307,369	\$660,901	\$1,968,270	\$1,396	\$(660,419)	\$1,309,247
Segment profit (loss)	\$114,283	\$14,550	\$128,833	\$(13,595)	\$728	\$115,966

Note 1: Revenue from KSBT, KSH, YTH, KSNF, MW and KSJ are classified under other operating segments that do not meet the quantitative thresholds for reportable segments in 2014.

In addition to above, KSR, YKH and KSO never meet the quantitative thresholds for reportable segment in 2015.

Note 2: Inter-segment revenues are eliminated on consolidation and recorded under the "adjustment and elimination" column. All other adjustments and eliminations are disclosed below.

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The following table presents segment assets of the Group' operating segments at each reporting date:

	Poultry and processing distribution	Poultry farming	Subtotal	Other operating segments (Note 1)	Adjustments and eliminations (Note 2)	Consolidated
Segment assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2015	\$857,128	\$669,139	\$1,526,267	\$516,754	\$(480,981)	\$1,562,040
As at 31 December 2014	\$722,955	\$198,535	\$921,490	\$122,423	\$(130,332)	\$913,581

	Poultry and processing distribution	Poultry farming	Subtotal	Other operating segments (Note 1)	Adjustments and eliminations (Note 2)	Consolidated
Segment liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2015	\$512,567	\$423,612	\$946,179	\$316,758	\$(476,721)	\$786,216
As at 31 December 2014	\$242,049	\$111,642	\$353,691	\$18,893	\$(125,763)	\$246,821

Reconciliation of reportable segments

	2015	2014
	\$'000	\$'000
Total profit for reportable segments	\$180,587	\$128,833
Other loss	(22,593)	(13,595)
Elimination of inter-segment profit	368	728
Profit before tax from continuing operations	\$158,362	\$115,966

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Attachment 1 : Significant intercompany transactions between consolidated entities for the period from 1 January to 31 December 2015

No (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions			Percentage of consolidated operating revenues or consolidated total assets (Note 3)
				Account	\$'000	Terms	
0	Kee Song Bio-Technology Holdings Limited	Kee Song Brothers Poultry Industries Pte. Ltd.	1	Other payables	\$313	Same as ordinary transaction	0.02%
0	Kee Song Bio-Technology Holdings Limited	Kee Song Brothers Poultry Industries Pte. Ltd.	1	Other receivables	232,585	Same as ordinary transaction	14.89%
0	Kee Song Bio-Technology Holdings Limited	Yong Tai Hoe (Taiwan) Co., Ltd.	1	Other receivables	524	Same as ordinary transaction	0.03%
0	Kee Song Bio-Technology Holdings Limited	Yong Tai Hoe (Taiwan) Co., Ltd.	1	Rental expense	420	Same as ordinary transaction	0.02%
0	Kee Song Bio-Technology Holdings Limited	Meng Kee Poultry (M) Sdn. Bhd.	1	Other payables	108	Same as ordinary transaction	0.01%
1	Kee Song Holdings Pte. Ltd.	Kee Song Brothers Poultry Industries Pte. Ltd.	3	Dividend income	242,521	Same as ordinary transaction	13.20%
1	Kee Song Holdings Pte. Ltd.	Kee Song Agriculture (M) Sdn. Bhd.	3	Interest income	352	Same as ordinary transaction	0.02%
1	Kee Song Holdings Pte. Ltd.	Kee Song Agriculture (M) Sdn. Bhd.	3	Other receivables	84,777	Same as ordinary transaction	5.43%
1	Kee Song Holdings Pte. Ltd.	Kee Song Ocean Pte. Ltd.	3	Other receivables	23,295	Same as ordinary transaction	1.49%
1	Kee Song Holdings Pte. Ltd.	Meng Kee Poultry (M) Sdn. Bhd.	3	Other payable	131	Same as ordinary transaction	0.01%
2	Kee Song Holdings Pte. Ltd.	Yong Tai Hoe (Taiwan) Co., Ltd.	3	Other receivables	7,908	Same as ordinary transaction	0.51%
2	Kee Song Holdings Pte. Ltd.	YKH Holdings (M) Sdn. Bhd.	3	Other receivables	2,414	Same as ordinary transaction	0.15%
2	Kee Song Brothers Poultry Industries Pte. Ltd.	Meng Kee Poultry (M) Sdn. Bhd.	3	Accounts payable	20,982	Same as ordinary transaction	1.34%
2	Kee Song Brothers Poultry Industries Pte. Ltd.	Meng Kee Poultry (M) Sdn. Bhd.	3	Purchase	536,880	Same as ordinary transaction	29.22%
2	Kee Song Brothers Poultry Industries Pte. Ltd.	Yong Tai Hoe (Taiwan) Co., Ltd.	3	Other payable	262	Same as ordinary transaction	0.02%
2	Kee Song Brothers Poultry Industries Pte. Ltd.	Kee Song Ocean Pte. Ltd.	3	Account receivables	114	Same as ordinary transaction	0.01%
2	Kee Song Brothers Poultry Industries Pte. Ltd.	Kee Song Ocean Pte. Ltd.	3	Other receivable	366	Same as ordinary transaction	0.02%
2	Kee Song Brothers Poultry Industries Pte. Ltd.	Kee Song Ocean Pte. Ltd.	3	Accounts payable	458	Same as ordinary transaction	0.03%
2	Kee Song Brothers Poultry Industries Pte. Ltd.	Kee Song Ocean Pte. Ltd.	3	Guarantee deposit	302	Same as ordinary transaction	0.02%
2	Kee Song Brothers Poultry Industries Pte. Ltd.	Kee Song Ocean Pte. Ltd.	3	Purchase	631	Same as ordinary transaction	0.03%
2	Kee Song Brothers Poultry Industries Pte. Ltd.	Kee Song Ocean Pte. Ltd.	3	Rental income	601	Same as ordinary transaction	0.03%
2	Kee Song Brothers Poultry Industries Pte. Ltd.	Kee Song Ocean Pte. Ltd.	3	Sales	721	Same as ordinary transaction	0.04%
3	Meng Kee Poultry (M) Sdn. Bhd.	Meng Woon Holdings (M) Sdn. Bhd.	3	Refundable deposit	115	Same as ordinary transaction	0.01%
3	Meng Kee Poultry (M) Sdn. Bhd.	Meng Woon Holdings (M) Sdn. Bhd.	3	Rental expense	122	Same as ordinary transaction	0.01%
3	Meng Kee Poultry (M) Sdn. Bhd.	Lucky Poultry (M) Sdn. Bhd.	3	Accounts receivable	33,295	Same as ordinary transaction	2.13%
3	Meng Kee Poultry (M) Sdn. Bhd.	Lucky Poultry (M) Sdn. Bhd.	3	Sales	61,978	Same as ordinary transaction	3.37%
3	Meng Kee Poultry (M) Sdn. Bhd.	Lucky Poultry (M) Sdn. Bhd.	3	Rental expense	2,073	Same as ordinary transaction	0.11%
3	Meng Kee Poultry (M) Sdn. Bhd.	Kee Song Natural Foods (M) Sdn. Bhd.	3	Other receivables	468	Same as ordinary transaction	0.03%
3	Meng Kee Poultry (M) Sdn. Bhd.	Kee Song Agriculture (M) Sdn. Bhd.	3	Account receivables	215	Same as ordinary transaction	0.01%
3	Meng Kee Poultry (M) Sdn. Bhd.	Kee Song Agriculture (M) Sdn. Bhd.	3	Other receivables	212	Same as ordinary transaction	0.01%
3	Meng Kee Poultry (M) Sdn. Bhd.	Kee Song Agriculture (M) Sdn. Bhd.	3	Administrative expenses	163	Same as ordinary transaction	0.01%
3	Meng Kee Poultry (M) Sdn. Bhd.	Kee Song Agriculture (M) Sdn. Bhd.	3	Sales	229	Same as ordinary transaction	0.01%
3	Kee Song Bio Tech Holdings Limited and its subsidiaries	Kee Song Realty (M) Sdn. Bhd.	3	Other receivables	59,682	Same as ordinary transaction	3.82%

Note 1: Kee Song Bio-Technology Holdings Limited and its subsidiaries are coded as follows:

1. Kee Song Bio-Technology Holdings Limited is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end. For profit or loss items, cumulative balances are used as basis.

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Attachment 2: Loan to others

No. (Note 1)	Lender	Borrower	Account (Note 2)	Related party	Max. balance for the period	Ending Balance (With Board's approval)	Actual Ending balance	Interest rate (%)	Nature of transaction (Note 3)	Business transaction - Sales (Purchase)	Reason of short term borrowing	Provision for doubtful debts	Collateral		Loan limit for respective party (note 4)	Total of loan limit (note 4)
													Name	Amount		
0	Kee Song Bio-Technology Holdings Limited	Kee Song Brothers Poultry Industries Pte. Ltd.	Other receivables	Yes	\$'000 \$232,585 (SGD 10,000)	\$'000 \$232,585 (SGD 10,000)	\$'000 \$232,585 (SGD 10,000)	-	2	\$-	Working Capital	\$-	-	\$'000 \$732,418	\$'000 \$732,418	
1	Kee Song Holdings Pte. Ltd.	Meng Kee Poultry (M) Sdn. Bhd.	Other receivables	Yes	45,819 (SGD 1,970)	- (SGD -)	- (SGD -)	-	2	-	Working Capital	-	-	732,418	732,418	
1	Kee Song Holdings Pte. Ltd.	Yong Tai Hoe (Taiwan) Co., Ltd.	Other receivables	Yes	7,908 (SGD 340)	7,908 (SGD 340)	7,908 (SGD 340)	-	2	-	Working Capital	-	-	732,418	732,418	
1	Kee Song Holdings Pte. Ltd.	Kee Song Bio-Technology Holdings Limited	Other receivables	Yes	4,884 (SGD 210)	- (SGD -)	- (SGD -)	-	2	-	Working Capital	-	-	732,418	732,418	
1	Kee Song Holdings Pte. Ltd.	Kee Song Ocean Pte. Ltd.	Other receivables	Yes	29,073 (SGD 1,250)	23,259 (SGD 1,000)	23,259 (SGD 1,000)	5.25%	2	-	Working Capital	-	-	292,967	732,418	
1	Kee Song Holdings Pte. Ltd.	Kee Song Agriculture (M) Sdn. Bhd.	Other receivables	Yes	84,421 (MYR 11,019)	84,421 (MYR 11,019)	84,421 (MYR 11,019)	5.00%	2	-	Working Capital	-	-	292,967	732,418	
1	Kee Song Holdings Pte. Ltd.	YKH Holdings (M) Sdn. Bhd.	Other receivables	Yes	2,413 (MYR 315)	2,413 (MYR 315)	2,413 (MYR 315)	-	2	-	Working Capital	-	-	732,418	732,418	
2	Kee Song Brothers Poultry Industries Pte. Ltd.	Kee Song Ocean Pte. Ltd.	Other receivables	Yes	5,815 (SGD 250)	- (SGD -)	- (SGD -)	2.65%- 5.25%	2	-	Working Capital	-	-	292,967	732,418	

Note 1: Number are coded as follows:

1. Kee Song Bio-Technology Holdings Limited is coded "0".

2. Investee companies are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of transactions are categorized as follows:

- (1) Receivables from related companies
- (2) Receivables from related parties
- (3) Contracts with Shareholders
- (4) Prepayment
- (5) Payment on behalf
- (6) Etc

Note 3: Method to fill in the Nature of Transaction:

(1) with those who have business dealings are coded "1"

(2) with those who have short term loan borrowing are coded "2"

Note 4: According to Procedures for Lending Fund to Other Parties of the Company, the accumulated balance of loan lent by the Company and its subsidiaries or the amount of loan lent to any individual entity shall not exceed the net worth of the Company. The party to whom the Company and subsidiaries may lend its funds shall be limited to companies in which the Group directly or indirectly holds more than 50% of the voting shares.

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Attachment 3: Endorsement/Guarantee provided to others

No. (Note 1)	Endorsor/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party \$'000	Maximum balance for the period \$'000	Ending balance \$'000	Amount used \$'000	Amount of collateral \$'000	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount (Note3) \$'000	Endorsement/ guarantee from the parent to subsidiaries	Endorsement/ guarantee from subsidiaries to the parent	Endorsement/ guarantee to Mainland China
		Company name	Relationship (Note 2)										
1	Kee Song Holdings Pte. Ltd.	Kee Song Brothers Poultry Industries Pte. Ltd.	1	\$1,464,836	\$352,465 (SGD 15,154)	\$352,465 (SGD 15,154)	\$87,635 (SGD 3,768)	\$-	48.12%	\$1,464,836	N	N	N
1	Kee Song Holdings Pte. Ltd.	Meng Kee Poultry (M) Sdn. Bhd.	1	1,464,836	96,173 (MYR 12,553)	96,173 (MYR 12,553)	12,329 (MYR 1,609)	-	13.13%	1,464,836	N	N	N
1	Kee Song Holdings Pte. Ltd.	Lucky Poultry (M) Sdn. Bhd.	2	1,464,836	65,964 (MYR 8,610)	65,964 (MYR 8,610)	22,517 (MYR 2,939)	-	9.01%	1,464,836	N	N	N
2	Meng Kee Poultry (M) Sdn. Bhd.	Lucky Poultry (M) Sdn. Bhd.	1	1,464,836	996 (MYR 130)	996 (MYR 130)	890 (MYR 116)	-	0.14%	1,464,836	N	N	N

Note 1: Kee Song Bio-Technology Holdings Limited and its subsidiaries are coded as follows:

1. Kee Song Bio-Technology Holdings Limited is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

- (1) Direct holding of the subsidiaries' common stocks for more than 50%.
- (2) Sum of direct holding of the subsidiaries' common stocks through the Company and its subsidiaries for more than 50%.
- (3) Direct and indirect holding of the subsidiaries' common stocks through the Company and its subsidiaries for more than 50%.

Note 3: The maximum balance of endorsement/ guarantee in total and to individual company cannot exceeded of 200% of the Company's net assets.

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Attachment 4: Acquisition of immovable assets exceeds NTD 300 million or 20 percent of paid-in capital

Acquired Company	Name	Date	Amount	Payment term	Object	Nature of relationship	Object as related parties, transfer prior date			Reference amount	Purpose	Note
							Owner	Nature of relation	Date			
Kee Song Realty (M) Sdn. Bhd.	Land	27 April 2015	\$'000 MYR 7,000 (NT\$66,580)	As contract listed	Jendela Bahagia Sdn. Bhd.	No	-	-	-	Bargaining	Due to operation	No
Kee Song Agriculture (M) Sdn. Bhd.	Building	27 April 2015	MYR 26,331 (NT\$225,048)	As contract listed	Jendela Bahagia Sdn. Bhd.	No	-	-	-	Bargaining	Due to operation	No

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Attachment 5: Purchases or sales of goods from or to related parties exceeds NTD 100 million or 20 percent of paid-in capital.

The name of the company	Name of counterparty	Relationship	Transaction				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchase (Sales)	Amount	percentage of total purchase (sales)%	Term	Onit price	Term	Balance	Percentage of total receivables (payable)%	
Kee Song Brothers Poultry Industries Pte. Ltd.	Meng Kee Poultry (M) Sdn. Bhd.	Related parties	Purchase	\$'000 \$536,880	70%	30 days	-	-	\$'000 \$(20,982)	36%	

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Attachment 6: Names, locations and related information of investee companies

Investor	Investee company	Location	Main businesses	Initial investment		Investment as of 31 December 2014			Net income of investee company	Investment income recognized	Note
				Ending balance	Beginning balance	Shares	Percentage of ownership	Book value			
Kee Song Bio-Technology Holdings Limited	Kee Song Holdings Pte. Ltd.	Singapore	Investment holding	\$'000	\$'000	7,519,061	100%	\$'000	\$'000		
				\$177,985 (SGD 7,519)	\$177,985 (SGD 7,519)			\$690,144	\$140,219 (SGD 6,071)		
Kee Song Holdings Pte. Ltd.	Kee Song Brothers Poultry Industries Pte. Ltd.	Singapore	Slaughtering & poultry distribution	35,374 (SGD 1,500)	35,374 (SGD 1,500)	1,500,000	100%	320,610 (SGD 13,785)	126,883 (SGD 5,493)		
Meng Kee Poultry (M) Sdn. Bhd.	Meng Kee Poultry (M) Sdn. Bhd.	Malaysia	Poultry farming	145,621 (MYR 15,000)	145,621 (MYR 15,000)	8,000,000	100%	142,569 (SGD 6,130)	19,041 (SGD 824)		
Yong Tai Hoe (Taiwan) Co., Ltd.	Yong Tai Hoe (Taiwan) Co., Ltd.	Taiwan	Poultry farming & distribution	6,500	6,500	650,000	100%	(424) (SGD (18))	(3,379) (SGD (146))		
Kee Song Natural Foods (M) Sdn. Bhd.	Kee Song Natural Foods (M) Sdn. Bhd.	Malaysia	Layer farming	- (MYR -)	- (MYR -)	2	100%	(104) (SGD (4))	(55) (SGD (2))		
Kee Song Agriculture (M) Sdn. Bhd.	Kee Song Agriculture (M) Sdn. Bhd.	Malaysia	Poultry farming & distribution	108,778 (MYR 12,600)	- (MYR -)	12,600,000	70%	98,513 (SGD 4,236)	3,012 (SGD 130)	2,108 (SGD 91)	
YKH Holdings (M) Sdn. Bhd.	YKH Holdings (M) Sdn. Bhd.	Malaysia	Investment holding	- (MYR -)	- (MYR -)	2	100%	(76) (SGD (3))	(81) (SGD (3))		
Kee Song Realty (M) Sdn. Bhd.	Kee Song Realty (M) Sdn. Bhd.	Malaysia	Property investment	6,261 (MYR 735)	- (MYR -)	735,000	49%	5,575 (SGD 240)	(121) (SGD (5))	(59) (SGD (3))	
Kee Song Ocean Pte. Ltd.	Kee Song Ocean Pte. Ltd.	Singapore	Processing and marketing of seafood products	1,365 (SGD 60)	- (SGD -)	60,000	60%	(3,342) (SGD (144))	(7,841) (SGD (339))	(4,704) (SGD (204))	
Meng Kee Poultry (M) Sdn. Bhd.	Lucky Poultry (M) Sdn. Bhd.	Malaysia	Processing & poultry distribution	60,976 (MYR 6,250)	60,976 (MYR 6,250)	4,000,000	100%	20,880 (MYR 2,725)	(3,192) (MYR (391))	(3,192) (MYR (391))	
Meng Woon Holdings (M) Sdn. Bhd.	Meng Woon Holdings (M) Sdn. Bhd.	Malaysia	Property investment	5,949 (MYR 616)	5,949 (MYR 616)	616,000	100%	5,409 (MYR 706)	138 (MYR 17)	138 (MYR 17)	
Kee Song Jaya Feedmills (M) Sdn. Bhd.	Kee Song Jaya Feedmills (M) Sdn. Bhd.	Malaysia	Manufacturing of poultry feedproducts	28,219 (MYR 3,000)	28,219 (MYR 3,000)	3,000,000	100%	22,815 (MYR 2,978)	(10) (MYR (1))	(10) (MYR (1))	
YKH Holdings (M) Sdn. Bhd.	Kee Song Realty (M) Sdn. Bhd.	Malaysia	Property investment	2,683 (MYR 315)	- (MYR -)	315,000	21%	2,389 (MYR 312)	(121) (MYR (14))	(25) (MYR (3))	

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Attachment 7: Long-term debts

Long-term debts as at 31 December 2015

Lenders	\$'000	Interest Rate (%)	Maturity date and terms of repayment	Note
Mortgage loan (DBS Bank, RHB Bank, Am Bank and UOB Bank)	\$98,900	1.98%-7.60%	Repayable monthly from 13 May 2010 to 5 March 2034 and interest is paid monthly.	
Financial leases	<u>19,782</u>	2.47%-8.13%	Repayable monthly from 27 February 2011 to 29 October 2020 and interest is paid monthly.	
Subtotal	118,682			
Less: long-term debt due in one year	<u>(24,890)</u>			
Total	<u>\$93,792</u>			

Long-term debts as at 31 December 2014

Lenders	\$'000	Interest Rate (%)	Maturity date and terms of repayment	Note
Mortgage loan (DBS Bank, RHB Bank, Am Bank and UOB Bank)	\$99,426	1.45%-7.35%	Repayable monthly from 13 May 2010 to 5 March 2034 and interest is paid monthly.	
Financial leases	<u>13,069</u>	3.63%-7.50%	Repayable monthly from 27 February 2011 to 14 January 2019 and interest is paid monthly.	
Subtotal	112,495			
Less: long-term debt due in one year	<u>(19,710)</u>			
Total	<u>\$92,785</u>			