STOCK CODE: 1258

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED

Annual Report 2018

PRINTED ON MAY 9, 2019

Kee Song Bio-Technology Holdings Limited annual report is available at：

http://mops.twse.com.tw

1. NAME, TITLE, TELEPHONE NUMBER AND EMAIL ADDRESS OF THE SPOKESPERSON AND DEPUTY SPOKESPERSON OF THE COMPANY

SPOKESPERSON: ONG KIAN SAN / GENERAL MANAGER
DEPUTY SPOKESPERSON: YOU ZHI ZONG / AUDIT MANAGER
Tel：+886 2 2518-4933
Email：investor@keesong.com

2. ADDRESSES AND TELEPHONE NUMBERS OF THE HEAD OFFICE, BRANCH OFFICES AND FACTORY:

(1) Company Name：Kee Song Bio-Technology Holdings Limited
("Kee Song Holdings" or the "Company")
Registered address: 190 Elgin Avenue, George Town, Grand Cayman KY1-9007, Cayman Islands
Tel：+65 6289-4933

(2) Main operating companies

Name：Kee Song Food Corporation (S) Pte. Ltd.（"KSFC"）
"Change of name from Kee Song Brothers Poultry Industries Pte. Ltd.（"KSB"）"
Add：No. 26 Senoko Way Singapore 758048
Tel：+65 6289-4933

Name：Meng Kee Poultry (M) Sdn. Bhd.（"MKP"）
Add：No.18A, Jalan Sutera, Taman Sutera, 83700 Yong Peng, Johor, Malaysia
Tel：+60 468-1325

Name: Yong Tai Hoe (Taiwan) Co., Ltd.（"YTH"）
8th Floor, 51 Songjiang Road, Taipei City
Tel：+886 2518-4933

Name：Kee Song Natural Foods (M) Sdn. Bhd.（"KSNF"）
Add：31-04 level 31, Menara Landmark, No 12 Jalan Ngee Heng, 80000 Johor Bahru, Malaysia
Tel：+60 7 468-1325

Name：Kee Song Agriculture (M) Sdn Bhd（"KSA"）
Add：No. 7, Jalan S 2/B 15 Centrio Seremban 2 70300 Seremban Negeri Sembilan, Malaysia
Tel：+60 6 601-9000

Name：Kee Song Realty (M) Sdn Bhd（"KSR"）
Add：No. 7, Jalan S 2/B 15 Centrio Seremban 2 70300 Seremban Negeri Sembilan, Malaysia
Tel：+60 6 601-9000

Name：Kee Song Ocean Pte. Ltd.（"KSO"）
Add：No. 26 Senoko Way Singapore 758048
Tel：+65 6289-4933

Name：Celsius Link International Pte. Lhd.（"CLI"）
Add：No. 26 Senoko Way Singapore 758048
Tel：+65 6289-4933

Name：Katong Satay Singapore Pte. Ltd.（"KSS"）
Add：3020 UBI AVENUE 2 #03-101 KAMPONG UBI INDUSTRIAL ESTATE SINGAPORE (408896)

Tel：+65 6842-1112

Name：BBQ House Singapore Pte. Ltd.（“BBQ”）
Add：3017 BEDOK NORTH STREET 5 #03-28 GOURMET EAST KITCHEN SINGAPORE (486121)

Tel：+65 6842-1112

Name：Lucky Poultry (M) Sdn. Bhd.（“LKP”）
Add：No.19, Jalan Industri 8, Taman Perindustrian Pekan Nenas, 81500 Pekan Nenas, Johor, Malaysia
Tel：+60 7 699-3167

Name：Meng Woon Holdings (M) Sdn. Bhd.（“MW”）
Add：No.18A, Jalan Sutera, Taman Sutera, 83700 Yong Peng, Johor, Malaysia
Tel：+60 7 468-1325

Name：Kee Song Jaya Feedmill (M) Sdn. Bhd.（“KSJ”）
Add：No.18A, Jalan Sutera, Taman Sutera, 83700 Yong Peng, Johor, Malaysia
Tel：+60 7 468-1325

Name：YKH Holdings (M) Sdn. Bhd.
Add：31-04 level 31, Menara Landmark, No 12 Jalan Ngee Heng, 80000 Johor Bahru, Malaysia
Tel：+60 7 468-1325

(3)Subsidiary
Name：Kee Song Holdings Pte. Ltd.
Add：No. 26 Senoko Way Singapore 758048
Tel：+65 6289-4933

(4)Taipei Office:
8th Floor, 51 Songjiang Road, Taipei City
Tel：+886 2 2518-4933

3. NAME, ADDRESS, WEBSITE AND TELEPHONE NUMBER OF THE STOCK TRANSFER AGENCY

NAME: TRANSFER AGENCY SERVICE DEPARTMENT OF CTBC BANK
ADD: 3RD FLOOR, NO. 83, SECTION 1, CHONGQING SOUTH ROAD, ZHONGZHENG DISTRICT, TAIPEI CITY
WEBSITE：https://ecorp.chinatrust.com.tw
TEL：+886 2 6636-5566

4. NAME OF THE CPAS, NAME, ADDRESS, WEBSITE AND TELEPHONE NUMBER OF THE CPA FIRM CERTIFYING THE LATEST FINANCIAL STATEMENTS

NAMES OF CPAS: GONG ZE LI, LI DONG FENG
NAME OF CPA FIRM: DELOITTE
ADDRESS: 20F, NO. 100, SONGREN RD., XINYI DIST., TAIPEI, 11073, TAIWAN
WEBSITE: www.deloitte.com/tw
TEL：+886 2 2725-9988

5. LIST OF BOARD OF DIRECTORS:

TITLE	NAME	NATIONALITY	PRINCIPAL WORK EXPERIENCE AND ACADEMIC QUALIFICATION
Chairman	Ong Kee Song	SINGAPORE	• Singapore-Cambridge General Certificate of Education • Chairman cum R&D supervisor of Kee Song Group
Director	Ong Kian San	SINGAPORE	• Singapore-Cambridge General Certificate of Education • General Manager of Kee Song Group
Director	Ong Yong Xian	SINGAPORE	• Singapore-Cambridge General Certificate of Education, Certificate in Business Accounting of LCCI • Director cum Sales and Marketing Supervisor of Kee Song Group
Director	Ng Yan Huay	SINGAPORE	• Justices of The Peace • Bachelor of Commerce, Nanyang Technological University • Permanent Honorary President of Singapore Food Manufacturers' Association • Director of Niaga Shipping & Trading Pte. Ltd. • Director of Indocater (S) Pte. Ltd. • Director cum General Manager of Food Corporation (Marketing) Pte. Ltd.
Independent Director	Ng Boon Yew	SINGAPORE	• The qualified accountant of Singapore and England • Senior CPA of KPMG Singapore • Chief Financial Officer and Advisor of Singapore Technologies Group • Chairman of Raffles Campus Pte. Ltd. • Chairman of Excelsior Education Management Sdn. Bhd. • Chairman of Singapore O&G Ltd.
Independent Director	Koh Seng Choon	SINGAPORE	• Bachelor of Engineering, The University of Sheffield , UK • Master of Science degree, The Cranfield Institute of Technology, UK • Senior Manager of Coopers & Lybrand Management Consultancy Pte. Ltd. • Executive Director of Restaurant Association of Singapore • Executive Director of Project Dignity • Management Consultant of Christopher Benjamin Consultancy Services • Visiting Professor of S P Jain Center of Management

TITLE	NAME	NATIONALITY	PRINCIPAL WORK EXPERIENCE AND ACADEMIC QUALIFICATION
Independent Director	Wen Xian-Tsai	REPUBLIC OF CHINA	• Graduated from Doctoral Class of Materials Engineering, Cincinnati University, Ohio, USA • Chairman of You Xu International Corporation • Chairman of You Qing Consultancy Corporation • Chairman of Hui Yang Entrepreneurship Investment Corporation • Associate Professor of Department of Public Administration and Policy National Taipei University • Vice Chairman of EnTie Commercial Bank • Director of Tiga Gaming Inc. • Managing Director of Chinese Youth International • Director of Mitagri Inc. • Director of OSIM International Limited

6. DESIGNATED AGENT IN TAIWAN

NAME: YING JIE-CHEN / FINANCE MANAGER

Tel：+886 2 2518-4933

Email：investor@keesong.com

7. VENUE FOR TRADING THE COMPANY’S LISTED OVERSEAS SECURITIES AND INQUIRY METHOD FOR SUCH OVERSEAS SECURITIES: NIL.

8. COMPANY WEBSITE: http://keesongbiotech.com/

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I. Letter to Shareholders

Overview of Business Report 2018

Dear Shareholders,

We are sincerely grateful to all of shareholders for taking time out of your busy schedule to attend 2019 shareholders' meeting of the Company.

Kee Song Group has become an international food group that spans Singapore, Malaysia, Hong Kong and Taiwan from a small factory in Singapore since its establishment in 1987 after over 20 years of hard work and innovation. We are fully aware of the importance of food safety, hence, we adhere to the business philosophy and objective of “healthy food, healthy living”, by continuing to develop and innovate. Since 2005, we have successively developed products such as Cherry Blossom Chicken, Imperial Cordyceps Chicken, Kee Song Carogold Chicken, etc. They are not only awarded with Singapore Prestige Brand Award, Creative and Excellence Award, etc., but they are consumers’ favorite products too. We will continue to adhere to the business philosophy, provide quality and healthy products in order to increase the Company’s profitability and strive for growth.

Operation Review of 2018

The consolidated revenue of 2018 was NT$ 2,835 million, the net loss after tax was NT$ 149 million, and the net loss after tax per share was NT $4.05. There was a slight 14.27% increase in 2018 annual revenue as compared with 2017, however, no profit was mainly due to the one-time penalty of Competition and Consumer Commission of Singapore was recognized, and the losses were attributable to multiple factors such as the price fluctuation of broilers, the price increase of feeds, and the relocation costs of the two new factories in Singapore and Malaysia, outsourcing chicken support needed due to the shortage of production capacity during the transition period of the new plant expansion, etc.

The Group has successively invested NT$ 215 million in 2016 and 2017 to build a new broiler farm with 9.7-hectare in South Malaysia and NT$ 550 million to build a meat processing plant in Singapore. A total of NT$ 765 million was spent for the operational expansion and in respond to gradual extension of the market scale in Malaysia. The annual production capacity of farming in batches in its new broiler farm in South Malaysia up to 3.6 million broilers. It is expected that the benefits of production capacity can be seen in the second quarter of 2019, which will cope with the demand of peak season in 2019. The export permit for the new broiler farm has been examined and approved by the Malaysian government, and can file for an import license with the Agri-Food and Veterinary Authority (AVA) of Singapore once the official document is issued. The broiler raised in Malaysia will be exported to the new meat processing plant in Singapore for cutting, processing and sales in future, which will effectively enhance the profitability, and enter a new operational growth period.

In addition committed in its patented technology of “lactic acid bacteria” and “non-toxic ecosphere” to raise non-toxic and nutritious chickens, the Company has made a lot of efforts in vertical integration and expansion of production capacity in recent years in order to pursue greater driving force in operations. The vertical integrated broiler breeding supply chain plan initiated by the Company in 2015 not only effectively improved the breeding efficiency and expanded revenue, but also operated stably in the Singapore market, remain ranked in the top three positions in Singapore.

The vertical integration plan for breeder chicken farms in Malaysia, in addition to beneficial to the Company’s revenue growth and expansion of the Malaysian market, it also can stabilize the chick's purchase price and control costs, and has a better grasp of the quality of the chicks in order to increase the breeding rate of chicken. The Group has continued committed to improve the overall profitability, with specific approaches include: adjusting the feed formula and optimizing the breeding environment, and adjusting the time of breeder replacement in a timely manner to match the price fluctuation of chicken in order to improve the breeding rate, egg production rate and hatching rate. While for the meat processing, the Group has continued to increase the efficiency of the in-plant automated processing system.

Future business and development strategy

The Group has the niche brand chickens raised by the “Lactic Acid Bacteria Advanced Technology”, and its own major three brands include “Cherry Blossom Chicken”, “Imperial Cordyceps Chicken”, and Kee Song Carogold Chicken”. The Group will continue to promote non-toxic brand chickens without antibiotics to Asian market. In the future, it is plan to expand the application of lactic acid bacteria technology to vegetables, from the breeding of chickens, composting, and vegetables plantation to develop a real eco-friendly biosphere.

Looking forward to 2019, the Group adopts a prudent and positive approach, especially the gradual increase of sales in the regions of Malaysian, as well as rising of revenue in parallel. Recently, the Group focuses in the production line and breeding rate adjustment of the new broiler farm in South Malaysia and the new meat processing plant in Singapore. It is expected that the benefits of production capacity shall be seen in the second quarter, which can cope with the demand of peak season of this year, and it is beneficial to the stable growth of the Company’s operations of this year.

There are 63% of the world’s Muslim population living in the Asia-Pacific region, in which Malaysia and Indonesia accounting for more than 60%. The “2017/18 Global Islamic Economy Report” demonstrated that it is estimated that the global Muslim market will reach 3 trillion US dollars by 2022. The halal industry in Malaysia has been leading the world’s Muslims for five consecutive years, therefore, the Group is actively developing Malaysia, as the rapid increase in participation in Muslim consumption has brought enormous business opportunities in the chicken market.

With the trend of consumption habit in food is shifting towards high quality, exquisite and small packaging, the Group's meat processing plant in Singapore has been completed, including the first cutting production line, the second cutting production line, automated conveyor systems and vacuum thermoplastic packaging lines, etc. also acquired the license of AVA of Singapore and Halal certification. In order to gain new markets, at present, there are many multinational chain catering brands and channel operators have been inspecting factories one after another. The multinational chain brands are demanding in terms of chicken breeding process, meat quality and cutting process. The certification operation is complex and time-consuming, however, once it is passed, it will become a new growth momentum to drive the growth in the Company's future operations.

The Company further stated that the world is giving increasing emphasis to food safety, and Kee Song brand chickens are featured with safe farming and non-toxic chicken without antibiotic, which is the best interest of consumers who pursue of health and environmental protection. In recent years, the Company has carried out vertical integration of upstream and downstream, expanded the scale of farming, and invested and developed an automated cutting and processing plant, in order to secure a firm footing in the Singaporean market, expand the market share of Malaysia, and gradual expand into the Asian market in the future.

Looking forward, the Group will continue to be committed to the vertical operational integration and promotion of horizontal market scale after gone through the difficult transition period of plant expansion. Driven by the production capacity of the broiler farm in South Malaysia and the processing plant in Singapore, the operation is expected to become better, and move one big stride forward towards a new milestone.

Regardless of past, present or future, the Group will continue to provide products that are non-toxic, safe, nutritious and delicious, and actively promote the ecological breeding methods for environmental protection, which not only provide healthy food ingredients, but makes efforts for environmental protection, fully materialize business philosophy of the Group. The employees of the Group discharge their responsibility towards Mother Earth, society, future generations, and others, irrespective of their country or position.

Sustainable management, strive for innovation, keep abreast of the times, restore a new height!

Finally, we wish you all good health and happiness.

Chairman: Ong Kee Song

General Manager: Ong Kian San

Accounting Supervisor: Koh IngChin

II. Company Profile

I. Introduction of the Company and the Group

(1) Establishment date and introduction of the Group

Kee Song Bio-Technology Holdings Limited was established in the British Cayman Islands on May 11, 2010 (“Cayman Islands”), and completed its share right restructuring on September 18, 2010. After the restructuring, the Company became the holding company of Kee Song Holdings Pte. Ltd., which has a direct and indirect shareholding of its subsidiary through KSH. The operating entities of the Group are mainly engaged in the business of chicken raising, hatching, brooding and selling of chicks, and sales of crow-pheasants, chicken processing and selling, sales of frozen meat, vegetables, eggs and prepared foods, etc. Since its establishment in 1987, the Group has deeply cultivated the local chicken meat market in Singapore, and committed to provide the best quality chicken products to consumers. Over the years of its operation, the Group has developed its customers from the busy traditional market, comfortable supermarkets to the high end restaurants and hotels. In pursuit of higher quality chicken products and new trends in technology and environmental protection, the Group has collaborated with prestigious universities and research institutes in Japan in 2005 by adding lactic acid bacteria which produced by advanced technology to the chicken feed to replace antibiotics and growth hormones and successfully launched the brand of Cherry Blossom Chicken, and it was awarded with the Creative and Excellence Award by Singapore Institute of Food Science & Technology. Subsequently, the cordycepin is added into the chicken feed and successfully breeding the Imperial Cordyceps Chicken with high nutritional value in 2009, which is specially used in nourishing stews, and it was also honored with the “BEST OF THE BEST” by Parents World of Singapore. In addition, “Kee Song Carogold Chicken” was launched in 2013, which low in fat and cholesterol as its feed is added with natural carotene and lactic acid bacteria and lactic acid bacteria and natural nutrient feed are used to replace antibiotics and chemicals. It provides consumers with a variety of product choices.

The vertical integrated supply chain of the chicks enable the Group to improve the breeding rate of chickens. The farm adopted automated feed distribution equipment, automated temperature control facilities, and dedicated management and care, and also broadcasts Mozart music at fixed time all day long to provide a hygienic and comfortable environment for chickens. It also integrated with antibiotic-free breeding systems certified by ISO9001:2008, which lactic acid bacteria is used to replace antibiotics for chicken raising to ensure the chickens of Kee Song brand are antibiotic-free. The most natural, environmentally friendly and humane breeding methods , and stringent product and hygiene quality control are adopted to provide consumers with the most secure and safe food, taking into account the three major elements of health, nutrition and delicious.

In the future, the application of lactic acid bacteria technology will be extended to vegetables, the composting of chicken feces without antibiotic residues will be used for vegetables plantation.

In addition to provide safe food for consumers, it also protects the soil and water sources from antibiotic contamination, and truly achieves a healthy and contamination-free eco-friendly biosphere. "Healthy Food, Healthy Living" is the long-term business philosophy of the Group. In addition to be committed to the development of non-toxic healthy foods, the Group is actively promotes a contamination-free environment, to discharge its social responsibility against excessive environmental damage by mankind.

(2) A brief history of the Company and the Group

Year	Important events of the history of the Company and the Group
1987	• KSFC (formerly known as KSB) was established in Singapore
1989	• Passed the certification of Majlis Ugama Islam Singapore (MUIS)
1991	• Became the first automated chicken processing system company in Singapore
1992	• Has started to set up a chicken farm in Malaysia, subsequently, LKP and MKP were established respectively, and continue to expand the scale of the farm. It became the first Singaporean company to set up a farm in Malaysia.
1999	• KSFC (formerly known as KSB) became the first chicken processing plant in Singapore which passed the ISO certification
2002	• KSFC (formerly known as KSB) chicken processing plant has acquired ISO9001:2000 and HACCP certification
2003	• MKP has set up modern automated closed chicken farm
2005	• Collaborated with university professors and their research institutes to develop lactic acid bacteria produced by advanced technology, and added to chicken feed and launched the brand of Cherry Blossom Chicken in 2007.
2009	• Has developed feed by adding cordycepin into the feed to raise broilers, and produce broilers with high nutritional value, and subsequently successfully launched the brand of Imperial Cordyceps Chicken to be used in nourishing stews • The Cherry Blossom Chicken of the KSFC (formerly known as KSB) was awarded with the Creative and Excellence Award by Singapore Institute of Food Science & Technology in September
2010	• Kee Song Holdings was established in Cayman Islands on May 11, and completed organizational restructuring of the Group on September 18, which is the entity for primary listings on Taiwan's TPEx

Year	Important events of the history of the Company and the Group
	• KSFC (formerly known as KSB) was awarded with Singapore Prestige Brand Award by Lianhe Zaobao and SME Unions in December
2011	• The Imperial Cordyceps Chicken of the KSFC (formerly known as KSB) was honored with the "BEST OF THE BEST" , the best confinement food ingredient by Parents World, the reputable magazine of Singapore in March • Made a public offering in Taiwan on August 17 • Listed on the TPEx and the OTC markets on August 29 • Official listed on the TPEx on December 12
2012	• The Imperial Cordyceps Chicken of the KSFC (formerly known as KSB) was honored with the "BEST OF THE BEST" , the most nutritious fresh chicken by Parents World, the reputable magazine of Singapore in March • KSJ was established in Malaysia on July 13 • YTH was established in Taiwan on October 8 • MKP was awarded with the Outstanding SMEs of Golden Bull Award in 10th Gala Dinner & Award Ceremony organized by Nanyang Siang Pau of Malaysia on November 20
2013	• The chicken processing plant in Malaysia of LKP started operation in January • Kee Song Carogold Chicken with high nutritional value is produced in Taiwan in October • KSNF was established in Malaysia on October 21 • E-commerce was introduced in Singapore in November • LKP passed the certification of Jabatan Kemajuan Islam Malaysia (JAKIM-halal) on 25 November • The Carogold Chicken was certified as "the healthiest choice" by Singapore Health Promotion Board in November • YTH held press conference on the launching of Kee Song Carogold Chicken in Taiwan on December 12
2014	• KSFC (formerly known as KSB) was awarded with Best Innovation Award of Star of Neighboring Enterprises of Singapore on 18 April • KSFC (formerly known as KSB) was awarded with ALSME Leadership Award on 23 December
2015	• Invested in KSA in Malaysia on March 13, mainly engaged in chick breeding and trading of crow-pheasants • Invested in KSR in Malaysia on April 21, mainly holding lands for business uses • Invested in KSO in Singapore on April 30, mainly engaged in the trading of seafood and fish • MKP was awarded with the Emerging Poultry Integrator Award in Livestock Asia Expo & Forum 2015 on October 9 • The Farming of Antibiotics Free Broilers of MKP was certified by ISO 9001:2008 (certification of antibiotic-free breeding systems) on October 21
2016	• LKP expanded its operation by exporting to overseas - Hong Kong in September • CLI was established in Singapore on December 23

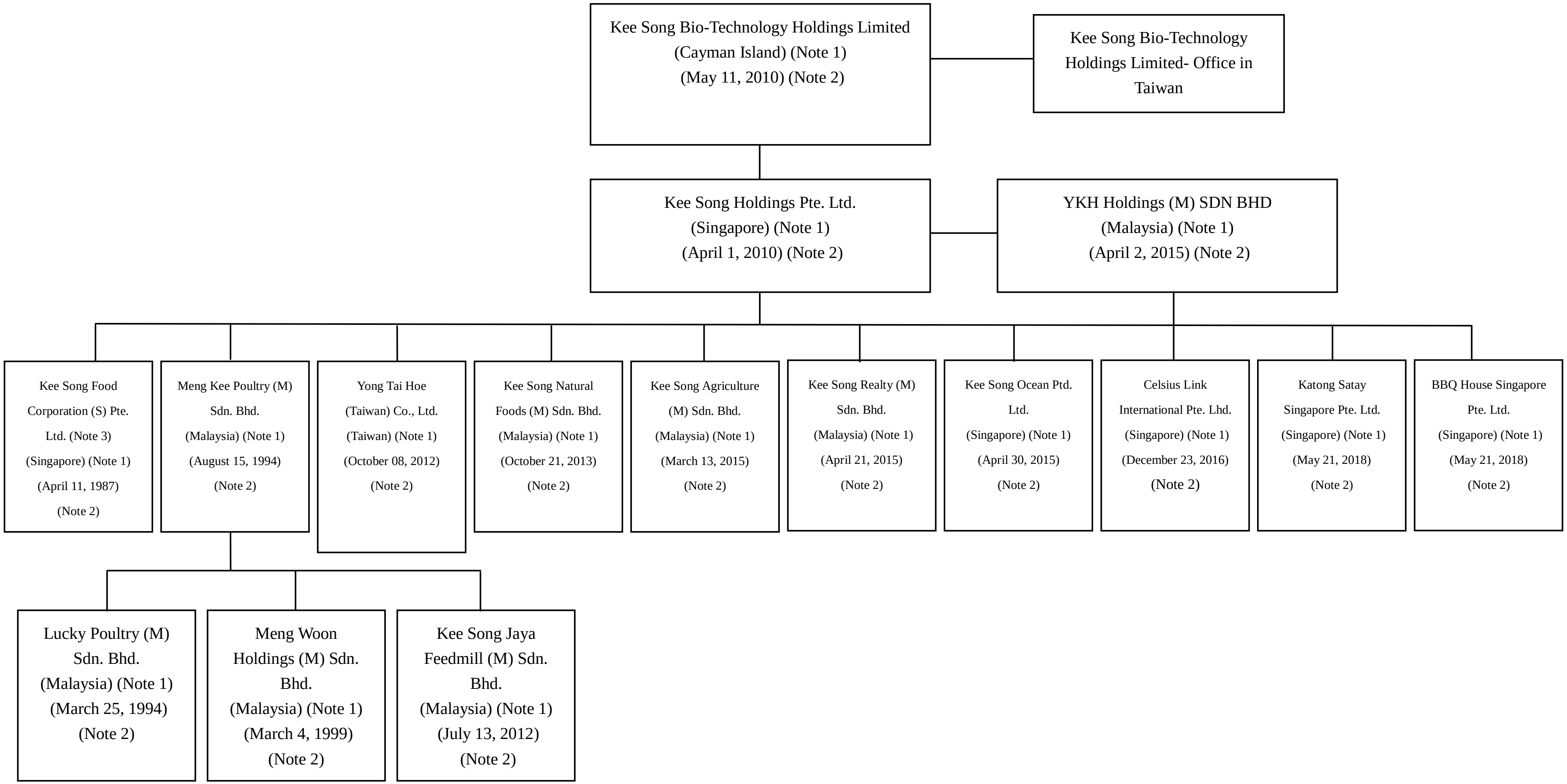
Year	Important events of the history of the Company and the Group
2017	• Kee Song Brothers Poultry Industries Pte. Ltd. ("KSB") changed its name to Kee Song Food Corporation (S) Pte. Ltd. ("KSFC") on March 3 • Became first poultry company certified by MyOrganic in Malaysia on March 17 • MKP passed the MYGAP(Malaysian Good Agricultural Practices) on March 17
2018	• Collaborated with local jerky players and launched "Organic Chicken Jerky" in Singapore on January 14 • BBQ and KSS were established in Singapore on May 21 • KSFC was moved to 26 Senoko way on July 30

(3) Effect upon the Company in the event of merger and acquisition activities; strategic investments in affiliated enterprises; corporate reorganization; instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands; any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity for the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report: None.

(4) Risk analysis

For details, please refer to the explanation of item 6 of chapter VII (Page 131)

2. Organization Structure of the Group



Note 1: Refers to the place of establishment.

Note 2: Refers to the date of establishment.

Note 3: Change of name from Kee Song Brothers Poultry Industries Pte. Ltd.（“KSB”）

As of December 31, 2018; Unit: thousand dollar; Shares

Name of affiliated enterprises	Relationship	The Company holds directly or indirectly			Shareholding of the Company		
		Shareholding Percentage	Shareholding (shares)	Investment amount (Thousand dollar) (Note)	Holding Percentage	Shareholding	Holding of Investment
KSH	Subsidiary	100%	12,519,061	SGD 12,519	—	—	—
KSFC	Second-tier subsidiary	100%	3,800,000	SGD 3,800	—	—	—
MKP	Second-tier subsidiary	100%	13,000,000	MYR 20,000	—	—	—
YTH	Second-tier subsidiary	100%	1,400,000	NTD 14,000	—	—	—
KSNF	Second-tier subsidiary	100%	2	MYR -	—	—	—
KSA	Second-tier subsidiary	70%	12,600,000	MYR 12,600	—	—	—
YKH	Second-tier subsidiary	100%	2	MYR -	—	—	—
KSR	Second-tier subsidiary	70%	1,050,000	MYR 1,050	—	—	—
KSO	Second-tier subsidiary	60%	60,000	SGD 60	—	—	—
CLI	Second-tier subsidiary	100%	500,000	SGD 500	—	—	—
KSS	Second-tier subsidiary	100%	2	SGD -	—	—	—
BBQ	Second-tier subsidiary	100%	1,050,000	SGD 1,050	—	—	—

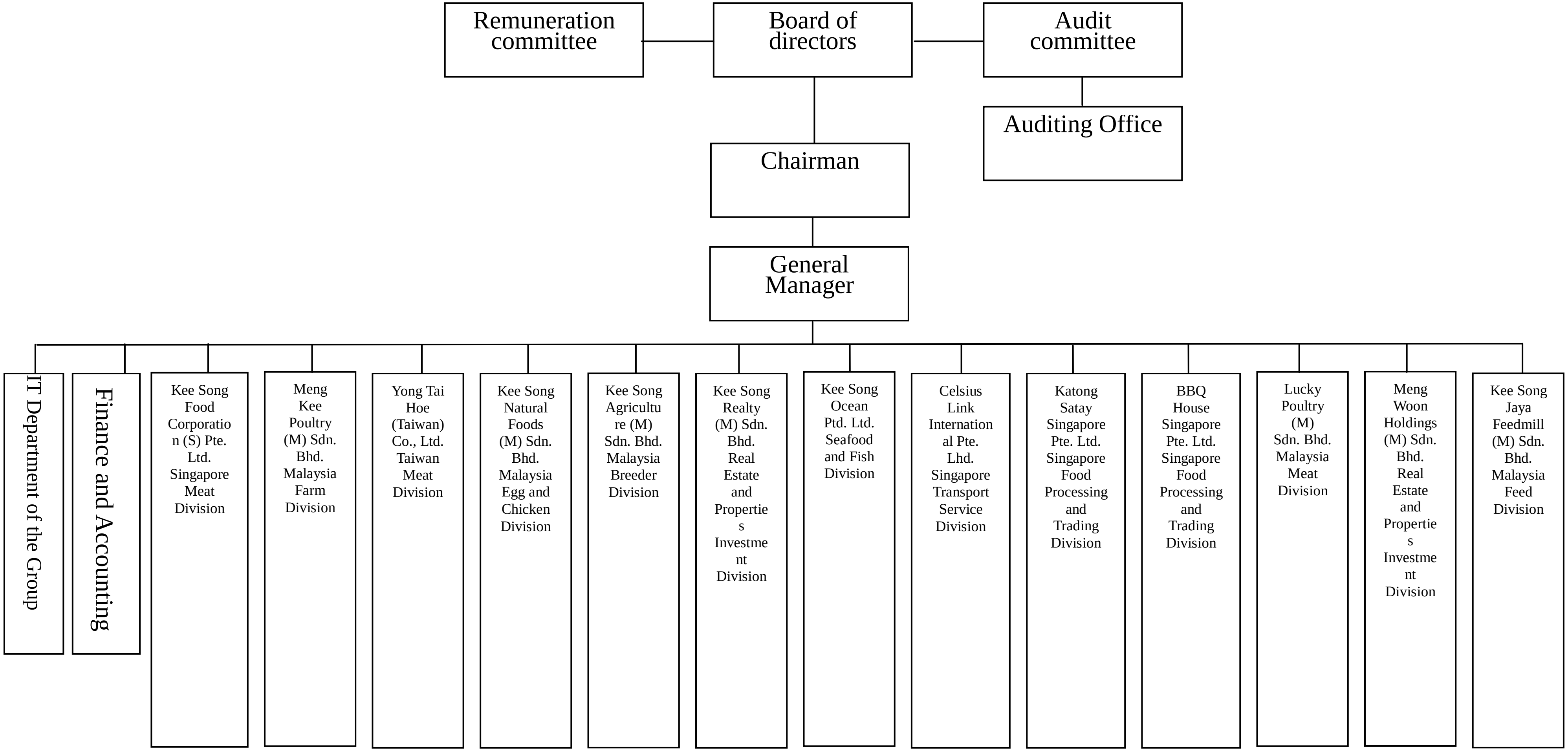
LKP	Second-tier subsidiary	100%	4,000,000	MYR 6,250	—	—	—
MW	Second-tier subsidiary	100%	616,000	MYR 616	—	—	—
KSJ	Second-tier subsidiary	100%	3,000,000	MYR 3,000	—	—	—

Note: SGD: Singapore Dollar, MYR: Malaysian ringgit, NTD: New Taiwan Dollar.

III. Corporate Governance

1. Organizational System

(1) Organizational System



(2) Responsibilities of Major Departments

Name of Department	Responsibilities
Finance and Accounting Department of the Group	Responsible for coordinating fund adjustment and financial and accounting related works within the Group, ensure the financial stability and security of the Group, improve the quality of decision-making with correct and objective financial data and management information, and strictly control the achievement of various data and budget targets.
IT Department of the Group	Responsible for coordinating the information and communication security and information maintenance of all departments and divisions within the Group to ensure the correctness and security of the various information within the Group.
Singapore Meat Division	Responsible for the meat processing and sales of meat products in Singapore, develop an operating model and set up various operational management units according to the product planning direction and operating policies of the Group in order to achieve operational and management objectives.
Malaysia Farm Division	Responsible for the farm management and chicken breeding in Malaysia, develop an operating model and set up various operational management units according to the product planning direction and operating policies of the Group in order to achieve operational and management objectives.
Taiwan Meat Division	Responsible for the chicken breeding, meat processing and sales of meat products in Taiwan, develop an operating model and set up various operational management units according to the product planning direction and operating policies of the Group in order to achieve operational and management objectives.
Malaysia Egg and Chicken Division	Responsible for the future production and sales of eggs and chickens, business expansion and strengthen diversified operations, develop an operating model and set up various operational management units according to the product planning direction and operating policies of the Group in order to achieve operational and management objectives.
Malaysia Breeder Division	Responsible for the breeder management and chicken breeding in Malaysia, hatching and brooding and trading of broilers, develop an operating model and set up various operational management units according to the product planning direction and operating policies of the Group in order to achieve operational and management objectives.
Seafood and Fish Division	Responsible for the trading of seafood and fish, develop an operating model and set up various operational management units according to the product planning direction and operating policies of the Group in order to achieve operational and management

	objectives.
Transport Service Division	Responsible for the transport service of the Group, develop an operating model and set up various operational management units according to the product planning direction and operating policies of the Group in order to achieve operational and management objectives.
Food Processing and Trading Division	Responsible for the cooked food business and strengthen online sales services in Singapore, develop an operating model and set up various operational management units according to the product planning direction and operating policies of the Group in order to achieve operational and management objectives.
Malaysia Meat Division	Responsible for the sales of meat products in Malaysia, develop an operating model and set up various operational management units according to the product planning direction and operating policies of the Group in order to achieve operational and management objectives.
Real Estate and Properties Investment Division	Lease the factory land to the Farm Division for broiler breeding according to the business strategy of the Group.
Malaysia Feed Division	Responsible for supply of feed of the Group in the future, develop an operating model and set up various operational management units according to the product planning direction and operating policies of the Group in order to achieve operational and management objectives.
Auditing Office	Responsible for auditing, maintenance, improvement tracking and recommendations of the Group's internal control system to reduce operational risks, and improve overall management efficiency within the Group.

2. Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units

(1) Information of directors and supervisors

i. Names; gender; principal work experience and academic qualifications; shareholding and nature held by directors (including independent directors)

April 19, 2019

Title Name	Gender	Nationality or Domicile	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman Ong Kee Song	Male	Singapore	2016/6/27	3 years	2010/5/11	1	100%	6,958,783	18.90%	—	—	—	—	• Singapore-Cambridge General Certificate of Education • Chairman cum R&D supervisor of Kee Song Group	• Chairman of the Company • Director of KSH, KSFC, MKP, YTH, KSNF, KSA, KSR, KSO, LKP, MW, and KSJ • Director of UDS Marketing Pte. Ltd. • Director of Otemchi Biotechnologies Pte. Ltd. • Director of Otemchi Biotechnologies (M) Sdn. Bhd. • Director of Yong Ka Hoe Investment (S) Pte Ltd • Director of Eco-Wawasan Sdn Bhd • Director of Yong Ka Hoe Resources (M) Sdn Bhd • Director of C&D International Investment Group Limited	Director of KSFC General Manager Director of subsidiary (Note 2) Procurement Manager of KCFC	Ong Yong Xian Ong Kian San Ong Kian Huat Leeu Set Yen	Brother and sister Brothers Brothers Sister-in-law

Title Name	Gender	Nationality or Domicile	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director Ong Kian San	Male	Singapore	6/27/2016	3 years	2010/5/11	—	—	4,982,085	13.53%	420,000	1.14%	—	—	• Singapore-Cambridge General Certificate of Education • General Manager of Kee Song Group	• General Manager of the Company • Director of KSH, KSFC, MKP, YTH, KSNF, KSA, KSR, KSO, CLI, LKP, MW, and KSJ • Director of Singapore Poultry Hub Ptd. Ltd. • Director of Sincere Farm Sdn. Bhd. • Director of Xiang Rong Farm (M) Sdn. Bhd. • Director of C&D International Investment Group Limited	Chairman (Note 1) Director of KCFC Director of subsidiary (Note 2) Procurement Manager of KCFC	Ong Kee Song Ong Yong Xian Ong Kian Huat Leeu Set Yen	Brothers Sister and brother Brothers Spouse
Director Ong Yong Xian	Female	Singapore	2016/6/27	3 years	2010/5/11	—	—	3,973,566	10.79%	—	—	—	—	• Singapore-Cambridge General Certificate of Education • Certificate in Business Accounting of LCCI • Accounting, Administration and Sales Supervisor of Heng Khwee Heng Poultry Factory Pte Ltd • Director cum Sales and	• Director of KSH, KSFC, YTH, KSO, CLI, KSS, and BBQ • Director of UDS Marketing Pte. Ltd. • Director of Otemchi Biotechnologies Pte. Ltd. • Director of Otemchi Biotechnologies (M) Sdn. Bhd. • Director of Yong Ka Hoe Investment (S) Pte Ltd • Director of Eco-Wawasan Sdn Bhd • Director of Yong Ka Hoe Resources (M) Sdn Bhd • Supervisor of C&D International Investment	Chairman (Note 1) General Manager Director of subsidiary (Note 2) Procurement Manager of KCFC	Ong Kee Song Ong Kian San Ong Kian Huat Leeu Set Yen	Brother and sister Sister and brother Sister and brother Sister-in-law

Title Name	Gender	Nationality or Domicile	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														Marketing Supervisor of Kee Song Group	Group Limited			
Director Ng Yan Huay	Male	Singapore	2016/6/27	3 years	2011/3/24	—	—	—	—	30,000	0.08%	—	—	• Bachelor of Commerce, Nanyang Technological University • Honorary President of Singapore Food Manufacturers' Association • Director of Niaga Shipping & Trading Pte. Ltd. • Director of Indocater (S) Pte. Ltd.	• Director cum General Manager of Food Corporation (S) Pte. Ltd. • Justices of The Peace	None	None	None

Title Name	Gender	Nationality or Domicile	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director Ng Boon Yew	Male	Singapore	2016/6/27	3 years	2011/3/24	—	—	—	—	—	—	—	—	• The qualified accountant of Singapore and England • Senior CPA of KPMG Singapore • Chief Financial Officer and Advisor of Singapore Technologies Group • Chief Executive Officer of Emaar Education LLC • Chairman of Excelsior International School	• Chairman of Raffles Campus Pte. Ltd. • Director of Bismac Consultants Pte. Ltd. • Director of Pek Tiong Seng Foundation Ltd • Independent Director, President of Audit Committee, committee member of Remuneration Committee, and President of Nominating Committee of Fischer Tech Ltd • Director of Pek Chuan Development Pte. Ltd. • Director of Raffles Campus Pte. Ltd. • Chairman of Excelsior Education Management Sdn. Bhd. • Director of Raffles Campus (Seri Alam) Sdn. Bhd. • Chairman of Singapore O&G Ltd.	None	None	None

Title Name	Gender	Nationality or Domicile	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director Koh Seng Choon	Male	Singapore	2016/6/27	3 years	2011/3/24	—	—	—	—	—	—	—	—	• Bachelor of Engineering, The University of Sheffield , UK • Master of Science degree, The Cranfield Institute of Technology, UK • Senior Manager of Coopers & Lybrand Management Consultancy Pte. Ltd. • Executive Director of Restaurant Association of Singapore	• Executive Director of Project Dignity • Management Consultant of Christopher Benjamin Consultancy Services • Visiting Professor of S P Jain Center of Management	None	None	None

Title Name	Gender	Nationality or Domicile	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director Wen Xian-Tsai	Male	Republic of China	2016/6/27	3 years	2011/3/24	—	—	—	—	—	—	—	—	• Graduated from Doctoral Class of Materials Engineering, Cincinnati University, Ohio, USA • Associate Professor of Department of Applied Chemistry, NCTU • Managing Director of the Board of EnTie Bank • Supervisor of EnTie Bank • Chief of Chemical Research Unit of Industrial Technology Research Institute • Managing Supervisor of Eastasia Trusted Corporation	• Vice Chairman of EnTie Commercial Bank • Chairman of Hui Yang Entrepreneurship Investment Corporation • Chairman of You Qing Consultancy Corporation • Chairman of You Xu International Corporation • Associate Professor of Department of Public Administration and Policy National Taipei University • Managing Director of Chinese Youth International • Director of Mitagri Inc. • Director of OSIM International Limited • Director of Tiga Gaming Inc.	None	None	None

Note 1: The director, Ong Kee Song still holding the positions of R&D supervisor of the Group, the supervisor of operating division of MKP and LKP.

Note 2: Ong Kian Huat still holding the positions of director of KSH, KSFC, MKP, KSNF, KSA, KSR, CLI, LKP, MW and KSJ, and concurrently holding the positions of the supervisor of R&D Department of KSFC, the supervisor of YTH and supervisor of International Business Development of the Group.

ii. Major shareholders of institutional shareholders: It is not applicable as the directors of the Company are not acting as the representatives of institutional shareholders.

iii. Major shareholders of the Company's major institutional shareholders: It is not applicable as the directors of the Company are not acting as the representatives of institutional shareholders.

iv. Professional Qualifications and Independence Analysis of Directors

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Ong Kee Song			V					V				V	V	0
Ong Kian San			V					V				V	V	0
Ong Yong Xian			V					V				V	V	0
Ng Yan Huay			V	V	V	V	V	V	V	V	V	V	V	0
Ng Boon Yew		V	V	V	V	V	V	V	V	V	V	V	V	2
Koh Seng Choon	V		V	V	V	V	V	V	V	V	V	V	V	0
Wen Xian-Tsai	V		V	V	V	V	V	V	V	V	V	V	V	0

Note: The Directors and Supervisors comply with the following conditions from two years before being elected and appointed, and during his term of office, please tick"✓" in the appropriate corresponding boxes.

A. Not an employee of the Company or any of its affiliates.

B. Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.)

C. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

D. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.

E. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.

F. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.

G. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx".

H. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

I. Not been a person of any conditions defined in Article 30 of the Company Law.

J. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(2) Information on the company's general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units

April 19, 2019

Title Name	Gender	Nationality	Date Elected (Appointed)	Shareholding		Shareholding of the Spouse and Children of Minor Age		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manager of the Group Ong Kian San	Male	Singapore	1987/4/11	4,982,085	13.53%	420,000	1.14%	—	—	• Singapore-Cambridge General Certificate of Education • General Manager of Kee Song Group	• General Manager of the Company • Director of KSH, KSFC, MKP, YTH, KSNF, KSA, KSR, KSO, CLI, LKP, MW, and KSJ • Director of Singapore Poultry Hub Ptd. Ltd. • Director of Sincere Farm Sdn. Bhd. • Director of Xiang Rong Farm (M) Sdn. Bhd. • Director of C&D International Investment Group Limited	Chairman (Note 1) Supervisor of Operating Division of KSFC Supervisor of International Business Development of the Group (Note 2) Procurement Manager of KCFC	Ong Kee Song Ong Yong Xian Ong Kian Huat Leeu Set Yen	Brothers Sister and brother Brothers Spouse
R&D supervisor of the Group, supervisor of Operating Division of MKP and LKP. Ong Kee Song	Male	Singapore	1987/4/11	6,958,783	18.90%	—	—	—	—	• Singapore-Cambridge General Certificate of Education • Chairman	• Chairman of the Company • Director of KSH, KSFC, MKP, YTH, KSNF, KSA, KSO, KSR, LKP, MW, and KSJ • Director of UDS Marketing Pte. Ltd.	Supervisor of Operating Division of KSFC General Manager of the Group Supervisor of	Ong Yong Xian Ong Kian San Ong Kian	Brother and sister Brothers Brothers

Title Name	Gender	Nationality	Date Elected (Appointed)	Shareholding		Shareholding of the Spouse and Children of Minor Age		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
											• Director of Otemchi Biotechnologies Pte. Ltd. • Director of Otemchi Biotechnologies (M) Sdn. Bhd. • Director of Yong Ka Hoe Investment (S) Pte Ltd • Director of Eco-Wawasan Sdn Bhd • Director of Yong Ka Hoe Resources (M) Sdn Bhd • Director of C&D International Investment Group Limited	International Business Development of the Group (Note 2) Procurement Manager of KCFC	Huat Leeu Set Yen	 Sister-in-law
Supervisor of Operating Division of YKH Ong Yong Xian	Female	Singapore	1997/12/8	3,973,566	10.79%	—	—	—	—	• Singapore-Cambridge General Certificate of Education • Business Accounting of LCCI • Accounting, Administration and Sales Supervisor of Heng Khwee Heng Poultry Factory Pte Ltd	• Director of KSH, KSFC, YTH, KSO, CLI, KSS, and BBQ • Director of UDS Marketing Pte. Ltd. • Director of Otemchi Biotechnologies Pte. Ltd. • Director of Otemchi Biotechnologies (M) Sdn. Bhd. • Director of Yong	Chairman (Note 1) General Manager of the Group Supervisor of International Business Development of the Group (Note 2) Procurement Manager of	Ong Kee Song Ong Kian San Ong Kian Huat Leeu Set Yen	Brother and sister Sister and brother Sister and brother Sister-in-law

Title Name	Gender	Nationality	Date Elected (Appointed)	Shareholding		Shareholding of the Spouse and Children of Minor Age		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
										• Director cum Sales and Marketing Supervisor of Kee Song Group	Ka Hoe Investment (S) Pte Ltd • Director of Eco-Wawasan Sdn Bhd • Director of Yong Ka Hoe Resources (M) Sdn Bhd • Supervisor of C&D International Investment Group Limited	KCFC		
Supervisor of International Business Development of the Group cum R&D supervisor of KSFC One Kian Huat	Male	Singapore	1987/4/11	3,973,566	10.79%	—	—	—	—	• Singapore-Cambridge General Certificate of Education	• Director of KSH, KSFC, MKP, KSNF, KSA, KSR, CLI, LKP, MW, and KSJ • Supervisor of YTH • Manager of R&D Department of KSFC • Chairman of C&D International Investment Group Limited	Chairman (Note 1) Supervisor of Operating Division of KSFC General Manager of the Group Procurement Manager of KCFC	Ong Kee Song Ong Yong Xian Ong Kian San Leeu Set Yen	Brothers Sister and brother Brothers Sister-in-law
Supervisor of Operating Division of YKH Dato' Lee Kim Kiong	Male	Malaysia	2015/4/1	—	—	—	—	—	—	• Member of Federation of Livestock Farmers' Associations of Malaysia • Has more than 30 years of	• Fijiliam Enterprise Sdn Bhd • Fijiliam Venture Sdn Bhd • Unique Malaysian Farm Sdn Bhd • United Storage Sdn Bhd	KSA-Southern Manager Supervisor of Operating Division of YKH	Datin Tan Chooi Ho Lee Wei Kang	Spouse Father and son

Title Name	Gender	Nationality	Date Elected (Appointed)	Shareholding		Shareholding of the Spouse and Children of Minor Age		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
										experience in poultry farming	• Lee United Properties Sdn Bhd • Intact Property Management Sdn Bhd • E-Quipcity (M) Sdn Bhd • Magnate Property Sdn Bhd • Goldcoin Revenue Sdn Bhd • Belabumi Development Sdn Bhd • Special Heritage Holdings Sdn Bhd • Nanyang Metro Sdn Bhd • Kejora Budimas Sdn Bhd • Stable Strong Enterprise Sdn Bhd • T&L Plantation Sdn Bhd • Stabil Majujaya Sdn Bhd • Bekal Waras Sdn Bhd • Primary Goodness Sdn Bhd • Agro Hectares Sdn Bhd	Supervisor of Operating Division of KSA	Lee Wei Guan	Father and son

Title Name	Gender	Nationality	Date Elected (Appointed)	Shareholding		Shareholding of the Spouse and Children of Minor Age		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Supervisor of Operating Division of YKH Lee Wei Kang	Male	Malaysia	2016/11/1	—	—	—	—	—	—	• Bachelor of Economics of SIM-RMIT University (Singapore) • Associate Executive at RHB Investment Bank	None	Supervisor of Operating Division of YKH KSA-Southern Manager Supervisor of Operating Division of KSA	Dato' Lee Kim Kiong Datin Tan Chooi Ho Lee Wei Guan	Father and son Mother and son Brothers
Supervisor of Operating Division of YKH Lek Soon Huat	Male	Singapore	2017/3/1	—	—	—	—	—	—	• Director of Celsius Link International Pte. Lhd. • Director of Food Team Services • Kong Yong High School	None	None	None	None
Supervisor of Operating Division of YKH Sim Baoyuan	Male	Singapore	2013/5/16	—	—	—	—	—	—	• Bachelor of Business Management (Marketing) RMIT University • Auston Institute of Management Pte Ltd, Marketing Manager	• Business Development Manager of KSFC	None	None	None

<table>
<tr><th rowspan="2">Title
Name</th><th rowspan="2">Gender</th><th rowspan="2">Nationality</th><th rowspan="2">Date Elected (Appointed)</th><th colspan="2">Shareholding</th><th colspan="2">Shareholding of the Spouse and Children of Minor Age</th><th colspan="2">Shareholding by Nominee Arrangement</th><th rowspan="2">Principal work experience (academic qualifications)</th><th rowspan="2">Current Positions at Other Companies</th><th colspan="3">Managers who are spouses or within two degrees of kinship</th></tr>
<tr><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Title</th><th>Name</th><th>Relation</th></tr>
<tr><td>Supervisor of Operating Division of YKH
Ong Quan Yi</td><td>Male</td><td>Singapore</td><td>2014/2/17</td><td>2,157,000</td><td>5.86%</td><td>—</td><td>—</td><td>—</td><td>—</td><td>• Bachelor of Science in Business Admin – International Business, California State University, Long Beach
• Project Dignity Pte Ltd, Accounts Executive</td><td>None</td><td>Chairman (Note 1)</td><td>Ong Kee Song</td><td>Father and son</td></tr>
<tr><td>Supervisor of Operating Division of YKH
Leeu Set Yen</td><td>Female</td><td>Malaysia</td><td>1991/5/15</td><td>420,000</td><td>1.14%</td><td>4,982,085</td><td>13.53%</td><td>—</td><td>—</td><td>• Malaysia Secondary School (Negeri Sembilan)</td><td>• Procurement Manager of KCFC</td><td>General Manager of the Group
Chairman (Note 1)
Supervisor of International Business Development of the Group (Note 2)
Supervisor of Operating Division of KSFC</td><td>Ong Kian San
Ong Kee Song
Ong Kian Huat
Ong Yong Xian</td><td>Spouse
Eldest brother-in-law
Second brother-in-law
Eldest sisterr-in-law</td></tr>
<tr><td>Supervisor of Operating Division of YKH
Lim See Teang</td><td>Female</td><td>Malaysia</td><td>2004/5/1</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>—</td><td>• Postgraduate Diploma in Commerce and Management</td><td>• Accounting Manager of KSFC</td><td>None</td><td>None</td><td>None</td></tr>
</table>

Title Name	Gender	Nationality	Date Elected (Appointed)	Shareholding		Shareholding of the Spouse and Children of Minor Age		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
										(Major in Finance) Lincoln University • Bachelor of Commerce and Management (Major in Accounting) Lincoln University • Southern Stainless Steel Pte Ltd, Accounts Executive				
Supervisor of Finance and Accounting Department Koh IngChin	Male	Singapore	2019/3/11	—	—	—	—	—	—	• Juken Technology Group Chief Financial Officer • PWC Audit Manager • Ernst&Young Audit Manager	None	None	None	None
Supervisor of IT Department Chng Khang Loon	Male	Malaysia	2018/9/19	—	—	—	—	—	—	• Bachelor Degree in Computer Science/IT (New Era College) • Corporate Innovation, IT Manager • Phoon Huat Pte Ltd, Head of IT	None	None	None	None

Title Name	Gender	Nationality	Date Elected (Appointed)	Shareholding		Shareholding of the Spouse and Children of Minor Age		Shareholding by Nominee Arrangement		Principal work experience (academic qualifications)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Supervisor of Auditing Office Zhi-Zong You	Male	Republic of China	12/6/2010	25,000	0.07%	—	—	—	—	• Department of Accounting of CJCU • Audit Manager of ShengMei Precision Industrial Co.,Ltd • Chief Auditor of ShineMore Technology Materials Co.,Ltd. • Audit Manager of Chernan Technology Co., Ltd	None	None	None	None

Note 1: The director, Ong Kee Song still holding the positions of R&D supervisor of the Group, the supervisor of operating division of MKP and LKP.

Note 2: Ong Kian Huat still holding the positions of director of KSH, KSFC, MKP, KSNF, KSA, KSR, CLI, LKP, MW and KSJ, and concurrently holding the positions of the supervisor of R&D Department of KSFC, the supervisor of YTH and supervisor of International Business Development of the Group.

(3) Remuneration paid during the most recent fiscal year to directors, supervisors, general manager, and assistant general managers

i. Remunerations of Directors (including independent directors)

Unit: NT$ Thousand

<table>
<tr><th rowspan="4">Tittle</th><th rowspan="4">Name</th><th colspan="8">Remunerations of Directors</th><th colspan="2" rowspan="2">Ratio of Total Remuneration (A+B+C+D) to Net Income (%)</th><th colspan="8">Relevant remuneration received by directors who are also employees</th><th colspan="2" rowspan="2">Ratio of total compensation (A+B+C+D+E+F+G) to Net Income (%)</th><th rowspan="4">Remuneration from re-invested businesses other than the Company's subsidiaries</th></tr>
<tr><th colspan="2">Remuneration (A)</th><th colspan="2">Retirement pension (B)</th><th colspan="2">Director remuneration (C)</th><th colspan="2">Business execution expenses (D)</th><th colspan="2">Remuneration, bonus and special fees (E)</th><th colspan="2">Retirement pension (F)</th><th colspan="4">Employee remuneration (G)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>Chairman</td><td>Ong Kee Song</td><td rowspan="5">2,590</td><td rowspan="5">2,590</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">(1.74)%</td><td rowspan="5">(1.74)%</td><td rowspan="5">—</td><td rowspan="5">20,837</td><td rowspan="5">—</td><td rowspan="5">860</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">(1.74)%</td><td rowspan="5">(16.28)%</td><td rowspan="5">—</td></tr>
<tr><td>Director</td><td>Ong Kian San</td></tr>
<tr><td>Director</td><td>Ong Yong Xian</td></tr>
<tr><td>Director</td><td>Ng Yan Huay</td></tr>
<tr><td>Independent Director</td><td>Ng Boon Yew</td></tr>
</table>

Independent Director	Koh Seng Choon																					
Independent Director	Chua Boon Zhao																					
Except for the disclosure in the table above, the remuneration received by the directors of the company for services to all companies in the financial report in the most recent year (such as non-employee consultants): None.																						

Range of Remuneration

Range of Remuneration Paid to All Directors of the Company	Name of Director			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial	The Compan	All companies in the consolidated financial
Lower than 2,000,000	Ng Yan Huay, Ng Boon Yew, Koh Seng Choon , Chua Boon Zhao	Ng Yan Huay, Ng Boon Yew, Koh Seng Choon , Chua Boon Zhao	—	Ng Yan Huay, Ng Boon Yew, Koh Seng Choon , Chua Boon Zhao
2,000,000 (inclusive) - 5,000,000 (exclusive)	—	—	—	—
5,000,000 (inclusive) - 10,000,000 (exclusive)	—	—	—	Ong Kee Song, Ong Kian San, Ong Yong Xian
10,000,000 (inclusive) - 15,000,000 (exclusive)	—	—	—	—
15,000,000 (inclusive) - 30,000,000 (exclusive)	—	—	—	—
30,000,000 (inclusive) - 50,000,000 (exclusive)	—	—	—	—
50,000,000 (inclusive) - 100,000,000 (exclusive)	—	—	—	—
100,000,000 or more	—	—	—	—
Total	4 people	4 people	—	7 people

ii. Remunerations of Supervisors: It is not applicable as the Company is not required to appoint supervisor independent directors according to the law.

iii. Remunerations of General Manager and Deputy General Manager

Unit: NT$ Thousand

<table>
<tr><th rowspan="3">Tittle</th><th rowspan="3">Name</th><th colspan="2">Salary
(A)</th><th colspan="2">Retirement Pension
(B)</th><th colspan="2">Bonus and
Special Disbursement,
etc. (C)</th><th colspan="4">Employee Remuneration
(D)</th><th colspan="2">The sum of A, B, C and D as a percentage of after-tax net profit(%)</th><th rowspan="3">Remuneration from re- invested businesses other than the Company’s subsidiaries</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th></tr>
<tr><th>Cash Amount</th><th>Stock Amount</th><th>Cash Amount</th><th>Stock Amount</th></tr>
<tr><td>General Manager of the Group</td><td>Ong Kian San</td><td rowspan="5">—</td><td rowspan="5">36,686</td><td rowspan="5">—</td><td rowspan="5">2,717</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">—</td><td rowspan="5">(26.41)%</td><td rowspan="5">—</td></tr>
<tr><td>Supervisor of R&D Department of the Group and Supervisor of Operating Division of second-tier subsidiary</td><td>Ong Kee Song</td></tr>
<tr><td>Supervisor of Operating Division of second-tier subsidiary</td><td>Ong Yong Xian</td></tr>
<tr><td>Supervisor of International Business Development of the Group</td><td>Ong Kian Huat</td></tr>
<tr><td>General Manager of second-tier subsidiary</td><td>Dato' Lee Kim Kiong</td></tr>
</table>

Supervisor of Operating Division of second-tier subsidiary	Lee Wei Kang													
Supervisor of Operating Division of second-tier subsidiary	Ong Quan Yi													
General Manager of second-tier subsidiary	Lek Soon Huat													
Supervisor of Operating Division of second-tier subsidiary	Sim Baoyuan													
Supervisor of Operating Division of second-tier subsidiary	Leeu Set Yen													
Supervisor of Operating Division of second-tier subsidiary	Lim See Teang													

*Regardless of the title, if the position is equal to general manager or deputy general manager (for example, president, CEO, director, etc.), then a disclosure should be made.

Range of Remuneration

Range of Remuneration Paid to All General Manager or Deputy General Manager of the Company	Name of General Managers and Deputy General Managers	
	The Company	All companies in the consolidated financial statements E
Lower than 2,000,000	—	Lek Soon Huat, Ong Quan Yi, Sim Baoyuan, Leeu Set Yen, Lim See Teang
2,000,000 (inclusive) - 5,000,000 (exclusive)	—	—
5,000,000 (inclusive) - 10,000,000 (exclusive)	—	Ong Kee Song, Ong Kian San, Ong Yong Xian, Ong Kian Huat, Dato' Lee Kim Kiong, Lee Wei Kang
10,000,000 (inclusive) - 15,000,000 (exclusive)	—	—
15,000,000 (inclusive) - 30,000,000 (exclusive)	—	—
30,000,000 (inclusive) - 50,000,000 (exclusive)	—	—
50,000,000 (inclusive) - 100,000,000 (exclusive)	—	—
100,000,000 or more	—	—
Total	—	11 people

iv. Name and distribution of employee compensation to managerial officers

The Company did not distribute employee compensation in 2018.

(4) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the most recent two fiscal years, and explanation of the correlation among the remuneration payment policy, standards and combinations, the procedures for setting the remuneration and the business performance and future risk exposure

i. Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the most recent two fiscal years

Unit: NT$ Thousand

Comparison Item / Year	Total of various remuneration paid		Ratio of total remuneration paid to all companies in the consolidated financial statement to net profit after tax (%)	
	2017	2018	2017	2018
Directors (including Independent Directors), General Managers and Deputy General Managers	45,613	41,994	98.44%	(28.15)%
Consolidated total interest	46,336	(149,192)	100.00%	(100.00)%

ii. The correlation among the remuneration payment policy, standards and combinations, the procedures for setting the remuneration and the business performance

A. The board of directors has passed the resolutions to adopt the Organization Regulations of Remuneration Committee, the organization regulations are in compliance with the rules governing public companies on June 20, 2011.

The remuneration of the Group's directors is determined with reference to the recommendations of the remuneration committee by the board of directors, and is calculated based on their positions hold in the Group, and their respective involvement in the Group's operations and contribution to the Group.

B. The remuneration of the general managers and the heads of the management team are determined with reference to the recommendations of the remuneration committee by the board of directors, and is calculated based on the their positions, and their respective contribution to the Group with reference to the prevailing market condition and adjusted by taking into consideration the actual operating performance and assessment of future risk exposure, and handled in accordance with the Personnel Regulations of the Group.

3. The state of the Company's implementation of corporate governance

(1) The state of operations of the board of directors

6 meetings were held by the board of directors in fiscal years 2018 and up to the March, 2019, the attendance of directors and independent directors are shown below:

The state of operations of the board of directors

Tittle	Name	Actual no. of meetings attended	No. of meetings with entrusted attendance	Actual attendance rate (%)	Remarks
CHAIRMAN	ONG KEE SONG	5	1	83%	
DIRECTOR	ONG KIAN SAN	6	0	100%	
DIRECTOR	ONG YONG XIAN	6	0	100%	
DIRECTOR	NG YAN HUAY	6	0	100%	
INDEPENDENT DIRECTOR	NG BOON YEW	6	0	100%	
INDEPENDENT DIRECTOR	KOH SENG CHOON	6	0	100%	
INDEPENDENT DIRECTOR	WEN XIAN-TSAI	6	0	100%	

Other matters to be recorded:

1. During operations of the board of directors, the meeting date, period, the contents of the motions, the qualified opinion and resolution made by any independent director should be specified.

(1) Matters specified in Article 14.3 of the Taiwan Securities and Exchange Act:

Meeting Date	Contents of the motions	Qualified Opinion from any Independent Director

(Period)		
2018/3/16 (9th meeting of the 3rd session)	●Approved KSA, a subsidiary of the Company increased the budget to MYR 5 million to build a chicken farm on its own land ●Approved the Company provided a loan of SGD 10 million to KSFC, a subsidiary of the Company.	Approved and adopted by all Independent Director
2018/5/11 (10th meeting of the 3rd session)	●Approved KSR, a subsidiary of the Company increased capital of MYR 6 million ●Approved KSH, a subsidiary of the Company increased capital of MYR 1,629,998 for its subsidiary, YKH ●Approved KSR, a subsidiary of the Company acquired land and plant from its subsidiary LKP at MYR 1,900,000 ●Approved KSA, a subsidiary of the Company to build a broiler factory on leased land, and authorized the Chairman to be fully responsible for the establishment of the factory within MYR 10 million ●Approved KSH, a subsidiary of the Company to establish BBQ House & Katong Satay, a subsidiary in Singapore ●Approved BBQ House, a subsidiary of the Company to acquire machinery and equipment, sales inventories and intangible assets, etc. at SGD 1,050,000	
2018/6/13 (11th meeting of the 3rd session)	●Approved the second unsecured convertible bonds not exceeding NT$ 400 million issued by the Company	
2018/8/8 (12th meeting of the 3rd session)	●Approved the second unsecured convertible bonds amounting to NT$ 300 million issued by the Company ●Approved KSH, a subsidiary of the Company increased capital of SGD 750,000 for its subsidiary, SPH	
2018/11/12 (13th meeting of the 3rd session)	●Approved KSA, a subsidiary of the Company to lend capital of MYR 5,016,066.59 as payment transfer for its subsidiary, KSR ●KSFC, a subsidiary of the Company has received a decision of judgment from Competition Commission Singapore, and imposed a penalty of SGD 2,689,065. ●Approved the MKP, a subsidiary of the Company increased the budget from MYR 30 million to RM 33 million for establishment on its own land ●Approved KSH, a subsidiary of the Company provided loan of SGD 5 million to its subsidiary, KSFC, and authorized the chairman to provide an accrediting loan or to make available a revolving line of credit within the limit and a period not to exceed five years ●Approved KSH, a subsidiary of the Company made endorsements and/or guarantees of MYR 6.02 million and MYR 2.8 million for its subsidiary, KSA in proportion to its shareholding percentage ●Approved KSH, a subsidiary of the Company made endorsements and/or guarantees of MYR 1.14 million for its subsidiary, KSR in proportion ●Approved KSFC, a subsidiary of the Company planned to sell Kaki Bukit's plant at SGD 1.6 million	
3/11/2019 (14th meeting of	●Approved change of Financial Executive	

the 3rd session)	● Procedures for Acquiring and Disposing of Assets is amended ● Approved KSA, a subsidiary of the Company increased the budget to MYR 6 million to build a chicken farm on its own land ● Approved LKP, a subsidiary of the Company for disposal of a land with a total area of 5,886 square meter at a total amount of MYR 1,235,450 ● Approved the KSFC, a subsidiary of the Company acquired plant authorization for business use, and planned to acquire the fourth floor unit of SPH at SGD 3,801,770.28	

(2) Unless otherwise stated, other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing as: The above mentioned situation did not occur for the current fiscal year.

2. For the situation where a Director avoids a motion related to his/her own interests, please specify the director's names, the contents of the motion, the reasons for the avoidance of interests and the voting results: None.

3. The goals for strengthening the board's functions in the current and the recent fiscal years (e.g., establishment of an audit committee, promotion of information transparency, etc.) and assessment of the implementation:

(1) In terms of the goals for strengthening the board's functions, the Company has established the "Rules of Procedure for Board of Directors Meetings", and the subsequent operation of the board of directors will be handled in accordance with the rules. In addition, the Company has elected 3 independent directors, and established an audit committee to enhance the corporate governance.

(2) In terms of promotion of information transparency, the Company has a spokesperson and a deputy spokesperson, and has appointed a dedicated person responsible for the collection and disclosure of company information. etc.

(2) The state of operations of the audit committee

6 meetings were held by the audit committee in the fiscal year 2018 and up to the March, 2019, the attendance of independent directors is shown below:

The state of operations of the audit committee

Tittle	Name	Actual no. of meetings attended	No. of meetings with entrusted attendance	Actual attendance rate (%)	Remarks

INDEPENDENT DIRECTOR	NG BOON YEW	6	0	100%	
INDEPENDENT DIRECTOR	KOH SENG CHOON	6	0	100%	
INDEPENDENT DIRECTOR	WEN XIAN-TSAI	6	0	100%	

Other matters to be recorded:

1. During operations of the audit committee, the meeting date of the board of directors, period, the contents of the motions, and results of the audit committee's resolutions should be specified.

   (1) Matters specified in Article 14.5 of the Taiwan Securities and Exchange Act:

Meeting date (Period)	Contents of the motions	Results of the audit committee's resolutions
2018/3/16 (9th meeting of the 3rd session)	● Approved the 2017 financial statements ● Approved the 2017 Statement on Internal Control ● Approved KSA, a subsidiary of the Company increased the budget to MYR 5 million to build a chicken farm on its own land ● Approved the Company provided a loan of SGD 10 million to KSFC, a subsidiary of the Company.	It was agreed to approve by all audit committee members; and approved by all attending directors.
2018/5/11 (10th meeting of the 3rd session)	● Approved the first quarter financial statements of 2017 ● Approved the annual report and meeting agenda of shareholders' meeting of 2017 ● Approved KSR, a subsidiary of the Company increased capital of MYR 6 million ● Approved KSH, a subsidiary of the Company increased capital of MYR 1,629,998 for its subsidiary, YKH ● Approved KSR, a subsidiary of the Company acquired land and plant from its subsidiary LKP at MYR 1,900,000 ● Approved KSA, a subsidiary of the Company to build a broiler factory on leased land, and authorized the Chairman to be fully responsible for the establishment of the factory within MYR 10 million ● Approved KSH, a subsidiary of the Company to establish BBQ House & Katong Satay, a subsidiary in Singapore ● Approved BBQ House, a subsidiary of the Company to acquire machinery and equipment, sales inventories and intangible assets, etc. at SGD 1,050,000	
2018/6/13 (11th meeting of the 3rd session)	● Approved the second unsecured convertible bonds not exceeding NT$ 400 million issued by the Company	
2018/8/8 (12th meeting of	● Approved the second quarter financial statements of 2018	

the 3rd session)	●Approved the second unsecured convertible bonds amounting to NT$ 300 million issued by the Company ●Approved KSH, a subsidiary of the Company increased capital of SGD 750,000 for its subsidiary, SPH	
2018/11/12 (13th meeting of the 3rd session)	●Approved the third quarter financial statements of 2018 ●Approved KSA, a subsidiary of the Company to lend capital of MYR 5,016,066.59 as payment transfer for its subsidiary, KSR ●KSFC, a subsidiary of the Company has received a decision of judgment from Competition Commission Singapore, and imposed a penalty of SGD 2,689,065. ●Approved the MKP, a subsidiary of the Company increased the budget from MYR 30 million to RM 33 million for establishment on its own land ●Approved KSH, a subsidiary of the Company provided loan of SGD 5 million to its subsidiary, KSFC, and authorized the chairman to provide an accrediting loan or to make available a revolving line of credit within the limit and a period not to exceed five years ●Approved KSH, a subsidiary of the Company made endorsements and/or guarantees of MYR 6.02 million and MYR 2.8 million for its subsidiary, KSA in proportion to its shareholding percentage ●Approved KSH, a subsidiary of the Company made endorsements and/or guarantees of MYR 1.14 million for its subsidiary, KSR in proportion ●Approved KSFC, a subsidiary of the Company planned to sell Kaki Bukit's plant at SGD 1.6 million	
2019/3/11 (14th meeting of the 3rd session)	●Approved the 2018 financial statements ●Approved the 2018 Statement on Internal Control ●Approved change of Financial Executive ●Procedures for Acquiring and Disposing of Assets is amended ●Approved KSA, a subsidiary of the Company increased the budget to MYR 6 million to build a chicken farm on its own land ●Approved LKP, a subsidiary of the Company for disposal of a land with a total area of 5,886 square meter at a total amount of MYR 1,235,450 ●Approved the KSFC, a subsidiary of the Company acquired plant authorization for business use, and planned to acquire the fourth floor unit of SPH at SGD 3,801,770.28	

(2) Except for the matters stated above, any other matter adopted with the approval of two-thirds or more of all directors without having been passed by the audit committee: The above mentioned situation did not occur for the current fiscal year.

2. For the situation where an independent director avoids a motion related to his/her own interests, please specify the independent director’s names, the contents of the motion, the reasons for the avoidance of interests and the voting results: The above mentioned situation did not occur for the current fiscal year.

3. Communication between independent directors and internal audit supervisor and CPAs (which should include audit materials, methods, and results pertaining to corporate finances and/or operations, etc.):

(1) A regular communication on the results of the audit report and its follow-up status will be held regularly between the internal audit supervisor and the audit committee members of the Company. In the event of special circumstances, the internal audit supervisor will immediately notify the audit committee members. The communication between the audit committee members and the internal audit supervisor of the Company is good.

(2) The audit committee of the Company may request the CPAs of the Company to attend the meeting of the audit committee depending on the actual needs to report the results of review.

The key points of communication between the independent directors and internal audit supervisor are listed below:

Meeting date (Period)	Matters of communication with internal audit supervisor	Matters of communication with attesting CPAs
2018/3/16 (9th meeting of the 3rd session)	i. Review internal audit report ii. Audit the 2017 Statement on Internal Control	Discuss the review of the 2017 financial statements
2018/5/11 (10th meeting of the 3rd session)	i. Review internal audit report	Discuss the review of the first quarter financial statements of 2018
2018/8/8 (12th meeting of the 3rd session)	i. Review internal audit report	Discuss the review of the second quarter financial statements of 2018
2018/11/12 (13th meeting of the 3rd session)	i. Review internal audit report ii. Audit the 2019 internal audit annual plan	Discuss the review of the third quarter financial statements of 2018
2019/3/11 (14th meeting of the 3rd session)	i. Review internal audit report ii. Audit the 2018 Statement on Internal Control	Discuss the review of the 2018 financial statements

Result: The above mentioned matters were reviewed or approved by the audit committee, and the independent directors have no objections.

The Company has established an audit committee pursuant to Article 14-4 of Securities and Exchange Act, which composed of the entire number of independent directors. The main responsibility is to review or handle the following matters:

i. Adoption or amendment of an internal control system pursuant to Article 14-1 of Securities and Exchange Act.

ii. Assessment of the effectiveness of the internal control system.

iii. Adoption or amendment, pursuant to Article 36-1 of Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

iv. A matter bearing on the personal interest of a director.

v. A material asset or derivatives transaction.

vi. A material monetary loan, endorsement, or provision of guarantee.

vii. The offering, issuance, or private placement of any equity-type securities.

viii. The hiring or dismissal of an attesting CPA, or the compensation given thereto.

ix. The appointment or discharge of a financial, accounting, or internal auditing officer.

x. Annual and semi-annual financial reports.

xi. First and third quarters of financial reports.

xii. Communicate and interact with attesting CPAs of the Company.

xiii. Negotiate with the management and the attesting CPAs of the Company pertaining to the diverse views on the financial reports.

xiv. Discuss other financial information of the Company with management and the attesting CPAs of the Company.

xv. Approve the annual audit and non-audit services of the attesting CPAs of the Company.

xvi. Any other material matter so required by the Company or the Competent Authority.

(3) Corporate Governance Status, Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
1. Does the company follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and has the company established and disclosed its own Corporate Governance Best Practice Principles?		V	At present, the Company has not yet established its own “Corporate Governance Best Practice Principles”, and it will be formulated and complied with the reference to the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” formulated by TWSE and TPEx.	No major difference

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
2. The company's shareholding structure and shareholders' equity (1) Has the company set up internal operating procedures to handle shareholder proposals, doubts, disputes and litigation matters and followed the procedures?		V	(1) At present, the Company has not yet formulated an "Operational Rules for handling Shareholder Proposals, Doubts, Disputes and Litigation Matters". The Company has appointed a dedicated service agent to handle securities matters, and has a spokesperson and a deputy spokesperson to handle shareholder proposals or disputes, and coordinate with the relevant units of the Company for implementation.	No major difference
(2) Does the company have a list of its major shareholders and the ultimate controllers of the major shareholders?	V		(2) The Company constantly keeps track of the changes in shareholding of the insiders (directors, managerial officers and major shareholders with a shareholding ratio of more than 10%), and uploads to the "Market Observatory Post System" designated by the competent authorities as declaration on a monthly basis according to law.	No major difference
(3) Has the company established and implemented risk management and firewall mechanisms with its affiliates?	V		(3) It is handled according to the provisions of the relevant internal control system of the Company.	No major difference
(4) Has the company set up an internal standard to prohibit the insiders' use of private information to trade securities?	V		(4) It is handled according to the provisions of the relevant internal control system of the Company.	No major difference

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
3. The composition and duties of the board of directors				
(1) Has the board of directors formulated a diversified approach based on the composition of its members and implemented it?	V		(1) The members of board of directors of the Company are diversified, they have different professional backgrounds, genders and areas of work to set up a sound structure of board of directors of the Company.	No major difference
(2) Has the company set up other types of functional committees voluntarily in addition to the remuneration committee and the audit committee according to law?	V		(2) In addition to the remuneration committee and the audit committee, the Company will set up a Risk Management Committee in accordance with relevant regulations.	No major difference
(3) Has the company set up a performance appraisal method and an assessment method for the board of directors, and conducted performance appraisal on a regular basis every year?		V	(3) The remuneration committee of the Company will establish and regularly review the policies, systems, standards and structures of the directors and managerial personnel’s performance appraisal and remuneration, and submit the proposal to the board of directors for discussion.	No major difference

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(4) Does the company regularly evaluate the independence of its CPAs?	V		(4) The audit committee of the Company will regularly evaluate the independence of its CPAs on an annual basis, and report the results of evaluation to the board of directors when necessary, as follows: i. The independence of the auditors and the Company are complied with relevant provisions of CPA code of professional ethics of ROC. ii. The term of appointment of auditors is one year, and the professionalism and independence of the CPAs will be evaluated regularly on an annual basis; the same CPAs shall not be appointed for five consecutive years. iii. Regularly obtain the independence declarations from the auditors.	No major difference
4. Has the TWSE/TPEx listed company set up a dedicated (or concurrent) corporate governance unit or appointed personnel responsible for corporate governance related matters (including but not limited to providing the directors and supervisors with required information to carry out their business, handling corporate registration and change of corporate registration related matters and taking the minutes of board meetings and shareholders' meetings)?	V		The Company has set up a dedicated (or concurrent) corporate governance unit or appointed personnel responsible for corporate governance related matters.	No major difference

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
5. Has the company established a communication channel with interested parties (including but not limited to shareholders, employees, customers and suppliers), set up an interested party page on the company's website, and responded appropriately to interested parties concerning important corporate social responsibility issues?	V		The Company has a spokesperson system to communicate with interested parties, depending on the conditions. If necessary, interested parties can contact the Company by email through the website of the Company, telephone, letter, etc. At the same time, the website of the Company has a special zone for investors which provide relevant information and contact information.	No major difference
6. Does the company appoint a professional stock agency to handle shareholders' meeting related affairs?	V		The Company has appointed the Transfer Agency Service Department of CTBC Bank as stock agency to handle shareholders' meeting related affairs.	No major difference
7. Information disclosure (1) Has the company set up a website to disclose financial and corporate governance information?	V		(1) The Company discloses the financial information, etc. on its website, and the relevant financial information can be found at market observatory post system.	No major difference
(2) Does the company adopt other information disclosure methods (such as setting up an English website, appointing a dedicated person responsible for the collection and disclosure of company information, implementing the spokesman system, and posting the company's corporate briefing process on the website, etc.)?	V		(2) The spokesperson or deputy spokesperson will answer relevant questions related to the Company, and the personnel of relevant business unit will assist in the collection and disclosure of relevant information of the Company.	No major difference

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee care, investor relations, supplier relationship, rights of stakeholders, continuing education for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer relations policies, and the Company's purchase of liability insurance for directors and supervisors, etc.)?	V		(1) Employee rights and employee care: There are relevant employee welfare measures and continuing education and training programs, and has formulated a retirement system in compliance with the Act of each country to protect employee rights; employees can also communicate with HR or appropriate top management through open communication in order to maintain a good relationship. (2) Investor relations: Immediate announcement of the information such pertaining to financial, business, changes in shareholding of the insiders, etc. is made on the "Market Observatory Post System" in accordance with the relevant provisions in order to achieve openness and transparency of information. (3) Supplier relationship: Focus on the rationality of purchase prices, the procurement personnel will determine the supplier after price inquiry, price comparison, price bargaining with multiple suppliers, and conduct a thorough comparison of unit price, specifications, payment terms, lead time, product and service quality or other information. The Group also develops a long-term and close relationships, collaboration, mutual trust and benefit with suppliers in realizing the shared pursuit of sustainable win-win growth. (4) Rights of stakeholders: Maintain a smooth communication channel, and respect and safeguard the lawful rights and interests of both parties.	No major difference

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			(5) Continuing education for directors and supervisors,: The Company has handled in accordance with the provisions of the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies”. Detailed continuing education for directors of the Company in 2018, please refer to P.50. (6) Implementation of risk management policies and risk measurement standards: The management will report the financial business status to the board of directors during the board meeting, and the attending directors will provide professional opinions and the risks faced by the Company to the management for reference. In addition, the audit supervisor also performs internal control auditing operations and risk management and evaluation according to the formulated internal control system and various management regulations, and provides recommendations for improvement to the board of directors and management. (7) Implementation of customer relations policies: The Company always maintains close contact with customers, and immediate communication with customers is made in response to the customer complaint to understand customer needs in order to promote the interaction between the Company and customers, and regularly reviews and improvement during the internal meeting of the Company. Also, the Company actively participates in the implementation plan of social responsibility of customers, and integrates the new points of view and practices into the management system of the Company. (8) Company’s purchase of liability insurance for directors and supervisors: The Company has purchased liability insurance for all directors.	

Evaluation Item	Implementation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
9. Please provide details regarding the improvements required by assessments from Corporate Governance Center, Taiwan Stock Exchange, during the most recent fiscal year, and explain the priorities and measures for the areas yet to be addressed. (Applicable only to the companies listed as being assessed) The Company will draft the details required by assessments from Corporate Governance Center, Taiwan Stock Exchange, during the most recent fiscal year, and the priorities and measures for the areas yet to be addressed.				

The directors of the Company all have relevant professional knowledge. The Company has appointed Taiwan Corporate Governance Association to give instructions for continuing education of directors. The continuing education for directors of the Company in 2018, as follows:

Date of reference day of information:
December 31, 2018

Tittle	Name	Period of continuing education		Organizer	Name of course	Continuing education hours
		From	To			
Chairman	Ong Kee Song	2018.6.25	2018.6.25	Taiwan Corporate Governance Association	Corporate Competition and Fair Trade	3
		2018.6.26	2018.6.26	Taiwan Corporate Governance Association	Trade Secrets Protection and Fraud Intelligence Practices	3
Director	Ong Kian San	2018.6.25	2018.6.25	Taiwan Corporate Governance Association	Corporate Competition and Fair Trade	3
		2018.6.26	2018.6.26	Taiwan Corporate Governance Association	Trade Secrets Protection and Fraud Intelligence Practices	3
Director	Ong Yong Xian	2018.6.25	2018.6.25	Taiwan Corporate Governance Association	Corporate Competition and Fair Trade	3
		2018.6.26	2018.6.26	Taiwan Corporate Governance Association	Trade Secrets Protection and Fraud Intelligence Practices	3
Director	Ng Yan Huay	2018.6.25	2018.6.25	Taiwan Corporate Governance Association	Corporate Competition and Fair Trade	3

		2018.6.26	2018.6.26	Taiwan Corporate Governance Association	Trade Secrets Protection and Fraud Intelligence Practices	3
Independent Director	Ng Boon Yew	2018.6.25	2018.6.25	Taiwan Corporate Governance Association	Corporate Competition and Fair Trade	3
		2018.6.26	2018.6.26	Taiwan Corporate Governance Association	Trade Secrets Protection and Fraud Intelligence Practices	3
Independent Director	Koh Seng Choon	2018.6.25	2018.6.25	Taiwan Corporate Governance Association	Corporate Competition and Fair Trade	3
		2018.6.26	2018.6.26	Taiwan Corporate Governance Association	Trade Secrets Protection and Fraud Intelligence Practices	3
Independent Director	Wen Xian-Tsai	2018.6.25	2018.6.25	Taiwan Corporate Governance Association	Corporate Competition and Fair Trade	3
		2018.6.26	2018.6.26	Taiwan Corporate Governance Association	Trade Secrets Protection and Fraud Intelligence Practices	3

(4) The state of operations of the remuneration committee

1.Remuneration Committee Member Information

Identity (Note 1)	Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note 2)								No. of other listed companies working as remuneration committee member for	Remarks (Note 3)
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8		
Director	Ng Yan Huay			V	V	V	V	V	V	V	V	V	0	Complied with relevant provisions
Independent Director	Ng Boon Yew		V	V	V	V	V	V	V	V	V	V	2	
Independent Director	Koh Seng Choon	V		V	V	V	V	V	V	V	V	V	0	

Note 1: Please fill in director, independent director or others as the identity.

Note 2: The members comply with the following conditions from two years before being elected and appointed, and during his term of office, please tick"✓" in the appropriate corresponding boxes.

A. Not an employee of the Company or any of its affiliates.

B. Not a director or supervisor of the Company or its affiliates Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.

C. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

D. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.

E. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.

F. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.

G. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.

H. Not been a person of any conditions defined in Article 30 of the Company Law.

Note 3: If the member is a director, please specify whether the member meets the requirements of Article 6-5 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx".

2.The state of operations of the remuneration committee

A. The remuneration committee of the Company composed of 3 people.

B. Current member's tenure: From June 27, 2016 to June 26, 2019.

4 meetings were held by the remuneration committee in the fiscal year 2018 and up to the March, 2019, and the member qualifications and attendance are as follows:

Tittle	Name	Actual no. of meetings attended	No. of meetings with entrusted attendance	Actual attendance rate (%)	Remarks
MEMBER	NG YAN HUAY	4	0	100%	
MEMBER	NG BOON YEW	4	0	100%	
CONVENER	KOH SENG CHOON	4	0	100%	
Other matters to be recorded: 1. If the board of directors did not adopt or amend the suggestion of the remuneration committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the company's handling of the suggestion of the remuneration committee (if the remuneration passed by the board is better than the suggestion of the remuneration committee, please state the difference and the reasons): None. 2. If any member had objections or reservations about the resolution of the remuneration committee and there is a record or a written statement, please indicate the date and session number of the remuneration committee meeting, the contents of the motion, and all the opinions of the members and how the opinions were handled: None.					

(5)The state of the Company's performance of corporate social responsibilities

Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" And Reasons
	Yes	No	Description	
1. Implementation of Corporate Governance (1) Has the company set up a corporate social responsibility policy or system and a review of the implementation effectiveness?		V	(1) At present, the Company has not yet formulated a "Code of Practice for Corporate Social Responsibility (CSR)", and the CSR will be formulated by integrating various operational aspects of the Company, including company policies, internal operation management models, various implementation procedures and education and training plans, etc. in order to achieve optimum interest for customers and relevant stakeholders.	No major difference
(2) Does the company regularly conduct social responsibility education and training?	V		(2) The Company has made planning arrangements for the CSR related education and training, in addition to request the relevant colleagues to participate in the CSR related education and training, the concept of CSR also promoted through other means.	No major difference
(3) Has the company set up a dedicated (or concurrent) corporate social responsibility promotion unit which is authorized by the board of directors to be managed by the high-level management and reports to the board of directors?	V		(3) The Company has set up a dedicated (or concurrent) CSR promotion unit, and the relevant units will regularly report the review of the operational effectiveness, and the concerns of the stakeholders to General Manager, and compile and submit the written information to the board of directors upon completion of the fiscal year.	No major difference

Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" And Reasons
	Yes	No	Description	
(4) Has the company formulated a reasonable remuneration policy and combined the employee performance appraisal system with the corporate social responsibility policy, and set up a clear and effective reward and punishment system?	V		(4) The employee performance appraisal system is handled in accordance with the regulations of HR management of the Company. The Group often promotes the concepts of corporate ethics during the monthly meeting, and combine relevant effectiveness with employee performance.	No major difference
2. Development of Sustainable Environment				
(1) Is the company committed to improving the efficiency in the use of resources, and the use of recycled materials with low environmental impact?	V		(1) The Group is committed to improving the efficiency in the use of various resources, and reducing the impact on the environment.	No major difference
(2) Has the company established an appropriate environmental management system according to its industrial characteristics?	V		(2) The Group has complied with the local Act and the principle of environmental protection for the sewage discharge and waste treatment, thereby reducing the impact on environment.	No major difference
(3) Is the company aware of the impact of climate change on its operations, and has it implemented greenhouse gas checking and developed a strategy for reduction of energy consumption and carbon emission as well as greenhouse gas reduction?		V	(3) Although the Group has not yet formulated the "Environmental Management System for Carbon Emission Reduction and Greenhouse Energy Reduction Strategy", however, the internal regulations of the Group stipulated to minimize air-conditioning usage before the temperature reaches a certain high temperature in order to conform with the policies of carbon emission reduction and greenhouse energy reduction.	No major difference

Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" And Reasons
	Yes	No	Description	
3. Maintain social welfare (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(1) The management regulations of the Group are in full compliance with the labor laws of each country to fully protect the rights of employees, and employee related matters will be handled by a dedicated personnel.	No major difference
(2) Has the company set up an employee complaint mechanism and channel, and properly handles employee complaints?	V		(2) The Group has set up an appropriate complaint mechanism and channel, and handled properly.	No major difference
(3) Does the company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees?	V		(3) It is handled in accordance with the regulations of the labor laws by the Group. Also, safety and health education for employees is conducted from time to time and health screening for employees is conducted regularly in order to understand the health status of employees.	No major difference
(4) Has the Company established a mechanism for regular employee communication and keep them informed in a reasonable manner of the changes in the operation which may have a significant impact on the employees?	V		(4) The Group has established an appropriate communication mechanism.	No major difference

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” And Reasons
	Yes	No	Description	
(5) Has the company developed an effective training program for employees?	V		(5) The Company has appointed external lecturers or supervisors of relevant units to give instructions to the employees for effective passing on of professional knowledge and technical expertise in order to develop professional capabilities of employees.	No major difference
(6) Has the company formulated relevant policies and complaint procedures for the protection of consumers' rights in respect of R&D, procurement, production, operations and service processes?	V		(6) The products of the Group comply with the provisions of the relevant competent authorities, and the Company also has customer service unit to handle quality and customer complaints.	No major difference
(7) Does the company comply with relevant laws and regulations and international standards for the marketing and labeling of products and services?	V		(7) The marketing and labeling of products of the Group are comply with the provisions of the relevant competent authorities.	No major difference
(8) Does the company check whether a supplier has any record of environmental and social impact before doing any business with the supplier?	V		(8) The Group has conducted an assessments of environmental and social risks on important suppliers to ensure compliance with relevant local act. Apart from fulfilling its CSR, the Company also hopes that suppliers can enhance sustainability management capabilities, and expand the overall green value chain together.	No major difference

Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" And Reasons
	Yes	No	Description	
(9) Does the contract between the company and its principal supplier contain the condition that the contract may be terminated at any time if the supplier is involved in a policy that violates its corporate social responsibility and has a significant impact on the environment and society?		V	(9) The Group has conducted an assessments of environmental and social risks on important suppliers to ensure compliance with relevant local act. The business relationship between the suppliers and the Company will be affected if the suppliers violated the social and environmental responsibility.	No major difference
4. Enhanced information disclosure (1) Does the company disclose relevant and reliable information on corporate social responsibility on its website and MOPS?	V		(1) The Company has uploaded relevant CSR information on the Company's website for the reference of relevant personnel.	No major difference
5. If the company has established its own code of practice for corporate social responsibility based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy its operation and the prescribed code: Not applicable.				

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” And Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">6. Other important information to facilitate better understanding of the company’s corporate social responsibility practices：

(1) The wastewater or waste produced during the processing of KSFC, one of the companies of the Group has obtained relevant approved emissions. It is mainly treated by the waste treatment and disposal facilities set up by the Singapore government in the industrial area, and KSFC only required to pay pollution control fees to the Singapore government on a monthly basis. In addition, KSFC's business premise located in No. 1 Kakit Bukit Road 1, Enterprise One, #05-22, Singapore 415934 has obtained relevant wastewater discharge permit with its approval number is TER-3054, and all are comply with relevant provisions of Environmental Protection Law.
For the excrement of broiler chickens in Malaysian farms, the Group has placed sawdust in all farmhouse, thereby mixing with the excrement of broilers and protect the health of broilers, and subsequently, it will be used as fertilizer, and has no contamination occurred. Therefore, the Group has no major environmental protection issues during its operation, and the Group is also actively developing and improving the ecological of the farm, and makes efforts for our mother Earth.
(2) The Group's employee welfare measures include marriage and funeral subsidies, departmental dinner from time to time, performance bonuses, profit sharing and employee stock ownership, labor insurance, medical insurance or accident insurance, etc., and provide employees with various training and workshop and continuing education opportunities, thereby widening exposure of employees and improving work efficiency.
(3) The retirement system of the Group is mainly handled according to the provisions of the “Labor Standard Law” of the areas of operations.
For the Taiwan Office and subsidiaries in Taiwan, the Company makes a monthly cash contribution at a rate not lower than 6% of salaries and wages as a monthly pension to employees according to the Labor Pension Act.
For the subsidiaries in Singapore and Malaysia, the Company makes a monthly cash contribution at a certain rate based on the monthly wages of employee, and the savings will be managed by the government according to the local provident fund (Central Provident Fund and Employee Provident Fund).
(4) The detailed contents of its CSR practices can refer to the CSR report prepared by the Company.</td></tr>
</table>

Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" And Reasons
	Yes	No	Description	
7. Please state if the company's corporate social responsibility report passes the relevant verification agencies' verification criteria: The Company is conformed to the Article 2 of the "Taipei Exchange Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEx Listed Companies", which the company's total operating revenue derived from food and beverage is more than 50%. From 2015 onwards, the CSR report is prepared and declared for the previous fiscal year in accordance with the "Taipei Exchange Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEx Listed Companies" and the latest sustainability reporting guidelines, GRI Standards and industry supplementary guidelines published by Global Reporting Initiative (GRI), and other applicable guidelines based on characteristics of the industry. The CSR report prepared by TPEx listed companies which the company's total operating revenue derived from food and beverage is more than 50% shall obtain a letter of opinion issued by a CPA in accordance with the provisions. Its 2017 CSR report was completed by the end of 2018.				

(6) Implementation of Ethical Corporate Management and Measures Adopted

Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies And Reasons
	Yes	No	Description	
1. Establishment of ethical corporate management policies and programs (1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?		V	(1) The Company has not yet planned to adopt the written "Ethical Corporate Management Best Practice Principles", which clearly stipulates the laws and regulations should be abided by the directors, managerial personnel and employees during business execution.	No major difference

Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies And Reasons
	Yes	No	Description	
(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?		V	(2) The Company has not yet planned to adopt the written “Ethical Corporate Management Best Practice Principles” as a program for the prevention of unethical conduct.	No major difference
(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 7, Paragraph 2 of the “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies”?		V	(3) The Company has not yet planned to adopt the written “Ethical Corporate Management Best Practice Principles” as a program for the prevention of unethical conduct. However, the Company has requested its employees should avoid engaging in commercial transactions with suppliers, customers or other business partners who do not operate with integrity. The business relationship with the Company will be terminated immediately and listed as debarred business partners for those who were found to have engaged in any unethical conduct.	No major difference
2. Implementation of integrity management (1) Does the company assess the integrity record of its business partner, and stipulate the terms of conduct on integrity in the contract with the business partner?		V	(1) The Company has established a long-term and close relationships, collaboration, mutual trust and benefit with its customers and suppliers. We look forward to and take practical action to assist our customers and suppliers in recognizing the guidelines and culture of the Company.	No major difference

Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies And Reasons
	Yes	No	Description	
(2) Has the company set up a dedicated (or concurrent) corporate integrity promotion unit under the board of directors which regularly reports to the board on its work?		V	(2) The Company has a regular audit of the internal control system, and if there is a breach of integrity, it will be reported to the board of directors and management according to relevant regulations.	No major difference
(3) Has the company formulated policies to prevent conflicts of interest, provided appropriate channels for statements and implemented them?	V		(3) The Company provides a smooth communication channel and can contact the Company by telephone, written and email, etc. at any time if necessary.	No major difference
(4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, which is checked by the internal auditing unit on a regular basis or audited by external auditors?	V		(4) The Company has an "internal control system", the audit supervisor will regularly conduct risk assessment and formulate audit plan, and the relevant audits will be carried out according to the plans. The audit results will be regularly reported to the audit committee and the board of directors in order to understand the status of internal control of the Company and achieve the management purposes.	No major difference
(5) Does the company hold regular internal and external training on business integrity?		V	(5) The Company plans to hold business integrity promotion courses from time to time in the future.	No major difference

Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies And Reasons
	Yes	No	Description	
3. Operation of the Company Reporting System (1) Has the company set up specific reporting and reward systems and a convenient reporting channel, and does the company assign appropriate personnel to investigate the person being reported?	V		(1) The Company provides a smooth communication channel and can contact the Company by telephone, written and email, etc. at any time if necessary.	No major difference
(2) Has the company set up standard investigation procedures and a related confidentiality mechanism for the matter being reported?	V		(2) It will be handled by the competent authority of the Company and the confidentiality of personal information is properly observed during the whole event handling process, and retaliation against colleagues is strictly prohibited.	No major difference
(3) Does the company take measures to protect the reporter from improper treatment?	V		(3) It will be handled by the competent authority of the Company and the confidentiality of personal information is properly observed during the whole event handling process, and retaliation against colleagues is strictly prohibited.	No major difference
4. Enhanced information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		(1) The Company has disclosed information such as ethical corporate management, etc. on its website for the reference of relevant personnel.	No major difference
5. If the company has established its own ethical corporate management best practice principles based on the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy its operation and the prescribed principles: Not applicable				

Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies And Reasons
	Yes	No	Description	
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (such as review and revision of regulations): (1) The company upholds the principle of corporate management in integrity and transparency according to law. While pursuing profits, the Company also attaches equal importance to the interests of other stakeholders by integrating the overall social and environmental well-being into the decision-making of the Company. For the corporate operation, it is in compliance with the regulations formulated by the local government of the areas of operations, does not sell illegal goods, and maintains a fair and healthy competition with the competitors, and jointly driving the development and optimization of industry. At the same time, Kee Song has established a long-term mutual trust business relationship with suppliers to jointly provide consumers with safe, hygienic and high-quality products. Kee Song discloses the corporate operation related information through public channels such as Company's official website, annual report, MOPS, etc. in order to maintain the transparency of the Company's information, and protect investors' rights. (2) The Company has established the "Rules and Procedures of Board of Directors Meetings" which has stipulated a recusal system for directors, where a director or a juristic person that the director represents is an interested party in relation to an agenda item which prejudice the interest of the Company, that director may not exercise voting rights as proxy for another director.				

(7) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:

The Company has not adopted a corporate governance best-practice principles. However, the Company has operated according to the spirit of corporate governance and implemented relevant guidelines of corporate governance, such as rules of procedure for shareholders' meetings, rules of procedure for board of directors meetings, regulations for the election of directors. Please contact the Company to obtain further information, if necessary.

(8) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed: None.

(9) The participation status of managerial personnel in corporate governance related training and continuing education

Date of reference day of information: December 31, 2018

Position tittle	Name	Period of continuing education		Organizer	Name of course	Continuing education hours
		From	To			
General Manager	Ong Kian San	2018.6.25	2018.6.25	Taiwan Corporate Governance Association	Corporate Competition and Fair Trade	3
		2018.6.26	2018.6.26	Taiwan Corporate Governance Association	Trade Secrets Protection and Fraud Intelligence Practices	3
Supervisor of R&D Department and Supervisor of Operating Division of second-tier subsidiary	Ong Kee Song	2018.6.25	2018.6.25	Taiwan Corporate Governance Association	Corporate Competition and Fair Trade	3
		2018.6.26	2018.6.26	Taiwan Corporate Governance Association	Trade Secrets Protection and Fraud Intelligence Practices	3
Supervisor of Operating Division of second-tier subsidiary	Ong Yong Xian	2018.6.25	2018.6.25	Taiwan Corporate Governance Association	Corporate Competition and Fair Trade	3
		2018.6.26	2018.6.26	Taiwan Corporate Governance Association	Trade Secrets Protection and Fraud Intelligence Practices	3
Supervisor of International Business Development of the Group	Ong Kian Huat	2018.6.25	2018.6.25	Taiwan Corporate Governance Association	Corporate Competition and Fair Trade	3
		2018.6.26	2018.6.26	Taiwan Corporate Governance Association	Trade Secrets Protection and Fraud Intelligence Practices	3
Supervisor of Auditing Office	Zhi-Zong You	2018.6.15	2018.6.15	Accounting Research and Development Foundation	Practical Discussion on “Computer Audit” by Internal Auditors (Comprehensive Planning)	6
		2018.6.22	2018.6.22	Accounting Research and Development Foundation	2018 Practical Issue Analysis of Revenue Recognition under IFRS 15	3
		2018.6.22	2018.6.22	Accounting Research and Development Foundation	Analysis of the Impacts on Enterprises, Adaptation and Legal Liabilities of "Anti-Money Laundering and Countering Terrorist Finance” Related Policies Promoted by Taiwan	3
Chief Financial Officer	Yu-Yuan Han	2018		Other foreign continuing education institutions-United Overseas Bank	Budget2018	3

			Other foreign continuing education institutions-Ernst & Young	Budget2018	18
			Other foreign continuing education institutions-CFO innovation	Finance and global economy	16
			Other foreign continuing education institutions-Singapore Business Federation	2018 business outlook	4
			Other foreign continuing education institutions-Institute of Singapore Chartered Accounts	Risk culture	3

(10) Implementation of the internal control system

i. Statement of Internal Control System:

Kee Song Bio-Technology Holdings Limited ("the Company')

Statement of Internal Control System

Date: 11 March 2019

The Internal Control System of the Company and its subsidiaries from 1 January 2018 to 31 December 2018, according to the result of self-assessment is thus stated as follows:

1. The Company and its subsidiaries acknowledge that the implementation and maintenance of internal control system is the responsibility of Board of Directors and Management, hence the Company has established such system. The system is aimed to reasonably assure that the effectiveness and efficiency of operation (including profitability, performance and protection of assets), the reliability of financial reporting, and compliance with applicable law and regulations and related goals are achieved.
2. The Internal Control System has its innate restriction, regardless of how well it's designed, an effective internal control system can only reasonably assure the above three goals are achieved; nevertheless, due to change of environment and conditions, the effective of internal control system will be changed accordingly. The Internal Control System of the Company and its subsidiaries has its self-monitoring function, the Company and its subsidiaries will take corrective action once any omission is identified.
3. According to the effective judgment criteria of Internal Control System specified in *Criteria for Establishment of Internal Control Systems by Public Companies* (hereinafter referred to as CEICS), the Company and its subsidiaries have made judgment on design and execution of Internal Control System according to the five elements: 1. Control Environment; 2. Risk

Assessment and feedback; 3. Control Activities; 4. Information and Communication; and 5. Monitoring. Each element includes a certain number of matters. Refer to CEICS for the above criteria.

4. The Company and its subsidiaries have adopted the judgment criteria for internal control to evaluate the effectiveness of design and execution of Internal Control System.
5. Based on the result of assessment, the Internal Control System of the Company and its subsidiaries for the financial year 31 December 2017(including Rules for Supervision and Management of Subsidiaries), the Company and its subsidiaries reasonably assure that the above said goals are achieved and the design and execution of Internal Control System relating to aware of achievement degree of effectiveness and efficiency of operation, reliability of financial reporting, compliance with law regulation in relating to design and execution of Internal Control System have been effective.
6. This Statement will be the main content of annual report and prospectus of the Company and disclose to the open. The Company will involve in liability as specified in *Article 20, Article 32, Article 171 and Article 174 of Securities Exchange Act* if the disclosure of the contents have any false statement or concealment.
7. This Statement has been approved in Board Meeting on 11 March 2019, with 7 directors in presence (including authorized representative) all agree the contents of this Statement.

Kee Song Bio-Technology Holdings Limited

Chairman: Ong Kee Song

CEO : Ong Kian San

ii. If CPA was engaged to conduct a special audit of internal control system, please disclose the CPA’s audit report: None.

(11) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements.: None

(12) Material resolutions of a shareholders’ meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year and up to the March, 2019

i. Important resolutions made by the 2018 shareholders’ meeting and the status of implementation

Matters to be ratified:

1. Ratified the 2017 financial statements

   Status of implementation: Approved.

2. Ratified the 2017 surplus earnings distribution

   Status of implementation: Approved, and it has been completed based on the resolution of the shareholders’ meeting.

   For the 2017 surplus earnings distribution, the cash dividends distributed to the shareholders was NT 18,408,229.

Discussion:

1. Amendment of the Company's Articles of Association

   Status of implementation: Approved, and it has been completed based on the resolution of the shareholders’ meeting.

2. Amendment of the “Procedures for Acquiring and Disposing of Assets”

   Status of implementation: Approved, and it has been completed based on the resolution of the shareholders’ meeting.

3. Amendment of the Company's “Procedures for Handling Endorsements and Guarantees”

   Status of implementation: Approved, and it has been completed based on the resolution of the shareholders’ meeting.

ii. Summary of important resolutions made by the board of directors meeting

6 meetings were held by the board of directors in fiscal years 2018 and up to the March, 2019, and the summary of the important resolutions have been approved is as follow:

1. Approved the consolidated financial statements.
2. Approved the surplus earnings distribution.
3. Approved the “Statement of Internal Control System” which its design and implementation of internal control system are effective.
4. Approved the change of Financial Executive of the Company.
5. Drew up a notice specifying a period for accepting shareholder proposals and receiving nominations of directors (including independent director) candidates, the number of candidates to be elected, and the place for receiving such nominations.
6. Seek the approval of board of directors of the slate of directors (including independent director) candidates.
7. Approved the amendment of the Procedures for Acquiring and Disposing of Assets of the Company.
8. Approved the amendment of the Company's Articles of Association.
9. Approved the additional budget for the establishment of chicken farm, hatchery and broiler farm on its own land of the subsidiaries of the Company.
10. Approved the land disposal authorization and acquisition of plant for business use of the subsidiaries of the Company.
11. Approved the directors’ KPI discussion between the Company and subsidiaries and reviewed the directors’ KPI and bonus distribution of previous fiscal year of the Company and subsidiaries.
12. Approved the convening of shareholders’ meeting, brief report of meeting time, place and the contents of the motion, and adopt exercise of voting rights by electronic means.

(13) During the most recent fiscal year or during the current fiscal year and up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(14) A summary of resignation and dismissal of the company’s related personnel (including the chairman, general manager, accounting supervisor, finance executive, internal audit supervisor, R&D supervisor, etc.) during the most recent fiscal year or during the current fiscal year and up to the date of publication of the annual report:

Tittle	Name	Date of Assumption	Date of Dismissal	Reason for Resignation or Dismissal
Chief Financial Officer	Yu-Yuan Han	2016/03/18	2019/03/11	Retired
Chief Financial Officer	Koh IngChin	2019/03/11	-	

(15) The status of the Company and the financial information transparency related personnel which / who obtained the relevant license specified by the competent authority

Name of license	Number of people	
	Financial accounting	Audit
CPA of CPA Associations R.O.C (Taiwan)	1	-
CPA of Consultative Committee of Accountancy Bodies	1	-
CPA of the Association of International Accountants	1	
CPA of Singapore	2	-
CPA of Malaysian Institute of Accountants (MIA)	2	-
Certified Internal Auditor (CIA) of the Institute of Internal Auditors-Chinese Taiwan	-	1

4. Information on CPA professional fees

(1). Range of Information on CPA professional fees

Name of accounting firm	Name of CPA		Period Covered by CPA's Audit	Remarks
Deloitte Taiwan	Ze-Li Gong	Dong-Feng Li	2018.1.1-2018.12.31	
G＆F Co., Ltd.	Shi-Jia Huang		2017.1.1-2017.12.31	Note

Currency Unit: NT$ Thousand

Range of Amount \ Professional Fee Item		Audit fee	Non-audit fee
1	Below 2,000 thousand		V
2	2,000 thousand (inclusive) - 4,000 thousand	V	
3	4,000 thousand (inclusive) - 6,000 thousand		
4	6,000 thousand (inclusive) - 8,000 thousand		
5	8,000 thousand (inclusive) -		

	10,000 thousand		
6	Above 10,000 thousand (inclusive)		

Note: Non-audit fees mainly refer to the service fees related to CSR reports, etc.

(2) If the non-audit fees paid to the certifying CPA, the CPA's firm and the firm's affiliated businesses are more than 25% of the audit fees, please disclose the audit and non-audit fees and the non- audit services: The non-audit fees paid to the certifying CPA, the CPA's firm and the firm's affiliated businesses by the Company are less than 25% of the audit fees.

If there is a change of the accounting firm, and in the year of the change the audit fee is lower than that in the previous year, please disclose the audit fees before and after the change and the reasons: None.

(4) If the audit fee is reduced by more than 15% over that in the previous year, please disclose the amount of audit fee reduced, the proportion and reason for the reduction: None.

5. Information on change in CPA: None.

6. The company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

7. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10% during the current fiscal year up to the date of publication of the annual report:

(1) Changes in the shareholding of directors, supervisors, managerial officers and major shareholders

Title (Note1)	Name	2018		As of April 19, 2019	
		Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)	Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)
Chairman	Ong Kee Song	-	-	-	-
Chairman cum General Manager	Ong Kian San	-	-	-	-
Director	Ong Yong Xian	-	-	-	-
Director	Ng Yan Huay	-	-	-	-
Independent Director	Ng Boon Yew	-	-	-	-

Independent Director	Koh Seng Choon	-	-	-	-
Independent Director	Wen Xian-Tsai	-	-	-	-
Major shareholder	Ong Kian Huat	-	-	-	-
Supervisor of Operating Division of KSA	Dato' Lee Kim Kiong	-	-	-	-
Supervisor of Operating Division of KSA	Lee Wei Kang	-		-	-
Supervisor of Operating Division of CLI	Lek Soon Huat	-	-	-	-
Supervisor of Operating Division of MKP	Ong Quan Yi	-	-	-	-
Supervisor of Operating Division of BBQ	Sim Baoyuan	-	-	-	-
Supervisor of Operating Division of YKH	Leeu Set Yen	-		-	-
Supervisor of Operating Division of YKH	Lim See Teang	-	-	-	-
Accounting Supervisor	Koh IngChin	-	-	-	-
IT Supervisor	Chng Khang Loon	-	-	-	-
Audit Supervisor	Zhi-Zong You	-	-	-	-

Note 1: Shareholders holding more than 10% of outstanding shares of the Company shall be stated as major shareholders, and listed separately.

Note 2: The counterparty in any such transfer or pledge of equity interests is a related party, shall fill out the following table.

(2) Information on the counterparty of transfer of equity interests is a related party: None.

(3) Information on the counterparty of pledge of equity interests is a related party: None.

8. Relationship information, if among the company's top ten shareholders any one is a related party

As of April 19, 2019 Unit: Share; %

Name (Note 1)	Own Shareholding		Shareholding of the Spouse and Children of Minor Age		Total Shareholding in the Name of Others		The names or names and relationships of the Company's top ten shareholders any one is a related party or a relative within the second degree of kinship of another. (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ong Kee Song	6,958,783	18.90%	—	—	—	—	Ong Kian San	Brothers	
							Ong Yong Xian	Brother and sister	
							Ong Kian Huat	Brothers	
							Leeu Set Yen	Sister-in-law	
							Ong Quan Yi	Father and son	
							Ong Li Woon	Father and daughter	
							Ong Li Min	Father and daughter	
Ong Kian San	4,982,085	13.53%	420,000	1.14%	—	—	Ong Kee Song	Brothers	
							Ong Yong Xian	Sister and brother	
							Ong Kian Huat	Brothers	
							Leeu Set Yen	Spouse	
CTBC Bank Co., Ltd. has been entrusted with the investment account of Ong Yong Xian	3,973,566	10.79%	—	—	—	—	Ong Kee Song	Brother and sister	
							Ong Kian San	Sister and brother	
							Ong Kian Huat	Sister and brother	
							Leeu Set Yen	Sister-in-law	
CTBC Bank Co., Ltd. has been entrusted with the investment account of Ong Kian Huat	3,973,566	10.79%	—	—	—	—	Ong Kee Song	Brothers	
							Ong Yong Xian	Sister and brother	
							Ong Kian San	Brothers	
							Leeu Set Yen	Sister-in-law	

Name (Note 1)	Own Shareholding		Shareholding of the Spouse and Children of Minor Age		Total Shareholding in the Name of Others		The names or names and relationships of the Company's top ten shareholders any one is a related party or a relative within the second degree of kinship of another. (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ong Quan Yi	2,157,000	5.86%	—	—	—	—	Ong Kee Song	Father and son	
							Ong Li Woon	Brother and sister	
							Ong Li Min	Brother and sister	
Ong Li Woon	1,546,000	4.20%	—	—	—	—	Ong Kee Song	Father and daughter	
							Ong Quan Yi	Brother and sister	
							Ong Li Min	Sisters	
Ong Li Min	1,534,000	4.17%	—	—	—	—	Ong Kee Song	Father and daughter	
							Ong Quan Yi	Brother and sister	
							Ong Li Woon	Sisters	
Yeoh Qi Chin	525,000	1.43%	—	—	—	—	—	—	
Leeu Set Yen	420,000	1.14%	4,982,085	13.53%	—	—	Ong Kee Song	Brother-in-law	
							Ong Yong Xian	Sister-in-law	
							Ong Kian Huat	Brother-in-law	
							Ong Kian San	Spouse	
CTBC Bank Co., Ltd. has been entrusted with the investment account of Tai Yoke Cai	307,000	0.83%	—	—	—	—	—	—	

Note 1: All the top ten shareholders shall be listed, and for the institutional shareholder, the names of the corporate shareholders and the names of the representatives shall be separately listed.

Note 2: The calculation of the percentage of shareholding refers to the calculation of the percentage of shareholding held by the major shareholders and their spouses, children of minor age, and held through nominees.

Note 3: The relationship among the preceding listed shareholders, including artificial persons and natural persons shall be disclosed in accordance with the regulations governing the preparation of financial reports by the issuers.

9. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company

As of December 31, 2018 Unit: Shares; %; $

Re-investment Business (Note)	Business of the Company		Investment by directors, supervisors, managers or directly or indirectly controlled businesses		Consolidated Investment	
	Shares	%	Shares	%	Shares	%
KSH	12,519,061	100%	-	-	12,519,061	100%
KSFC	3,800,000	100%	-	-	3,800,000	100%
MKP	13,000,000	100%	-	-	13,000,000	100%
YTH	1,400,000	100%	-	-	1,400,000	100%
KSNF	2	100%	-	-	2	100%
KSA	12,600,000	70%	-	-	12,600,000	70%
YKH	2	100%	-	-	2	100%
KSR	1,050,000	70%	-	-	1,050,000	70%
KSO	60,000	60%	-	-	60,000	60%
CLI	500,000	100%	-	-	500,000	100%
KSS	2	100%	-	-	2	100%
BBQ	1,050,000	100%	-	-	1,050,000	100%
LKP	4,000,000	100%	-	-	4,000,000	100%
MW	616,000	100%	-	-	616,000	100%
KSJ	3,000,000	100%	-	-	3,000,000	100%
Singapore Poultry Hub Pte. Ltd.	875,000	25%	-	-	875,000	25%
Iceberg Cold Storage Pte. Ltd.	30	30%	-	-	30	30%

Note: Long-term investments accounted for using equity method by the Company.

IV. Capital Raising Activities

1. Capital and Shares

(1) Source of capital

i. The process of capital formation

Unit: NT$

Date	Issue price	Authorized stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increased by assets other than cash	Others
2010/05	10	150,000	1,500,000	1	10	Cash	—	Established
2010/05	10	150,000	1,500,000	1	10	Cash	—	The promoter transferred the shares to the shareholder, Ong Kee Song
2010/05	10	150,000	1,500,000	20	200	Capital increased by cash	—	—
2010/09	10	30,000,000	300,000,000	20	200	Increase of authorized stock	—	—
2010/09	10	30,000,000	300,000,000	30,000,000	300,000,000	Share conversion	Share conversion	(Note 1)
2011/03	10	40,000,000	400,000,000	30,000,000	300,000,000	Increase of authorized stock	—	—
2011/08	10	100,000,000	1,000,000,000	30,000,000	300,000,000	Increase of authorized stock	—	—
2011/12	10	100,000,000	1,000,000,000	34,000,000	340,000,000	Capital increased by cash	—	—
2015/10	10	100,000,000	1,000,000,000	34,559,268	345,592,680	Entitlement to new shares from convertible bonds of 5.59 million	—	—

Date	Issue price	Authorized stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increased by assets other than	Others
2015/11	10	100,000,000	1,000,000,000	34,605,658	346,056,580	Entitlement to new shares from convertible bonds of 460 thousand	—	—
2016/02	10	100,000,000	1,000,000,000	34,976,788	349,767,880	Entitlement to new shares from convertible bonds of 3.71 million	—	—
2016/03	10	100,000,000	1,000,000,000	35,463,884	354,638,840	Entitlement to new shares from convertible bonds of 4.87 million	—	—
2016/08	10	100,000,000	1,000,000,000	35,969,094	359,690,940	Entitlement to new shares from convertible bonds of 5.05 million	—	—
2016/10	10	100,000,000	1,000,000,000	36,399,459	363,994,590	Entitlement to new shares from convertible bonds of 4.3 million	—	—
2017/04	10	100,000,000	1,000,000,000	36,816,458	368,164,580	Entitlement to new shares from convertible bonds of 4.17 million	—	—
2019/01	10	100,000,000	1,000,000,000	36,819,791	368,197,910	Entitlement to new shares from convertible bonds of 100 thousand	—	—

Note 1: The Company has issued common stock of 29,999,980 at a price of NT $10 per share on September 18, 2010, and share conversion is conducted with the shareholders of KSH, and KSFC (formerly known as KSB) and MKP and its directly-owned subsidiaries are incorporated into the Group to complete the restructuring of the Group before the Company applies for a TPEx primary listing.

ii. Type of Stock

As of April 19, 2019 Unit: Share

Type of Stock	Authorized Stock (shares)			Remarks
	Outstanding Shares	Un-issued Shares	Total	
Common Stock	36,819,791	63,180,209	100,000,000	—

Summary reporting system related information: None.

(2)Shareholder structure

As of April 19, 2019

Shareholder structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions and Foreigners	Personal	Total
Number of Shareholders	—	—	8	22	1,016	1,046
Shareholding	—	—	311,630	26,720,000	9,788,161	36,819,791
Percentage of shareholding	—	—	0.85%	72.57%	26.58%	100%

(3) Status of Stock Dispersion

As of April 19, 2019 Face value of NT$ 10 per share

Class of Shareholding	Number of shareholder	Shareholding	Percentage of shareholding (%)
1 to 999	128	7,355	0.02%
1,000 to 5,000	616	1,336,271	3.63%
5,001 to 10,000	116	947,444	2.57%
10,001 to 15,000	40	530,000	1.44%
15,001 to 20,000	25	469,000	1.27%
20,001 to 30,000	26	676,000	1.84%
30,001 to 40,000	16	563,000	1.53%
40,001 to 50,000	24	1,114,000	3.03%
50,001 to 100,000	29	2,016,000	5.47%
100,001 to 200,000	10	1,424,091	3.87%
200,001 to 400,000	7	1,666,630	4.53%
400,001 to 600,000	2	945,000	2.57%
600,001 to 800,000	0	0	0.00%
800,001 to 1,000,000	0	0	0.00%
Above 1,000,001	7	25,125,000	68.23%
Total	1,046	36,819,791	100.00%

(4) List of major shareholders (Top ten major shareholders)

As of April 19, 2019

Name of major shareholders \ Shares	Shareholding	Percentage of shareholding
Ong Kee Song	6,958,783	18.90%
Ong Kian San	4,982,085	13.53%
CTBC Bank Co., Ltd. has been entrusted with the investment account of Ong Yong Xian	3,973,566	10.79%
CTBC Bank Co., Ltd. has been entrusted with the investment account of Ong Kian Huat	3,973,566	10.79%
Ong Quan Yi	2,157,000	5.86%
Ong Li Woon	1,546,000	4.20%
Ong Li Min	1,534,000	4.17%
Yeoh Qi Chin	525,000	1.43%
Leeu Set Yen	420,000	1.14%
CTBC Bank Co., Ltd. has been entrusted with the investment account of Tai Yoke Cai	307,000	0.83%

(5) The market prices per share, net worth per share, earnings per share, dividends per share, and related information for the past 2 fiscal years

Unit: NT$

Item \ Year		2017	2018	As of March 31, 2019
Market price per share	Highest	41.50	32.45	25.90
	Lowest	28.20	16.50	20.00
	Average	35.28	26.79	22.31
Net worth per share	Before distribution	23.24	19.36	19.35
	After distribution	22.74	(Note 1)	—
Earnings per share	Weighted average number of shares (1000 shares)	36,816	36,816	36,819
	Earnings per share before retrospective adjustment	1.26	(4.05)	(0.40)
	Earnings per share after retrospective adjustment	1.26	(Note 1)	—

<table>
<tr><th colspan="3">Item \ Year</th><th>2017</th><th>2018</th><th>As of
March 31, 2019</th></tr>
<tr><td rowspan="4">Dividend per share</td><td colspan="2">Cash dividend</td><td>0.5</td><td>- (Note 1)</td><td>—</td></tr>
<tr><td rowspan="2">Stock dividend</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td colspan="2">Accumulated undistributed dividends</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td rowspan="3">Return on Investment</td><td colspan="2">Price-to-earnings (P/E) ratio (Note 2)</td><td>28</td><td>—</td><td>—</td></tr>
<tr><td colspan="2">Price-to-dividend ratio (Note 3)</td><td>70.56</td><td>(Note 1)</td><td>—</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 4)</td><td>1.42</td><td>(Note 1)</td><td>—</td></tr>
</table>

Note 1: The 2018 cash dividend was approved by the board of directors of the Company on 2019/3/11, and pending for the resolution of the shareholders' meeting.

Note 2: P/E ratio = average closing price per share of current period/earnings per share.

Note 3: Price-to-dividend ratio= average closing price per share of current period/cash dividend per share.

Note 4: Cash dividend yield= cash dividend per share/average closing price per share of current period.

(6) The Company's dividend policy and implementation status

i. Dividend policy as set out in the Articles of Association

The Company distributes surplus earnings in accordance with the resolution of the board of directors meeting, and it shall be adopted by an ordinary resolution of the shareholders' meeting according to the Company's articles of association. If there is a surplus, the board of directors shall make the surplus appropriation of each fiscal year for the following when formulating the surplus distribution proposal: (i) To pay all the taxes for the relevant fiscal year; (ii) To cover the losses for the previous years; (iii) To distribute as special reserve in accordance with the regulations. The business of the Company is a mature and stable industry and currently it is at a growth stage which has funding needs. Subject to the Cayman Islands Company Act, the accumulated undistributed surplus in the previous years shall first set aside or appropriation for a special capital reserve for development purposes in each fiscal year by the board of directors in accordance with the Company's articles of association. The remaining profits can be distributed in the following order and manner with the consent of the shareholders:

A. The proportion of the employee bonus shall not be higher than 3%.

B. The proportion of the directors' compensation shall not be higher than 3%.

C. For the shareholders' dividend distribution, its amount of the distribution shall not be not less than 10% of the earnings after taxes of current period after set aside a special reserve, employee compensation and directors' compensation.

The distribution of shareholders' dividends and employee compensation may be distributed by way of cash dividend and/or stock dividend in accordance with the determination of the board of directors. The distribution of cash dividend to shareholders shall not be less than 10% of the total dividend. However, the percentage of the cash dividend payout is based on actual earnings and operation situation in the particular fiscal year. For the compensation distribution to employees made by way of shares, the employees may include the employees of the subsidiaries who meet certain conditions for the distribution of stock dividend and cash dividend. No interest shall be payable by the Company for the undistributed dividends and bonuses.

ii. The situation of the proposed (adopted) dividend distribution in the current fiscal year

The shareholders' meeting proposed to distribute cash dividends at a price of NT $0 per share.

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted in the current fiscal year

It is not applicable as there is no plan for stock dividend distribution in the current fiscal year.

(8) Bonuses of employees, and compensation of directors, and supervisors

i. The percentages or ranges with respect to employee bonus and director, and supervisor compensation as set forth in the Company's Articles of Association: For details, please refer to the preceding dividend policy.

ii. The basis for estimating the amount of employee bonus and director, and supervisor compensation, for calculating the number of shares to be distributed as stock dividend, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: Not applicable.

iii. Information on the bonus distribution as passed by the board meeting:

A. The employee bonus and director and supervisor compensation are distributed in the form of cash dividend or stock dividend; if there is any discrepancy between the actual distributed amount and the estimated figure, the difference, reason and response shall be disclosed: It is not applicable as there is no distribution of employee bonus and director and supervisor compensation.

B. The proposed amount of stock dividend and ratio of the total net profit after-tax and the total employee bonus to the total amount: It is not applicable as there is no distribution of stock dividend for employees.

C. The imputed earnings per share after taken into account the proposed distribution of employee bonus and director compensation: Not applicable.

iv. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated: compensation, the difference, reason and response shall be disclosed: It is not applicable as there is no distribution of employee bonus and director and supervisor compensation for the previous fiscal year.

(9) Share repurchases: None.

2. Issuance of corporate bonds (including overseas corporate bond)

(1) Debt securities outstanding of the Company and issuance of corporate bonds

Types of corporate bond	First domestic unsecured convertible bond
Issuance (processing) date	September 15, 2015
Face value	NT$ 100,000
Place of issuance and transaction	Domestic
Issuing price	Full issuance by face value
Total amount	NT$ 250 million
Interest rate	Coupon rate 0%
Duration	September 15, 2015 to September 15, 2018
Guarantee institution	Not applicable
Trustee	CTBC Bank
Underwriter	Taichung Commercial Bank Securities Co.Ltd.
Attorney	Wen-Qing Yang Attorney, GT International Law Firm
CPA	Yan-Jun Wang , Li-Huang Lin, Ernst & Young
Repayment method	The bondholders may convert the bonds into common stock pursuant to Article 13 or exercise repurchase rights pursuant to Article 21, and the Company may exercise early redemption rights pursuant to Article 20 of the rules governing the issuance and conversion of convertible bonds of first domestic unsecured convertible bond within the territory of ROC. Or, in addition to the share repurchase by the Company from

		OTC markets, repayment of face value is due in full by cash payment upon maturity by the Company.
Principal outstanding		NTD $ 0 (was fully repaid as at September 15, 2018)
Redemption or early repayment clause		Please refer to the rules governing the issuance and conversion of convertible bonds of first domestic unsecured convertible bond within the territory of ROC of the Company.
Restriction clause		None
Credit rating agency, date of assessment and corporate bond assessment results		None
Other attached rights	The monetary amount of ordinary shares, overseas depositary receipts or other securities that have been converted (exchanged or subscribed up) as of the publication date of the annual report	From the issuing date to September 15, 2018, the creditors filed for a conversion into 2,816,458 common stocks of the Company.
	Rules governing the issuance and conversion (exchange or subscription)	Please refer to the rules governing the issuance and conversion of convertible bonds of first domestic unsecured convertible bond within the territory of ROC of the Company.
Impacts of the issuance and conversion, exchange or subscription method or issuing conditions on the dilution of equity and existing shareholders' equity		NT$ 250 million was raised through the issuance of the convertible bond. Due to the debt nature of the convertible bond, there is no equity dilution before the creditors request a conversion. Besides, as the creditors will choose a more favorable time for the conversion during the conversion period, therefore, there is a deferred effect on equity dilution, and the conversion will not impose an immediate impact on the Company's operating rights and earnings per share.
The name of custodian institution for exchangeable bonds		Not applicable

Types of corporate bond	Second domestic unsecured convertible bond
Issuance (processing) date	September 10, 2018
Face value	NT$ 100,000
Place of issuance and transaction	Domestic
Issue price	Full issuance by face value

<table>
<tr><td colspan="2">Total amount</td><td>NT$ 300 million</td></tr>
<tr><td colspan="2">Interest rate</td><td>Coupon rate 0%</td></tr>
<tr><td colspan="2">Duration</td><td>September 10, 2018 to September 10, 2023</td></tr>
<tr><td colspan="2">Guarantee institution</td><td>Not applicable</td></tr>
<tr><td colspan="2">Trustee</td><td>Trust Service Department of Bank SinoPac</td></tr>
<tr><td colspan="2">Underwriter</td><td>Waterland Securities Co., Ltd.</td></tr>
<tr><td colspan="2">Attorney</td><td>You-Liang Chen Attorney, Zhi Ding International Law Firm</td></tr>
<tr><td colspan="2">CPA</td><td>Ze-Li Gong, Dong-Feng Li, Deloitte Taiwan</td></tr>
<tr><td colspan="2">Repayment method</td><td>The bondholders may convert the bonds into common stock pursuant to Article 14 or exercise repurchase rights pursuant to Article 24, and the Company may exercise early redemption rights pursuant to Article 23 of the rules governing the issuance and conversion of convertible bonds of second domestic unsecured convertible bond within the territory of ROC. Or, in addition to the share repurchase by the Company from OTC markets, repayment of face value is due in full by cash payment upon maturity by the Company.</td></tr>
<tr><td colspan="2">Principal outstanding</td><td>NT$ 299,900 thousand (As of March 31, 2019)</td></tr>
<tr><td colspan="2">Redemption or early repayment clause</td><td>Please refer to the rules governing the issuance and conversion of convertible bonds of second domestic unsecured convertible bond within the territory of ROC of the Company.</td></tr>
<tr><td colspan="2">Restriction clause</td><td>None</td></tr>
<tr><td colspan="2">Credit rating agency, date of assessment and corporate bond assessment results</td><td>None</td></tr>
<tr><td rowspan="2">Other attached rights</td><td>The monetary amount of ordinary shares, overseas depositary receipts or other securities that have been converted (exchanged or subscribed up) as of the publication date of the annual report</td><td>From the issuing date to March 31, 2019, the creditors filed for a conversion into 3,333 common stocks of the Company.</td></tr>
<tr><td>Rules governing the issuance and conversion (exchange or subscription)</td><td>Please refer to the rules governing the issuance and conversion of convertible bonds of second domestic unsecured convertible bond within the territory of ROC of the Company.</td></tr>
</table>

Impacts of the issuance and conversion, exchange or subscription method or issuing conditions on the dilution of equity and existing shareholders' equity	NT$ 300 million was raised through the issuance of the convertible bond. Due to the debt nature of the convertible bond, there is no equity dilution before the creditors request a conversion. Besides, as the creditors will choose a more favorable time for the conversion during the conversion period, therefore, there is a deferred effect on equity dilution, and the conversion will not impose an immediate impact on the Company's operating rights and earnings per share.
The name of custodian institution for exchangeable bonds	Not applicable

(2) Information of convertible bond

Types of corporate bond		First domestic unsecured convertible bond
Item / Year		2018
Market price of the convertible bond	Highest	101.90
	Lowest	99.10
	Average	99.86
Conversion price		35.48
Issuance (processing) date and the conversion price at the time of issuance		September 15, 2015; NT$ 38.8
Satisfaction of warrant obligations		New share issuance

Types of corporate bond		Second domestic unsecured convertible bond	
Item / Year		2018	2019 as of March 31
Market price of the convertible bond	Highest	97.50	85.65
	Lowest	76.20	77.50
	Average	86.24	82.62
Conversion price		30	
Issuance (processing) date and the conversion price at the time of issuance		September 10, 2018; NT$ 30	
Satisfaction of warrant obligations		New share issuance	

3. The status of preferred shares issuance: None.
4. The status of overseas depositary receipts issuance: None.

5. The status of employee stock warrants issuance: None.

6. The status of new shares issuance in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

7. The status of implementation of the capital allocation plans:

   (1) For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities: None.

   (2) The issuance and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

V. Operational Highlights

1. Business Activities

(1) Scopes of the business

i. The main contents of operating business of the Group

Chicken raising, hatching, brooding and selling of crow-pheasants, and sales of crow-pheasants, chicken processing and selling, trading of frozen meat, vegetables, eggs and prepared foods, etc.

ii. Sales proportion

Unit: NT$ Thousand

Item	2017		2018	
	Amount	Percentage	Amount	Percentage
Fresh chicken	979,126	39.47%	1,012,735	35.72%
Live chicken	1,223,696	49.32%	1,583,347	55.85%
Chick	37,567	1.51%	39,328	1.39%
Others	240,533	9.70%	199,628	7.04%
Total	2,480,922	100.00%	2,835,038	100.00%

iii. Existing products (services) of the Company

A. Broiler breeding

B. Hatching, brooding and selling of chicks and selling of crow-pheasants

C. Selling of fresh chicken

D. Selling of vegetables

E. Trading of frozen meat

F. Processing and selling of chicken-prepared foods

iv. New product (services) development projects of the Company

A. Continue to develop healthy and high nutritional value chicken products

B. Develop diversified chicken-prepared foods

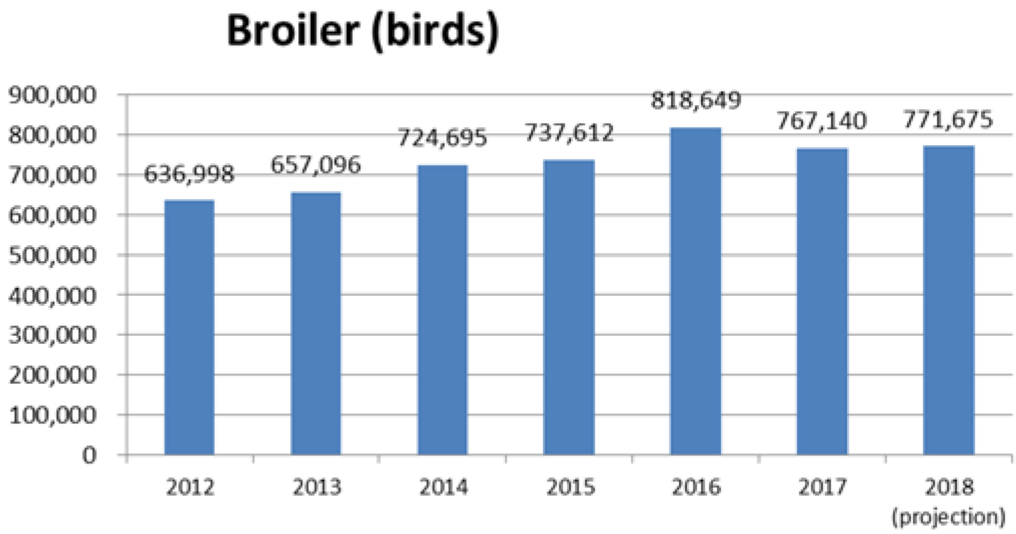
(2) Industry Overview

i. Current status and development of industry

The population of Singapore is primarily made up by Chinese, approximately 74%, followed by Malays (13%) and Indians (9%), and daily visitors from all over the world (Europe, United States, Japan, etc.). The all-embracing eating habits are derived from its diversified population composition. Despite it has cuisines from various countries, however, chicken and pork are the main meat for Singapore which composed mainly by Chinese, in which chicken is the main daily meat consumption in Singapore due to its price is relatively cheap and suitable for all kinds of cooking.

As Singapore is small in size and densely populated, it is not allowed to establish farm according to law. The food safety and hygiene control are subject to stringent control by Singapore government. For imported poultry, its production source is subject to stringent inspection and control mechanism. Breeding farms such as eggs, broilers, cattle, and pigs, all must pass the inspection of the Agri-Food & Veterinary Authority of Singapore ("AVA"), and obtain a certificate of compliance before the agricultural and animal products can be imported to Singapore. Therefore, under the strict implementation of the quarantine measures for agricultural and animal products by Singapore government, the live poultry is mainly imported from the qualified farms of neighboring country, Malaysia, and then processing in Singapore to supply for consumers. The farm of the Group is one of the broiler farms approved by AVA of Singapore. At present, the Group has 25 breeding farms, in which about 13 broiler farms are conform to the live poultry farming regulations of Singapore.

According to statistic of the Federation of Livestock Farmers' Associations of Malaysia, there were approximately 2,606 broiler farms in Malaysia in 2017, with a total production of 767 million broilers. There are about 123 broiler farms in Malaysia are conform to the legal standards of Singapore. In 2017, a total of 52.71 million live chickens and 15.01 thousand tons of broilers were exported to Singapore for processing by Singaporean meat manufacturing companies and consumption of Singapore residents.



Source: Federation of Livestock Farmers' Associations of Malaysia

In terms of management, the meat processing plants also subject to stringent hygiene requirements by Singapore government, similarly, it is also necessary to obtain a certificate of compliance from AVA of Singapore before operating the meat processing business. KSFC which located in Singapore is one of the qualified chicken processing plants in Singapore. According to the statistics of AVA of Singapore (for details, please refer to the table below), the quantity of broiler processing in Singapore remained stable in recent years, with a total of about 49 million in 2017.

Meat processing in Singapore

(Thousand bird)

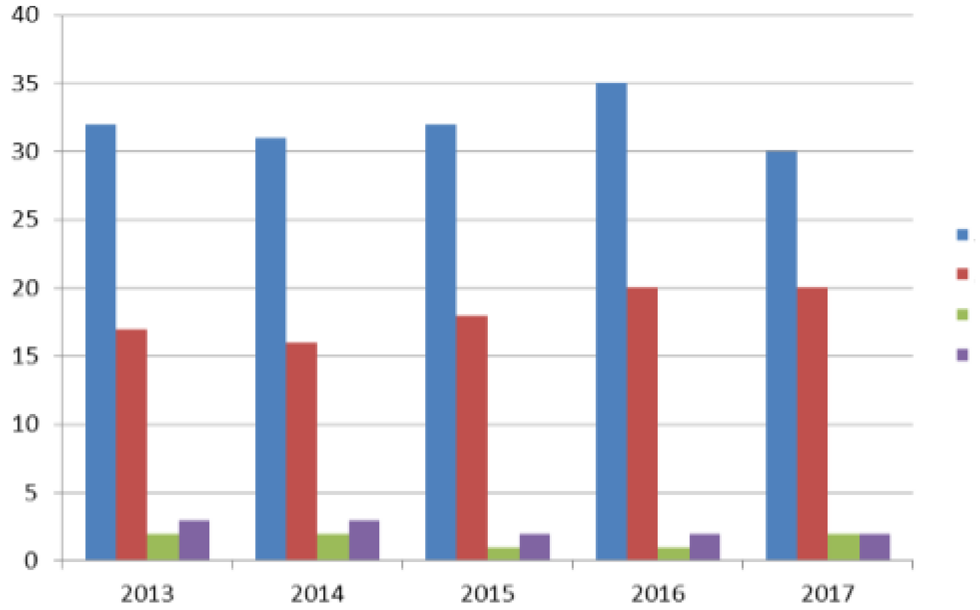
	2013	2014	2015	2016	2017
Poultry	53,048	52,216	53,610	54,309	53,500
Chickens	47,036	46,132	48,008	48,820	48,323
Ducks	6,012	6,084	5,601	5,489	5,177
Pigs	330	335	334	333	323

Source: AVA of Singapore

In terms of fresh meat consumption, according to the statistics of the Singapore Department of Statistics, the consumption trend of chicken in Singapore is generally stable in recent years, with an average chicken consumption per person is about 30-35 kg, which is the main meat consumption in Singapore, while the average pork consumption is about 16-20 kg per person, which is less than the chicken consumption, and becomes the second largest meat consumption. In terms of price, the average price of chicken in recent years is stable. The prices per kilogram of chicken in 2017 and 2016were similar, which were SGD 6.58 and SGD 6.35, respectively.

Average meat consumption per person in Singapore

Person /Kg

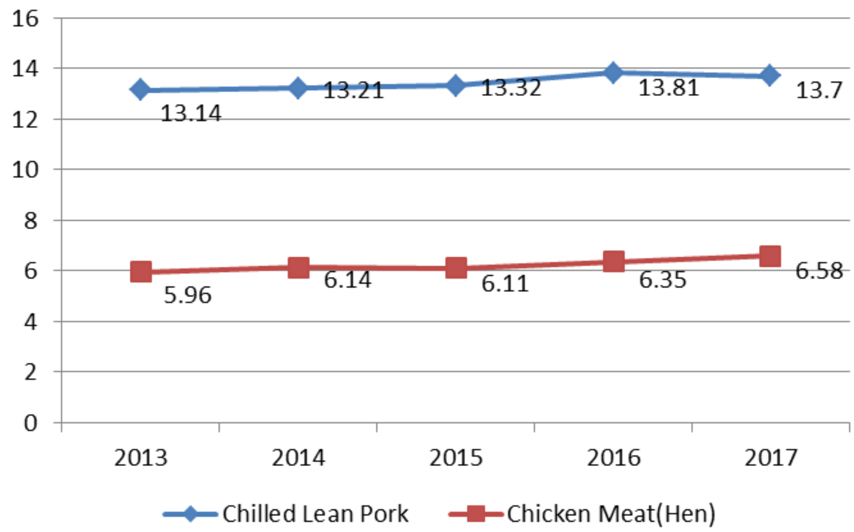


	2013	2014	2015	2016	2017
Chicken (Kg)	32	31	32	35	30
Pork (Kg)	17	16	18	20	20
Beef (Kg)	2	2	1	1	2
Duck (Kg)	3	3	2	2	2

Source: AVA of Singapore

Price of meats (chicken, pork) in Singapore

SGD /Kg



Source: AVA of Singapore

According to demographic data for 2016 published by Singapore government, the current total population of Singapore (including non-Singapore residents, etc.) was approximately 5.61 million. Although Singapore is small in size and densely populated, however, its future population will continue to grow, which is associated with an effective increase in the consumption demand for fresh meat.

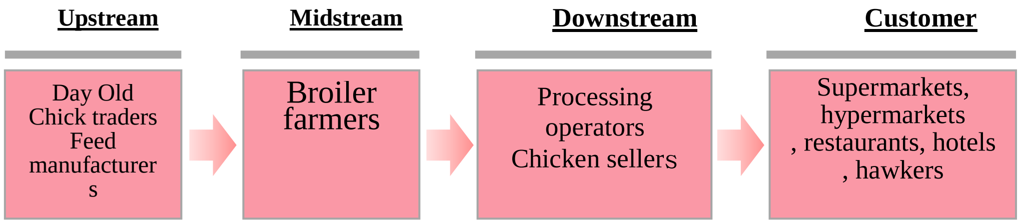
And the Group has actively expanded the Malaysian market, which its demographic data for 2016 was 32.36 million, about 5.8 times of total population of Singapore. Moreover, it is a Muslim country, with more than 60% of the population are Muslim, therefore, the demand for chicken is extremely high. The Group has been operating and selling its own brand products in Malaysia for several years, and has obtained halal certification from local government, which is in line with the local mainstream eating habits, and consumer acceptance is high. It continues to expand its market territory, and the economic benefits are expected continue to increase.

In addition to the vertical integrated broiler breeding supply chain, the Group is also actively developing healthy and diversified products such as vegetables, fish, seafood, etc. in its existing sales channels. It is expected that it will greatly contribute to the overall profitability performance.

ii. Industry relevance of upstream, midstream and downstream

The Group is mainly engaged in the business of hatching, brooding and selling of chicks, broiler breeding, chicken processing, and trading of various types of chicken products (including branded chickens). The Chicken Farm Division was established in 2015, it is expected not only to strengthen the competitiveness of the Group, but also perform gatekeeping in the processes and quality of the broiler breeding, processing, sales and marketing through vertical integration of industrial chain, to provide quality products that are trustworthy by the people. In addition, there is a Feed Division in Malaysia to move toward vertical integration from upstream, and it is expected to plan for self-production of feed in the future.

The upstream of the industry mainly is Day Old Chick production and feed manufacturer, midstream is broiler breeders, and downstream is the broiler processing operators, distribution channel of chicken selling such as traditional markets and supermarkets, etc., or five-star fine dining restaurants and general food and beverage outlets.



iii. Various development trends of products and competitive landscape

A. Various development trends of products

The rapid development of global technology in recent years enables the quality of life of people continue to enhance and improve, and regardless of transportation, accommodation, entertainment and clothing, etc., there is a substantial improvement as compared in the past. In terms of requirements for food which have been evolved from eating to fill the stomach, emphasize on hygiene, and balanced diet in the past to food abounds in good looking, savory smell and tasty flavor nowadays. However, does the food nowadays improve the nutrition and health of the human body? The answer should be no. Actually the quality of food is declining, and fast food and all kinds of junk food are flooded everywhere, as it coupled with the technological advancement and fast-paced modern life.

Technological advancement ought to accompany with improvement of physical and mental health, including food, accommodation, clothing, transportation, education, and entertainment in daily life The Group believes in people-oriented approach, returns to the original source, redefines the so-called “food”, and facing the new trend of technology, environmental protection and health and safety. The Group replaces the antibiotics and growth hormones with lactic acid bacteria feed, which significantly reduces the contents of ammonia and hydrogen sulfide in chicken excrement. In addition, the development of the ecological breeding method or environmental protection has improved the environment of chicken farm, and reduced the incidence of stench emission and pollution in the breeding environment.

In order to reduce the environmental impact of chicken breeding and reduce the waste production, rice bran and sawdust are placed in all farmhouse, thereby mixing with the excrement of chickens and protect the health of chickens. And, it will be used as organic fertilizer for vegetables and fruits plantation after the fermentation of excrement to implement the concept of resource recycling, to create an eco-friendly biosphere for sustainable agriculture.

The Group has further extended the application of lactic acid bacteria technology to vegetables plantation to promote pesticides and chemical fertilizers-free vegetables plantation which using lactic acid bacteria as additives. Lactic acid bacteria can promote the health and enhance the fertility of the soil, and beneficial to protect crops from pests and diseases, and produce healthy and eco-friendly natural foods. Kee Song attaches great importance to chicken feeding, waste management, and the use of core technologies, etc., and makes efforts for environmental protection to construct a sustainable business model of agricultural, reduces the damage to the environment while providing healthy food ingredients to achieve the business philosophy of sustainable development and operations of environment symbiosis.

B. Competitive landscape

In response to the new trend of technology, environmental protection and health and safety, the Group has successfully launched three major products with its own brands, including “Cherry Blossom Chicken”, “Imperial Cordyceps Chicken”, and “Kee Song Carogold Chicken” in recent years through the development of lactic acid bacteria feed. Through the introduction of these differentiated products, the Group provides consumers with diversified, high nutritional value and healthy products, establishes a segmentation with general products available on the market, and strengthens the external competitiveness of the products of the Group.

(3) Technology and R&D Overview

i. Technology level and R&D status of operating business

Since its establishment, the Group has committed to R&D in differentiated feeding methods and feed formulas for broilers in order to provide hygiene, healthy, antibiotics and growth hormone-free broilers to consumers. The Group has successfully developed the brand of Cherry Blossom Chicken, Imperial Cordyceps Chicken, and Kee Song Carogold Chicken through its market sensitivity, and close cooperation with customers, as well as improvement of feed formula. These products have earned market recognizance, delight the palates of consumers, and become the market leader.

The product R&D capabilities and innovation of the Group will continue to enhance under the standardization of the R&D process and the mastery of the consumer market in the future.

ii. R&D personnel and their academic qualifications/experience

Year	2013	2014	2015	2016	2017	2018
Master's degree or above	0	0	0	0	0	0
University	2	1	1	1	1	1
High School	1	1	1	1	1	1

Others	4	4	4	4	4	4
Total	7	6	6	6	6	6

The Chairman of the Group currently acts as supervisor of R&D Department, who committed to the development of chicken feeding methods and feed formulas. The R&D Department is established since 2006, as of December 2018, there are 6 members (including 3 R&D personnel of the R&D of Prepared Food Department), with more than 10 years of service on average.

For the chicken-prepared food market, with the continuous development of the Company, as well as the development of broiler feeding methods by adding various nutrients, the Company will expand the R&D Department depending on the situation, actively working towards applications development of biotechnology products.

iii. R&D expenses in the most recent five years

Unit: NT$ Thousand

Year	2014	2015	2016	2017	2018
Consolidated net operating revenue	1,309,247	1,837,201	2,435,794	2,480,922	2,835,038
R&D Expense	2,184	2,052	2,018	1,773	992
Percentage of consolidated net operating revenue	0.17%	0.11%	0.08%	0.07%	0.04%

iv. Technology or product development accomplishments for the most recent five years

Development of healthy product:

- **Cherry Blossom Chicken:**

The Group has collaborated with prestigious universities and research institutes in Japan since 2005 by adjusting the ratio of nutritional composition of the lactic acid bacteria in the feeds through multiple trials to replace artificial additives such as antibiotics and growth hormones, etc., and successfully rearing Cherry Blossom Chicken. The chicken has high protein content and low fat content, which still fully bring out the sweetness and freshness of the chicken texture after cooked even no seasonings are added.

- **Imperial Cordyceps Chicken:**

In 2009, cordycepin is added into the feed for chicken breeding (cordycepin can effectively enhance the cellular immunity of the body), and successfully breeding Imperial Cordyceps Chicken with high collagen content, and rich in cordycepin, which is specially used in nourishing stews.

- **Kee Song Carogold Chicken:**

Kee Song Carogold Chicken is a signature product of the Group.

"Kee Song Carogold Chicken" was launched in 2013, which its feed is added with natural carotene and lactic acid bacteria to reduce the fat and cholesterol contents of the chicken, and the chicken also rich in nutrients such as chlorophyll and carotene.

- **Chicken marinated with lactic acid bacteria:**

The lactic acid bacteria technology is used to marinate chicken, which was developed in 2016. In addition to prolonging the shelf life of meat products, it has low fat and high nutritional value, and it is certified by Singapore as "Healthier Choice".

(4) Long-term and short-term business development plans

The Company has four major development strategies to maintain its competitive advantages in the fast-changing industrial type and consumer eating habits, and continue to provide customers with the highest quality products and services:

Clear product positioning

Quality and hygiene control

Deeply cultivate in R&D

Upstream and downstream integration

Future development trends

i. Short-term strategies and plans

A. Adjusting the feed formula and optimizing the breeding environment, and adjusting the time of breeder replacement in a timely manner to match the price fluctuation of chicken in order to improve the breeding rate, egg production rate and hatching rate.

B. Purchase broilers from qualified farms to meet market demand.

C. Expand the breeding farms, and enhance the own production of antibiotics and growth hormone-free and healthy broilers.

D. Continue to improve the efficiency of automated processing systems for meat processing.

E. Promote e-commerce, diversify the sales channels, and strengthen the sales in the local market.

F. Continue to develop a variety of broiler products high in nutritional value for the current and future markets.

G. Continue to expand sales of vegetables and seafood and fish.

H. Licensing program of chicken breeding technology.

I. Expand the production capacity of chick.

ii. Long-term strategies and plans

A. Integrating the upstream and downstream supply chains, establish own feed plant to reduce the cost increase risk of raw materials.

B. Strategy of increasing contract and lease farm or merger and acquisition of qualified farms.

C. Working towards green, energy-saving and zero pollution eco-friendly farm.

D. Promote value-added, healthy and safe products and prepared foods to the potential markets around the world.

E. Continue to increase the strategic partners to jointly promote the chicken breeding technology without artificial additives such as antibiotics and growth hormones.

2. Market and Sales Overview

(1) Market analysis

i. Sales regions of main products (regions of service delivery)

Unit: NT$ Thousand

Sales regions	2017		2018	
	Amount	Percentage	Amount	Percentage
Singapore	1,107,280	44.25%	1,096,034	38.66%
Malaysia	1,373,641	55.74%	1,738,941	61.33%
Others	1	0.01%	63	0.01%
Total	2,480,922	100.00%	2,835,038	100.00%

ii. Market Share

The Group has operated stably in the Singapore market, remain as top three broiler supplier. It has operations in Singapore, Malaysia, and other regions, which Singapore and Malaysia are the principal sales markets of the products of the Group.

There are a total of 10 legal broiler processing operators in Singapore. Based on the analysis of quantity of processed broiler by Singapore government, it was approximately 49 million broilers were processed in Singapore in 2017, while there was approximately 7 million broilers were processed by the Group, which accounted for approximately 14.29% market share (the market share is estimated using this basis).

Also, the vertical integration plan of broiler farms in Malaysia, in addition beneficial to the Company's revenue growth and expansion of the Malaysian market, it also can stabilize the chick's purchase price and control costs, and has a better grasp of the quality of the chicks in order to increase the breeding rate of chicken. Moreover, the Group is actively investing in development of diversified products and distribution channels, and continues its commitment to improving overall profitability.

iii. The future supply and demand situation and growth of the market

In terms of broiler supply, the food safety and hygiene control are subject to stringent control by Singapore government. The importing countries of broilers are subject to multiple inspections, and the broilers can only be imported to Singapore for processing, and supply for consumers after a license is obtained. At present, a total of 123 broiler farms in Malaysia are conform to the legal standards of Singapore, with more than 40 million broilers are exported to Singapore in each year for processing. In the future, the Singapore government will continue to adopt an open attitude in the management of qualified broiler farms, and continues to review broiler farms that are conform to import specifications in order to meet the supply requirements of broiler suppliers.

In terms of demand, the demand for broilers is depending on the size of population. The total population of Singapore (including non-Singapore residents, etc.) is approximately 5.61 million. Although Singapore is small in size and densely populated, however, its future population will continue to grow. In addition, it is expected to attract more tourists visit to Singapore with the continued promotion of tourism policy by Singapore government, which is associated with an effective increase in the consumption demand for fresh meat, and future consumption demand for chicken will continue to grow. Other than the Singapore and Malaysia markets, the Group also continues to promote antibiotic-free and healthy broilers to other regions of Asia.

iv. Competitive Niches

A. Clear product and market positioning

The Group uphold the spirit of business philosophy of “healthy food, healthy living”, and turned chicken into a high nutritional value product, effectively establishes a segmentation from the competitors, and establishes a positioning among consumers with breeding and selling of healthy broilers (products with antibiotic and growth hormone-free, low fat, high collagen, etc.), and it also awarded with Singapore Prestige Brand Award. The Group will continue to develop more healthy and delicious value-added broiler products as well as marinated and cooked food products in the future to be market leader with clear product positioning.

B. Stringent quality and hygiene control

Regardless of broiler breeding and processing, the Group adopts the most stringent quality and hygiene control, and has awarded with numerous international certifications, including ISO 9001:2008, HACCP (Hazard Analysis Critical Control Point), GAHP MS. 2027:2006 (Good Animal Husbandry Practice) certification and ISO 9001:2008 certification of antibiotic-free farm, etc. With the consumers are giving increasing emphasis to food hygiene and safety, the stringent product and hygiene control quality of the Group are expected to enhance the Company's competitive advantages in the market.

C. Maintain a stable and long-term relationships with customers

The Group is long-established, its main customers across Singapore and Malaysia, and supermarkets, traditional markets and even five-star restaurants, etc. are main customers of the Group, and have established long-term close business relationships with them. The product quality and reputation of the Company are well recognized by consumers, and the Group continues to develop new customers by leveraging on this advantage, including high-end restaurants under Marina Bay Sands Singapore also have become the customers of the Group. The existing customer maintenance and continuous development of new customers are beneficial to the long-term operation of the Company.

D. Deeply cultivate in R&D, and create high value-added products

The long-term goal of the Group is to produce high value-added products, at present, the lactic acid bacteria which produced by advanced technology is added into the feed and drinking water for chicken breeding, and successfully breeding the antibiotic-free broilers, including low fat Cherry Blossom Chicken, high collagen Imperial Cordyceps Chicken, and low cholesterol Kee Song Carogold Chicken which are high value-added products, and have awarded with numerous of local awards. In the future, the Group will continue to deeply cultivate in R&D, and create more high value-added products to effectively establish a segmentation from the competitors in order to effectively create an optimized product portfolio to provide consumers with a variety of product choices.

E. Experienced management team

The management team of the Group has extensive management experience and industry knowledge, has over 100 years' industry experience. In addition, the management team of the Group has a good reputation in the industry. Its extensive experience leads to successful management and growth of the operation of the Group in the future.

v. Development outlook - favorable and unfavorable factors and countermeasures

A. Favorable factors

(i) Long-established and brand excellence

The Group was established in 1987, mainly engaged in broiler breeding and selling of various fresh chicken products. It has been deeply cultivated the Singapore chicken market over 30 years. The Group has the niche brand chickens raised by the "Lactic Acid Bacteria Advanced Technology", and its own major three brands include "Cherry Blossom Chicken", "Imperial Cordyceps Chicken", and Kee Song Carogold Chicken", which become a leading brand in the market and consumers' favorite products, and has won a number of honors, which indicated the products are well recognized.

(ii) Leading breeding technology

With many years of effort in R&D and commitment to promote the concept of healthy foods, the Group is successfully developed feed formula technology of lactic acid bacteria for antibiotic replacement, and successfully breeding high value-added products such as low fat Cherry Blossom Chicken, high collagen Imperial Cordyceps Chicken, and low cholesterol Kee Song Carogold Chicken with distinctive taste and good for health. It has successfully marketed in Singapore and Malaysia, and its breeding technology is leading the industry, and well received by consumers.

(iii) Vertical integration

Other than committed to develop differentiation in terms of nutrients and meat texture, the Group also strengthen the vertical integration of broiler breeding supply chain to pursue self-development in the industrial chain's position for greater differentiation from competitors. In addition to the current broiler breeding, processing, production of various chicken products, the Group also established a Feed Division in Malaysia to move toward vertical integration from upstream, and plans for self-production of feed in the future. It is expected to strengthen the overall competitiveness of the Group, and to enhance its market-leading position in the industry through vertical integration of industrial chain.

B. Unfavorable factors and countermeasures

The Group is mainly facing three major potential challenges and risks as follows:

(i) Rising cost of raw materials such as chick and feed, etc.

Chick and feed are the main raw materials for the broiler production of the Group, the price fluctuation of raw materials is seriously affected by the market supply and demand conditions, the international market price of raw materials (such as corn, soybeans) and global climate change.

When the cost of raw materials increases, it would have read-across implications on the production costs and profitability of the Group.

Countermeasures:

For short term countermeasures, the Group introduces differentiated products to strengthen product competitiveness, and maintain a good business relationship with suppliers to maintain the price stability of raw materials. In addition, the vertical integration plan of breeder chicken farms of the Group can stabilize the chick's purchase price and control costs, and has a better grasp of the quality of the chicks in order to increase the breeding rate of chicken. For long term countermeasures, the Group will plan to establish its own feed plant to ensure the security of long-term supply, and effectively minimize the adverse effects of rising cost of raw materials on the Company's financial and operation.

(ii) Avian influenza and other diseases

In recent years, several Asian countries, including Singapore have experienced outbreak of animal-related epidemics such as avian influenza, which has affected people's eating habits in a short period, and caused considerable economic damage of most Asian countries. The sales of chicken products in Singapore and Malaysia may decline, and affecting the operating performance of the broiler traders in the event of avian influenza outbreak.

Countermeasures:

In view of the impacts of the outbreak of avian influenza on the country and the people, the broiler breeding of the Group has adopted the mechanisms including enclosed breeding farms, environmental hygiene of broiler breeding farms, control measures to prevent spread of the epidemic, regular farm disinfection and all- in all-out feeding method, etc. in order to reduce the impacts of avian influenza. Therefore, in the event of recurrence zoonotic diseases such as avian influenza in the future, the losses can be effectively controlled through the immediate crisis control and management mechanism to reduce the impacts of avian influenza on the operation of the Group.

(iii) Shortage of production capacity

The average monthly sales order of fresh chicken of the Group in Singapore is approximately 600,000 birds, and while the monthly broiler production by its own farm to supply for Singapore is more than 500,000 birds. In order to resolve the undersupplied demand, the Group still need to purchase broilers from Malaysian qualified farms or broiler suppliers, hence the operational performance may not be effectively controlled as the quality of outsourced broilers cannot be fully ensured.

Countermeasures:

Since its establishment, the Group is adhered to its main business philosophy of producing and selling healthy food. Despite there is a shortage of broiler production capacity, however, the Group upholds high quality control policy, and never sells low quality chicken.

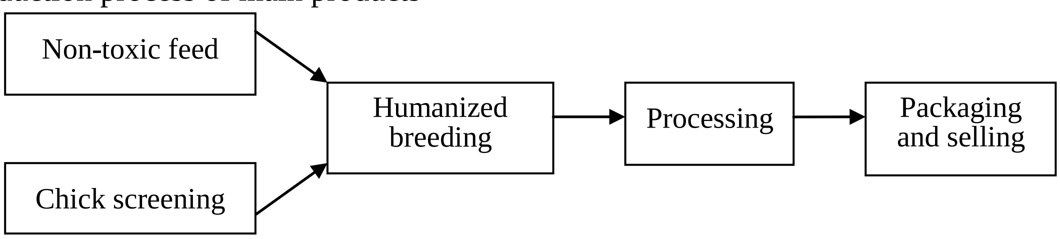
In addition purchase broilers from qualified farms to meet market demand, the Group has been actively expanded its existing farms and established new farms. The three phases works of its new broiler farm in South Malaysia have been completed, and the farm has started production and conducted production line calibration. It is expected that from second quarter of 2019 onwards, the quantity of outsourced purchasing will be progressively declined, thereby increasing the production capacity of broiler breeding.

(2) Important use and production process of main products

i. Important use of main products

Main product	Important uses
Fresh chicken	Use for cooking by general consumer by the general consumers and food service providers
Live chicken	Use for processing and selling
Chick	Sell to farm for breeding

ii. Production process of main products



(3) Supply situation of main raw materials

Main raw materials	Supplier	Supply situation
Chick	CP Malaysia Group	Good
Hen	CP Malaysia Group, FFM Group, GOLD COIN FEEDMILLS	Good
Feed	CP Malaysia Group, FFM Group, GOLD COIN FEEDMILLS	Good

Main raw materials	Supplier	Supply situation
Lactic acid bacteria	Otemchi Biotechnologies Pte.Ltd.	Good
Cordycepin	Biofactlife Sdn. Bhd.	Good

(4) List of major customers for procurement / sales

i. Details of suppliers accounted for more than 10% of total procurement amount in either of the 2 most recent fiscal years, and an explanation of the reason for the increases or decreases:

Unit: NT$ Thousand; %

Item	2017				2018				First quarter of 2019			
	Name	Amount	Percentage of annual net purchase (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchase (%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchase (%)	Relationship with the issuer
1	FFM Group	503,772	30.53	None	CP Malaysia Group	708,175	36.15	None	CP Malaysia Group	195,996	37.19	None
2	CP Malaysia Group	411,373	24.93	None	FFM Group	465,906	23.78	None	FFM Group	121,976	23.15	None
3	GOLD COIN FEEDMILLS	213,950	12.97	None	GOLD COIN FEEDMILLS	215,564	11.00	None	GOLD COIN FEEDMILLS	58,712	11.14	None
4	Others	520,797	31.57		Others	569,571	29.07		Others	150,304	28.52	
	Net purchase	1,649,892	100.00		Net purchase	1,959,216	100.00		Net purchase	526,988	100.00	

ii. Details of customers accounted for more than 10% of total sales amount in either of the 2 most recent fiscal years, and an explanation of the reason for the increases or decreases:

Unit: NT$ Thousand; %

Item	2017				2018				First quarter of 2019			
	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer
1	NTUC Fairprice Co-operative Limited	357,088	14.39	None	NTUC Fairprice Co-operative Limited	331,328	11.69	None	NTUC Fairprice Co-operative Limited	92,369	11.80	None
2	Others	2,123,834	85.61		Others	2,503,710	88.31		Others	690,222	88.20	
	Net sales	2,480,922	100.00		Net sales	2,835,038	100.00		Net sales	782,591	100.00	

Singapore and Malaysia are the principal sales markets of the products of the Group. The Group has been operated the local chicken market in Singapore for over 20 years, and its customers include local supermarkets, hypermarkets, restaurants, hotels, wholesalers and hawkers, more than 1,000 customers in total. NTUC Supermarket, the largest supermarket chain based in Singapore is the largest customer of the Group. The distribution channels such as supermarket and hypermarket are increasingly important with the changes in the consumption habits of local residents, which will contribute a steady growth of percentage of NTUC sales.

In addition the stable growth of the Singapore and Malaysia markets, the Group will continue to expand into the Asian market with non-toxic and antibiotic-free branded chickens. In addition, the Group also taking into account the risk diversification of sales, hence, the Group still actively developing new customers of catering customers, and introducing brand new products to meet diversified consumption need and balance various types of customers.

(5) Production volume for the most recent two fiscal years

Unit: Thousand bird; NT$ Thousand

Year / Production volume / Main product (or department)	2017			2018		
	Capacity	Output	Output value	Capacity	Output	Output value
Processing plant in Singapore -Fresh chicken	7,176	5,865	678,849	7,176	6,637	932,438

Farm in Malaysia (Note) -Live chicken	25,539	23,301	1,616,234	31,484	28,794	2,074,924
Breeder chicken farm in Malaysia	21,600	20,641	252,029	21,600	24,949	318,595

Note 1: Farm in Malaysia including the Group's own farms and contract farms of outsource production.

(6) Sales volume for the most recent two fiscal years

Unit: Thousand bird (chick); Thousand kilogram; NT$ Thousand

Year / Sales volume / Main product (or department)	2017				2018			
	Domestic		Foreign		Domestic		Foreign	
	Output	Output value	Output	Output value	Output	Output value	Output	Output value
Fresh chicken	8,821	901,061	1,422	78,065	8,964	933,657	998	79,078
Live chicken	—	—	36,866	1,223,696	—	—	47,437	1,583,347
Chick	—	—	2,670	37,567	—	—	2,825	39,328
Others		206,219		34,314		197,061		2,567
Total		1,107, 280		1,373,642		1,130,718		1,704,320

Note 1: Domestic sales refers to the sales of the Group's headquarters based in Singapore, and foreign sales refers to the sales out of Singapore.

3. The number of employees employed for the most recent two fiscal years, and during the current fiscal year up to the date of publication of the annual report

Year		2017	2018	As of March 31, 2019
Number of employee	Supervisor at the rank of manager or above	57	57	59
	General staff	499	658	658
	Total	556	715	717
Average age		42.02	41.66	40.61
Average years of service		3.45	3.50	3.58
Academic qualifications Percentage	Ph. D.	-	-	-
	Master	0.72%	0.56%	0.56%
	College	19.42%	18.04%	18.13%
	High School	39.39%	31.33%	32.91%
	Below high school	40.47%	50.07%	48.40%

4. Information on environmental protection expenditures

Total losses (including damage awards) and fines for environmental pollution for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, and an explanation of the measures (including corrective measures) and possible disbursements to be made in the future (including an estimate of losses, fines, and compensation resulting from any failure to adopt responsive measures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible): None

5. Labor relations

(1) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

i. Employee benefit plans

The Group's employee welfare measures include marriage and funeral subsidies, departmental dinner from time to time, performance bonuses, profit sharing and employee stock ownership, labor insurance, medical insurance or accident insurance, etc., and provide employees with various training and workshop and continuing education opportunities, thereby widening exposure of employees and improving work efficiency.

Insurance benefits	The Group has appointed professional insurance company to manage group insurance benefits of employees, labor insurance, medical insurance or accident insurance,
Work injury compensation insurance	If an employee is injured in the workplace, the Company has insured employees with Workers' Compensation Insurance to ensure employees manage to bear the subsequent relevant medical costs.
Outpatient medical benefits	The Company provides employees with designated out-patient clinics to perform medical care. Employees can claim medical costs of SGD 360 from the Company if they visit other out-patient clinics for treatment of their own choice.
Other benefits	The employees of the Company are entitled to birthday leave, examination leave, marital leave, bereavement leave, and critical illness leave. The Company also provides employees with wedding gifts and condolence gifts for their immediate family.

The Group provides employees who have worked for more than 3 months with wedding gifts, get-well-soon gifts and funeral gifts in order to let employees perceive the Group's concern on their living conditions, fulfilling the Company's obligations and responsibilities of taking care employees.

ii. Status of continuing education and training

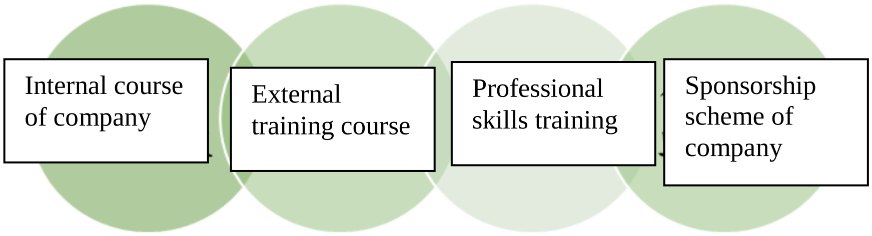
A. Training and development

The Group implements general training and professional skills training for full-time employees from time to time in order to enhance the quality and work skills of employees, and to strengthen efficiency and quality of their work. It is expected to nurture outstanding talents, thereby increasing the operational performance and achieving the goals of sustainable development and operations.

The Company encourages employees to receive professional training, and enhances the job functions required for work. The training courses required by the employees are confirmed through the discussion between the departmental supervisor and the employee, and Human Resources Department is required to assist in the relevant training arrangement to ensure employees have better performance at work.

B. Educational program

C. Types of training courses



The Company has appointed external lecturers or supervisors of relevant units to give instructions to the employees in the Company for effective passing on of professional knowledge and technical expertise in order to develop professional capabilities of employees. The permanent employees should take into account the relevance of the course and work when applying for an external training course, and the Company will provide relevant training subsidies on a case-by-case basis.

D. Guarantee deposit of training

Upon completion of the training courses organized by the Company, employees should apply the knowledge and skills they have learned to their work within a reasonable period of time. The Company has the right to retrieve the guarantee deposit of training as a cost of training or other damage compensation if the employees fail to provide services to the Company within a reasonable period of time.

E. Future training courses

The Company plans to arrange education and training and promotion courses of CSR and business integrity from time to time in the future. In addition to request all employees to participate in the training courses, the concept of CSR also promoted through other means to strengthen the employees' awareness on CSR.

The professional skills training and continuing education for employees in 2018 are as follows:

Date of reference day of information: December 31, 2018

Department	Organizer	Name of course	Number of trainee	Continuing education hours	Expenditure
Processing / QA	Warees Halal	Level 2: Developing & Implementing the HALMQ	2	32	SGD 535
Accounts	SBF	Seminar on Business Outlook 2018 - Challenge and Implication for Business	3	12	SGD 114
Sales	Lifelong Learning Institute	E-Test Speaking	1	4	Free
HR/Admin	KC Academy	How to Complete IR8A & IR21 Workshop	1	8	SGD 328
IT/Accounts	IE Singapore	1Advisory Seminar: Global Outlook 2018	2	9	SGD 80
QA	SGS International Certification Services	ISO/FSSC 22000 Food Safety Management Systems Internal Audit	1	16	SGD 834.60
Sales	Microsoft Singapore	Dynamic Web E-Commerce	1	4	Free
Accounts	UOB	Singapore Budget 2018 Seminar	3	12	Free
Accounts	EY	Budget Seminar 2018	4	32	SGD 1,125
IT/Accounts	AFON	Jet Report Training	4	32	Free
Production	MUIS	Halal Slaughtering Course	2	16	SGD 214
Accounts	ISCA	ISCA Budget 2018 Update and Its Tax Implications	1	4	SGD 117.10
IT/Accounts	AFON	Jet Report Training	7	63	Free
Sales	E-Teams	E-Test Listening	1	8	SGD 8.56

Department	Organizer	Name of course	Number of trainee	Continuing education hours	Expenditure
Building Maintenance	Association of Company Emergency Response Teams	6th National Company Emergency Response Teams Seminar	1	8	SGD 160
IT/Accounts	AFON	Jet Report Training	7	56	Free
Director/Sales/Business Development	NTUC	Alibaba Global Course (Singapore)	3	24	SGD 188.30
Processing	Singapore Manufacturing Federation	Strategic Production Planning, Scheduling & Control	1	16	SGD 663.40
Accounts	Questex Media Group	9th CFO Innovation Asia Forum	2	24	Free

iii. Retirement system and its implementation status:

A. Retirement system

The retirement age is calculated based on year of birth of employees. The retirement ages are 62 years old in Singapore and 60 years old in Malaysia. In Singapore, when an employee reaches the retirement age, the employee may continue to employ according to the fixed term and circumstances agreed between the parties.

(i) Re-employment scheme

As a friendly company that cares about employees, Kee Song Group provides a re-employment and retirement scheme. We will offer re-employment to the employees three months before his/her retirement, and employees can decide whether to re-employ depending on their own situation.

Eligibility of re-employment

- Medically fit to continue working
- Have satisfactory work performance

Job of re-employment

- The same job
- Modification to the existing work or re-deploy to different work
- Flexible work arrangements, such as part-time or job-sharing

Term of re-employment

- On a yearly basis, the maximum term of re-employment is three years when the employee reaches 65 years old
- On a three-year basis, the work performance and health status of employee are reviewed annually

B. Pension contribution

The retirement system of the Group is mainly handled according to the provisions of the “Labor Standard Law” of the areas of operations. For the Taiwan Office and subsidiaries in Taiwan, the Company makes a monthly cash contribution at a rate not lower than 6% of salaries and wages as a monthly pension to employees according to the Labor Pension Act. For the subsidiaries in Singapore and Malaysia, the Company makes a monthly cash contribution at a certain ratio based on the monthly wages of employee, and the savings will be managed by the government according to the local provident fund (Central Provident Fund and Employee Provident Fund).

iv. Labor-management agreements and measures for preserving employees’ rights and interests

The Group always attaches great importance to the employee rights as well as their opinions. Employees can communicate with HR or appropriate top management through an open communication in order to maintain a good relationship.

When employee thinks that he/she has been unfairly treated, the employee should seek relevant clarifications and explanations from the departmental supervisor. We are fully aware of the value and importance of communication and discussion, and clarifications of various misunderstandings to maintain a harmonious labor relations. We encourage employees to express their dissatisfaction and conduct a discussion through proper procedures.

(2) List any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken. If the loss cannot be reasonably estimated, make a statement to that effect: None.

6. Important contracts

As of May 9, 2019

Nature of Contracts	Contracting parties	Commencement dates and expiration dates of contracts	Major content	Restriction clause
Sales contract	NTUC Fairprice Co-operative Limited	2009/1/1- now	Sales of fresh broiler	No significant restriction
Supply contract	Otemchi Biotechnologies Pte Ltd (Otemchi)	2010/10/2-2020/10/1	Suppliers of probiotics and lactic acid bacteria	No significant restriction

Nature of Contracts	Contracting parties	Commencement dates and expiration dates of contracts	Major content	Restriction clause
Lease contract	Housing & Development Board	2017/7/1-2019/12/31	Lease of land	No significant restriction
Lease contract	Goldbell Leasing Pte Ltd	2018/1/16-2023/3/8	Lease of transportation	No significant restriction
Long-term bank contract	DBS Bank Ltd.	2010/6/30-2025/5/30	Long-term loan collateral	KSFC is required to maintain a net worth of not less than SGD 7.5 million.
Long-term bank contract	DBS Bank Ltd.	2017/3/28-2037/3/28	Long-term loan collateral	No significant restriction
Long-term bank contract	United Overseas Bank	Regular review annually	Long-term loan collateral	No significant restriction
Long-term bank contract	Maybank Banking Berhad	2017/7/11-2022/7/10	Fiduciary loan	No significant restriction
Long-term bank contract	AmBank (M) Berhad	2017/9/4-2027/8/2	Long-term loan collateral	No significant restriction
Long-term bank contract	AmBank (M) Berhad	2014/8/1-2021/7/31	Long-term loan collateral	No significant restriction
Long-term bank contract	United Overseas Bank (M) Berhad	2013/6/1-2023/5/31	Long-term loan collateral	No significant restriction
Long-term bank contract	Hong Leong Islamic Bank	2017/5/10-2022/5/9	Long-term loan collateral	No significant restriction
Supply contract	AZMI FRESH CHICKEN SDN BHD	2019/2/18 -2021/2/17	Chicken processing service	No significant restriction
Sales contract	AEO CO (M) BHD	2018/1/1-2018/12/31 No change, in the process of signing a new contract	Sales of fresh broiler	No significant restriction
Sales contract	AEON BIG (M) SDN BHD	2018/1/1-2018/12/31 No change, in the process of signing a new contract	Sales of fresh broiler	No significant restriction
Sales contract	GCH RETAIL (M) SDN BHD	2018/1/1-2018/12/31 No change, in the process of signing a new contract	Sales of fresh broiler	No significant restriction
Long-term bank contract	AmBank (M) Berhad	2014/8/1-2021/7/31	Long-term loan collateral	No significant restriction

VI. Financial Overview

1. Summary financial data for the most recent five fiscal years

(1) Condensed balance sheet

Unit: NT$ Thousand

Year / Item		Financial data for the most recent five fiscal years					As of March 31, 2019
		2014	2015	2016	2017	2018	
Current assets		592,835	960,478	915,181	794,190	853,642	868,340
Property, plant and equipment		314,317	597,737	616,407	1,385,696	1,744,166	1,756,178
Intangible assets		-	-	14,133	10,959	13,536	12,477
Other assets		6,429	3,825	101,482	32,433	99,424	236,185
Total assets		913,581	1,562,040	1,647,203	2,323,855	2,810,718	2,873,180
Current liabilities	Before distribution	141,930	466,538	558,394	632,952	770,012	816,250
	After distribution	186,130	519,038	606,805	651,360	(Note)	-
Non-current liabilities		104,891	319,678	197,057	769,936	1,247,788	1,259,351
Total liabilities	Before distribution	246,821	786,216	755,451	1,402,888	2,017,800	2,075,601
	After distribution	291,021	838,716	803,862	1,421,296	(Note)	-
Equity attributable to the parent company		666,760	732,418	837,519	855,446	712,805	712,429
Capital stock		340,000	346,057	363,995	368,165	368,165	368,198
Capital reserves		113,106	139,056	186,044	197,035	212,824	212,884
Retained earnings	Before distribution	228,817	313,831	397,302	395,227	227,627	212,909
	After distribution	184,617	261,331	348,891	376,819	(Note)	-

Other Equity		(15,163)	(66,526)	(109,822)	(104,981)	(95,811)	(81,562)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	43,406	54,233	65,521	80,113	85,150
Equity Total amount	Before distribution	666,760	775,824	891,752	920,967	792,918	797,579
	After distribution	622,560	723,324	843,341	902,559	(Note)	-

Note: The surplus distribution for 2018 is pending for the resolution of the shareholders' meeting, therefore, it is not listed.

(2)Condensed Consolidated Income Statement

Unit: NT$ Thousand

Year / Item	Financial data for the most recent five fiscal years					As of March 31, 2019
	2014	2015	2016	2017	2018	
Operating revenue	1,309,247	1,837,201	2,435,794	2,480,922	2,835,038	782,591
Gross profit	373,055	437,702	549,499	438,375	334,755	114,349
Operating income	107,949	150,339	198,145	94,243	(81,406)	(3,107)
Non-Operating revenues and expenditures	8,017	8,023	(6,925)	(8,669)	(82,482)	(5,699)
Net profit before tax	115,966	158,362	191,220	85,574	(163,888)	(8,806)
Net income from continuing operation	92,872	126,945	150,804	60,815	(155,440)	(11,372)
Loss from discontinued operations	-	-	-	-	-	-
Net profit (loss)	92,872	126,945	150,804	60,815	(155,440)	(11,372)
Other comprehensive income for the current period (net)	4,704	(65,994)	(47,302)	1,650	16,690	16,058
Total comprehensive income	97,576	60,951	103,502	62,465	(138,750)	4,686

Net income attributable to the parent company	92,872	129,214	135,971	46,336	(149,192)	(14,637)
Net income attributable to the non-controlling interest	-	(2,269)	14,833	14,479	(6,248)	3,265
Total comprehensive income attributable to the owner of the parent company	97,576	77,851	92,675	51,177	(140,022)	(388)
Total comprehensive income attributable to the non-controlling interest	-	(16,900)	10,827	11,288	1,272	5,074
Earnings per share	2.73	3.79	3.83	1.26	(4.05)	(0.40)

(3) The name of the attesting CPAs and the auditor's opinion for the most recent five fiscal years

Year	Name of accounting firm	Name of CPA	Audit opinion	Remark
2014	Ernst & Young	Yan-Jun Wang, Li-Huang Lin	Unqualified opinion	
2015	Ernst & Young	Yan-Jun Wang, Li-Huang Lin	Unqualified opinion	
2016	Deloitte Taiwan	Ze-Li Gong, Dong-Feng Li	Modified unqualified opinion	
2017	Deloitte Taiwan	Ze-Li Gong, Dong-Feng Li	Unqualified opinion	
2018	Deloitte Taiwan	Ze-Li Gong, Dong-Feng Li	Unqualified opinion	

2. Financial analyses for the most recent five fiscal years

(1) Financial Analyses

Analysis item (Note 1) \ Year		Financial analyses for the most recent five fiscal years					As of March 31, 2019
		2014	2015	2016	2017	2018	
Financial structure (%)	Debts ratio	27.02	50.33	45.86	60.37	71.79	72.24
	Long-term funds to property, plant and equipment ratio	245.50	183.27	176.64	113.77	117.00	117.13
Solvency (%)	Current ratio	417.70	205.87	163.90	125.47	110.86	106.38
	Quick ratio	397.62	192.60	151.38	113.55	100.49	96.58
	Times interest earned	28.29	24.73	15.59	5.54	(2.99)	0.35
Operating capacity	Accounts receivable turnover ratio (times)	9.68	10.87	12.50	13.14	13.42	12.84
	Average collection days	37.71	33.57	29.19	27.78	27.20	28.43
	Inventory turnover ratio (times)	39.07	47.45	50.29	63.70	99.19	89.32
	Accounts payable turnover ratio (times)	16.44	12.91	11.99	12.67	10.86	9.19
	Days' sales in inventory	9.34	7.69	7.26	5.73	3.68	4.09
	Property, plant and equipment turnover ratio (times)	4.17	4.03	4.10	2.36	1.76	1.79
	Total assets turnover ratio (times)	1.43	1.48	1.52	1.25	1.10	1.10
Profitability	Return on total assets (%)	11.14	10.69	10.05	3.82	(4.77)	(0.02)
	Return on equity (%)	14.78	17.60	18.09	6.71	(18.14)	(1.43)
	Pre-tax net profit to paid-in capital ratio (%)	34.11	45.76	52.53	23.24	(44.51)	(2.39)
	Profit margin (%)	7.09	6.91	6.19	2.45	(5.48)	(1.45)
	Earnings per share (NT)	2.73	3.79	3.83	1.26	(4.05)	(0.40)
Cash flow	Cash flow ratio (%)	94.27	52.33	22.03	14.11	9.63	5.54
	Cash flow adequacy ratio (%)	-	-	69.65	37.48	29.17	26.17
	Cash flow reinvestment ratio (%)	10.29	14.04	4.91	1.96	2.26	1.80
Leverage	Degree of operating leverage	2.33	2.09	2.06	3.45	(2.37)	(26.41)
	Degree of financial leverage	1.04	1.05	1.07	1.25	0.66	0.19

Reasons for change in the financial ratios for the most recent two fiscal years: (If the increase or decrease is less than 20%, it can be exempted from analysis)

i. Decrease in times interest earned ratio: Mainly due to decrease in profit of the Group that resulted in pre-tax net loss, coupled with the new borrowings in response to the operational developments, establishment of farm, plant and office building, resulted in a significant increase in interest expenses for the current period.

ii. Increase in inventory turnover ratio (times): Mainly due to the significant sales increases in crow-pheasants for the current period and outsourcing chicken support is needed due to the shortage of production capacity during the transition period of the new plant expansion, resulted in an increase in inventory turnover ratio (times).

iii. Decrease in days' sales in inventory: Mainly due to the significant sales increases in crow-pheasants for the current period and outsourcing chicken support is needed due to the shortage of production capacity during the transition period of the new plant expansion, resulted in a decrease in days' sales in inventory for the current period compared with the same period of last year.

iv. Decrease in property, plant and equipment turnover ratio (times): Mainly due to establishment of farm, plant and office building by the Group, therefore, resulted in a significant increase in property, plant and equipment compared with the same period of last year.

v. Decrease in return on total assets, decrease in return on equity, decrease in pre-tax net profit to paid-in capital ratio, decrease in net margin and earnings per share: Mainly due to the growth of the Group's operating revenue for the current period compared to the same period of last year, however, the appreciation of the US dollar which has resulted in rising costs of feed, price fluctuation of broilers, and outsourcing chicken support needed due to the shortage of production capacity during the transition period of the new plant expansion, and the relevant depreciation expenses also included as production cost after the completion of the plant, resulted in an increase in cost of goods sold for the current period that led to net loss after tax due to the decrease in relevant return/ratio compared with the same period of last year.

vi. Decrease in cash flow ratio: Mainly due to the pre-tax net loss for the current period, coupled with current liabilities due to an agreement was signed between the subsidiaries of the Group and the suppliers for extending the period of payment with bulk purchasing, outstanding final payment of establishment of processing plant, recognition of one-time penalty by "Competition and Consumer Commission of Singapore" were fully estimated and credited in the current period.

vii. Decrease in cash flow adequacy ratio: Mainly due to the Group's pre-tax net loss for the current period, resulted in a decrease in cash flow adequacy ratio compared with the same period of last year.

viii. Decrease in degree of operating leverage: Mainly due to the growth of the Group's chicken sales in Malaysia, however, the appreciation of the US dollar which has resulted in rising costs of feed, price fluctuation of broilers, and outsourcing chicken support needed due to the shortage of production capacity during the transition period of the new plant expansion, as well as the expansion of scale of operations by the Group, increase in relevant labor costs, resulted in a significant decrease in operating profit for the current period, which has led to decrease in degree of operating leverage compared with the same period of last year.

ix. Decrease in degree of financial leverage: Mainly due to the growth of the Group's operating revenue for the current period compared to the same period of last year, however, the rising cost and expense has led to operating loss, and the new borrowings resulted in a significant increase in interest expenses for the current period, which has led to decrease in degree of financial leverage compared with the same period of last year.

Note: The calculation formulas of the analysis items are shown at the end of this table:

i. Financial structure

A. Debt ratio= total debt/total asset.

B. Long-term fund to property, plant and equipment ratio = (Total Equity + Non-Current Liabilities)/ Net property, plant and equipment.

ii. Solvency

A. Current ratio= current asset/current liabilities.

B. Quick ratio= (current asset - inventory- prepaid expenses)/current liabilities.

C. Times interest earned ratio= Earnings before taxes and interest/ interest expenses.

iii. Operating capacity

A. Receivables (including accounts receivable and notes receivable generated from operating activities) turnover ratio= net sales/average receivables (including accounts receivable and notes receivable generated from operating activities) balance.

B. Average collection days= 365/receivables turnover ratio.

C. Inventory turnover ratio= Cost of goods sold/ average inventory.

D. Payables (including accounts payable and notes payable generated from operating activities) turnover ratio= Cost of goods sold/average payables (including accounts payable and notes payable generated from operating activities) balance.

E. Days' sales in inventory= 365/inventory turnover ratio.

F. Property, plant and equipment turnover ratio= Net Sales/average net property, plant and equipment.

G. Total asset turnover ratio= Net Sales/ average total asset.

iv. Profitability

A. Return on assets= [Profit or loss after tax + interest expense x (1-effective tax rate)]/average total assets.

B. Return on equity= Profit or loss after tax/ average total equity.

C. Net margin=Profit or loss after tax/ Net sales.

D. Earnings per share= (The equity attributable to the owner of the parent company - preferred stock dividend)/weighted average number of shares outstanding.

v. Cash flow

A. Cash flow ratio= Net cash flow provided by operating activities/ current liabilities.

B. Cash flow adequacy ratio= Net cash flow provided by operating activities for the most recent five fiscal years/the most recent five fiscal years sum of (capital expenditures + inventory additions +cash dividend).

C. Cash flow reinvestment ratio= (Net cash flow provided by operating activities- cash dividends)/ (gross property, plant and equipment + long term investment + other non-current assets + working capital).

vi. Leverage:

A. Degree of operating leverage= (net sales- variable operating cost and expenses)/operating income.

B. Degree of financial leverage= operating income / (operating income- interest expenses).

3. Audit committee' report for the most recent fiscal year's financial statements

Kee Song Bio-Technology Holdings Limited

Audit Committee's Report

The Board of Directors made the Company's 2018 business report, consolidated financial statements, and appropriation of earnings, and other statements and records were approved by the Audit Committee, and it is considered that there is no disagreement. In which the consolidated financial statements was certified by the accountants who are Mr. Ze-Li Gong and Mr. Dong-Feng Li of Deloitte Taiwan, and issued a verification report. The above-mentioned consolidated financial statements, and appropriation of earnings were prepared in accordance with Article 14.4 of the Securities and Exchange Act and Article 219 of the Company Act, please review.

To

Kee Song Bio-Technology Holdings Limited

Audit Committee Convener Ng Boon Yew

March 11, 2019

4. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices

Please refer to P.157-P.211.

5. A consolidated financial statement for the parent company and its subsidiaries for the most recent fiscal year, audited and attested by a CPA:

   For details, please refer to 4. Financial statement for the most recent fiscal year

6. If the company or its affiliates have experienced financial difficulties during the most recent fiscal year or the current fiscal year and up to the date of publication of annual report, the annual report shall explain how said difficulties will affect the company’s financial situation: None.

VII. A Review and Analysis of the Company's Financial Position and Financial Performance

1. Financial Position

Unit: NT$ Thousand

Item \ Year	2017	2018	Difference	
			Amount	%
Current assets	794,190	853,642	59,452	7.51
Property, plant and equipment	1,385,696	1,744,166	358,470	25.87
Intangible assets	10,959	13,536	2,577	23.51
Other assets	133,010	199,374	66,364	49.89
Total assets	2,323,855	2,810,718	486,863	20.95
Current liabilities	632,952	770,012	137,060	21.65
Long-term liabilities	743,888	1,233,129	489,241	65.78
Other liabilities	26,048	14,659	(11,389)	(43.72)
Total liabilities	1,402,888	2,017,800	614,912	43.83
Source of	368,165	368,165	-	-
Capital reserves	197,035	212,824	15,789	8.01
Retained earnings	395,227	227,627	(167,600)	(42.41)
Other shareholders' equity	(104,981)	(95,811)	9,170	8.73
Non-controlling interest	65,521	80,113	14,592	22.27
Total shareholders' equity	920,967	792,918	(128,049)	(13.90)

The explanations of the main reason for the changes, which is up to 20%, and amounted to above NT$10 million are as follow:

i. Property, plant and equipment increased by approximately NT$ 358 million compared with the same period of last year was mainly due to establishment of farm, plant and office building by the Group.

ii. Intangible assets increased by approximately NT$ 3 million compared with the same period of last year was due to the recognition of business trademark rights in the current period.

iii. Other assets increased by approximately NT$ 67 million compared with the same period of last year was mainly due to the Group leased the unit located at Kaki Bukit in quarter 4, therefore, the property, plant and equipment are rendered as investment property.

iv. Current liabilities increased by approximately NT$ 137 million compared with the same period of last year was mainly due to an agreement was signed between the subsidiaries of the Group and the suppliers for extending the period of payment with bulk purchasing, outstanding final payment of establishment of processing plant, recognition of one-time penalty by "Competition and Consumer Commission of Singapore" were fully estimated and credited in the current period.

v. Long-term liabilities increased by approximately NT$ 489 million compared with the same period of last year was mainly due to the issuance of the second convertible bonds and the increase in long-term borrowings. The relevant borrowings were mainly used to cover the necessary provisions such as establishment of plant, office building, farm and equipment loans, etc.

vi. Other liabilities decreased by approximately NT$11 million compared with the same period of last year was mainly due to decease in deferred income tax liabilities - income tax. Although there was a growth in operating revenue for the current period compared with the same period of last year, however, the significant increase in costs has resulted in a decrease in gross profit, which has led to operating loss and increase in income tax benefit in parallel.

vii. Retained earnings decreased by NT$ 168 million compared with the same period of last year was mainly due to the surplus distribution of NT$ 18,408 thousand in 2017, and the net loss for the current period.
viii. Non-controlling interests increased by approximately NT$ 15 million compared with the same period of last year due to the Group invested in Kee Song Agriculture (M) Sdn. Bhd. (holding 70% shares), Kee Song Realty (M) Sdn. Bhd. (holding 70% shares) and Kee Song Ocean Pte. Ltd. (holding 60% shares), respectively. While KSA and KSR are experienced a large amount of exchange differences due to fluctuations in SGD and MYR, which resulted in an increase in cumulative translation differences. Also, KSO is currently liquidating.

2. Financial Performance

(1) Analysis Table of Financial Performance

Unit: NT$ Thousand

Item \ Year	2017	2018	Difference	
			Amount	%
Net operating revenue	2,480,922	2,835,038	354,116	14.27
Operating cost	2,042,547	2,500,283	457,736	22.41
Gross profit	438,375	334,755	(103,620)	(20.22)
Operating expense	344,132	416,161	72,029	20.93
Other net gain and expense	-	-	-	-
Operating profit	94,243	(81,406)	(175,649)	(186.38)
Non-Operating revenues	(8,669)	(82,482)	(73,813)	(851.46)
Net profit before tax	85,574	(163,888)	(249,462)	(291.52)
Income tax expense	24,759	(8,448)	(33,207)	(134.12)
continuing operation	60,815	(155,440)	(216,255)	(355.59)
Other comprehensive income for the current	1,650	16,690	15,040	911.52
Total comprehensive	62,465	(138,750)	(201,215)	(322.12)

The explanations of the main reason for any significant change in operating revenues, net operating profit, and pre-tax net profit for the most recent two fiscal years (If the increase or decrease is less than 20%, it can be exempted from analysis) are as follow:
i. Operating costs increased compared to the same period of last year was mainly due to the appreciation of the US dollar which has resulted in rising costs of feed, price fluctuation of broilers, and outsourcing chicken support needed due to the shortage of production capacity during the transition period of the new plant expansion, and the relevant depreciation expenses also included as production cost after the completion of the plant, resulted in a significant increase in cost for the current period.
ii. Gross profit decreased compared with the same period of last year as the operating revenue for the current period increased compared with the same period of last year, however, the rate of cost increase was greater than the revenue, resulted in a decrease in gross profit was mainly due to the appreciation of the US dollar which has resulted in rising costs of feed, price fluctuation of broilers, and outsourcing chicken support needed

due to the shortage of production capacity during the transition period of the new plant expansion, and the relevant depreciation expenses also included as production cost after the completion of the plant, resulted in a significant increase in cost for the current period.

iii. Operating expenses increased compared with the same period of last year was mainly due to increase in relevant labor costs due to the expansion of scale of operations by the Group, coupled with procurement of vehicles due to operational needs, and the relevant depreciation, water and electricity expenses, and maintenance costs also increased, resulted in a significant increase in expenses for the current period.

iv. Operating profit, pre-tax net profit and net profit for the current period decreased compared to the same period of last year were mainly due to the appreciation of the US dollar which has resulted in rising costs of feed, price fluctuation of broilers, and outsourcing chicken support needed due to the shortage of production capacity during the transition period of the new plant expansion, and the relevant depreciation expenses also included as production cost after the completion of the plant, coupled with the expansion of scale of operations by the subsidiaries, and increase in relevant labor costs, resulted in an increase in overall costs and expenses.

v. Non-operating revenue and expenditure decreased compared with the same period of last year were mainly due to the one-time penalty of approximately NT$ 60,014 thousand by "Competition and Consumer Commission of Singapore" was fully estimated and credited in the current period by the Group, coupled with in response to working capital requirements, and the borrowings for establishment of farm, plant and office building resulted in an increase in interest expenses.

vi. Income tax expense decreased compared with the same period of last year was mainly due to growth in operating revenue for the current period compared with the same period of last year, however, the increase in costs has resulted in a decrease in gross profit, which has led to operating loss and increase in income tax benefit in parallel.

vii. Other comprehensive income for the current period increased compared with the same period of last year was mainly due to the differences arising from translation adjustment of foreign financial statements Singapore and Malaysia are the main operating entities of the Group, therefore, a large amount of exchange differences arising from fluctuations in SGD and MYR, resulted in an increase in cumulative translation differences

(2) The expected sales volume and its basis, and the Company's future financial performance and the plan for any possible impact:

i. The expected growth of sales volume for the coming fiscal year of the Company is estimated according to the overall economic changes, industry trends and the future development of the Company. The investment in the establishment of new broiler farm in Malaysia and meat processing plant in Singapore have been completed in the end of 2018 and started its operation in batches, respectively. At present, the annual production capacity of farming in batches in the new broiler farm in South Malaysia is up to 3.6 million broilers. The meat processing plant in Singapore has been completed and started its operation, and also acquired the license of AVA of Singapore and Halal certification. Looking forward to 2019, the Company is adopted a prudent and positive approach, especially the gradual increase of sales in the Malaysia regions, as well as rising of revenue in parallel. Recently, the Group is focused in the production line and breeding rate adjustment of the new broiler farm in South Malaysia and the new meat processing plant in Singapore. It is expected that the benefits of production capacity can be seen from the second quarter, which can cope with the demand of peak season of this year, and it is beneficial to the stable growth of the Company's operations of this year.

ii. The Company's future financial performance and the plan for any possible impact: None.

3. Cash flow

(1) Cash flow analysis for the recent fiscal year (2018)

Unit: NT$ Thousand

Beginning cash balance	Net cash flow from operating activities throughout the year	Net cash flow from other activities throughout the year	Cash flow surplus (deficit)	Remedial measures for cash deficit	
				Investment plan	Financial plan
321,706	74,157	(107,325)	288,538	-	-

Cash flow analysis for the current fiscal year

Operating activities: The net cash inflow from operating activities was approximately NT$ 74 million, the explanations are as follow:

i. The net revenue before tax for the current period was NT$ 163 million;

ii. The net cash outflow was NT$ 52 million due to the significant increase in accounts receivable of the Group for the current period compared with the same period of last year, coupled with the increase in its receivables at the end of the period at the same time;

iii. Due to the relevant depreciation for the current period was allocated to the production cost as the new farm has been completed and started its operation to increase production capacity;

iv. Recognition of one-time penalty by "Competition and Consumer Commission of Singapore", as Competition Commission of Singapore has been determined KSFC to pay a penalty of approximately NT$ 60 million for the current period, and the Group has fully estimated and credited in the current period;

v. The accounts payable for the current period was due to an agreement was signed between the subsidiaries of the Group and the suppliers for extending the period of payment with bulk purchasing.

To sum up, the abovementioned were contributed to the net cash inflows from operating activities for the current period of approximately NT$ 74 million.

Investment activities: The net cash outflow from investment activities was NT$ 518 million, mainly due to the plan and establishment of processing plant in Singapore and the establishment of chicken sheds in Malaysia.

Financing activities: The net cash inflow from financing activities was NT$ 400 million, mainly due to the issuance of the second convertible bonds and the increase in long-term borrowings. The relevant borrowings were mainly used to cover the necessary provisions such as establishment of plant, office building, farm and equipment loans, etc.

Foreign exchange adjustments: The cash inflow for the current period was approximately NT$ 10 million, mainly affected by the fluctuations in currency exchange rates of New Taiwan dollar.

(2) Insufficient liquidity improvement plan

The Group should not has insufficient liquidity issue as its normal operations generate cash inflows .

(3) Cash flow analysis for the coming year (2019)

Although the Group has several capital expenditure plans in 2019, however, it is expected the operating activities in 2019 will still contribute a net cash inflow, which can support the cash outflow of investment activities and financing activities, hence, there is no insufficient liquidity concerns.

4. Major capital expenditures during the most recent fiscal year:

An amount of NT$ 781,069 thousand and NT$ 535,018 thousand were used for the acquisition of fixed assets by the Group in 2017 and 2018, respectively. It was due to additional investment and establishment of farm, plant and office building for operating purposes, hence, the capital expenditures should not adversely affect the Group's financial business status.

The following is the comparative table of property, plant and equipment turnover ratio and total assets turnover ratio. The turnover ratio decreased compared with the same period of last year was due to the establishment of farm, plant and office building by the Group. However, it is estimated there will be a gradual increase of sales in the Malaysia regions in 2019, and the operation will grow steadily. Hence, the increase in capital expenditures should not adversely affect the Group's financial business status.

Year / Turnover ratio	2017	2018
Property, plant and equipment turnover ratio (times)	2.36	1.76
Total assets turnover ratio (times)	1.25	1.10

5. Investment policy for the most recent fiscal year, the main reasons for the profits or losses, improvement plans, and investment plans for the coming year

(1) Re-investment policy of the Company

The main objectives of the current re-investment policies of the Company are to achieve the expansion of areas of operations and breeding farms, which the relevant executive departments are in compliance with the internal control system of “Investment Cycle” and “Procedures for Acquiring and Disposing of Assets”, etc. The above-mentioned regulations or procedures are resolved by the board of directors or shareholders meeting.

(2) The main reasons for the profits or losses for the most recent fiscal year:

Unit: NT$ Thousand

Item	2018 Recognized (loss) profit	Re-investment policy	Profit or loss: Reason	Improvement plan
KSH	(130,622)	Investment holding	The operating condition is slightly worse.	Not applicable
KSFC	(58,693)	The chicken processing and the product sales in Singapore, and continuous development of the integrity of the sales channels in Singapore are carried out through this company.	The overall performance is slightly worse. The loss for the current period was mainly due to the recognition of one-time penalty by Competition and Consumer Commission of Singapore and the adjustment of the new plant expansion.	Not applicable

Item	2018 Recognized (loss) profit	Re-investment policy	Profit or loss: Reason	Improvement plan
MKP	(40,245)	The farm business in Malaysia is developed through this company, which is mainly engaged in the chicken breeding and the development of improved breeding technology and species of chicken in order to supply processed broilers to KSFC in Singapore and LKP in Malaysia.	The overall performance is slightly worse. The loss for the current period was mainly due to the adjustment of breeding technology and new farm.	Not applicable
YTH	(94)	The farm business in Taiwan is developed through this company, which is mainly engaged in the chicken breeding and broiler processing to supply for local sales.	The operation is under re-planning.	Not applicable
KSNF	172	This company is responsible for the future production and sales of egg type chickens, business expansion and strengthen diversified operations.	Planning to build a plant.	Not applicable
KSA	(18,244)	The farm business in Malaysia is developed through this company, which is mainly engaged in the trading of crow-pheasants and hatching and selling of chicks.	The overall performance is slightly worse. The loss for the current period was mainly due to the appreciation of the US dollar which has resulted in rising costs of feed and price fluctuation of broilers.	Not applicable
YHK	(144)	Investment holding	The operation is in compliance with the planning.	Not applicable
KSR	86	The farm land holdings in Malaysia and leased to KSA for chicken breeding through this company.	The operation is in compliance with the planning.	Not applicable
KSO	Liquidating.			
CLI	(2,303)	The transport service industry in Singapore is developed through this company.	At the initial period of the operation, which still within an appropriate range for profit or loss.	Not applicable
KSS	(2,896)	The sales of meat is developed through this company.	At the initial period of the operation,	Not applicable

Item	2018 Recognized (loss) profit	Re-investment policy	Profit or loss: Reason	Improvement plan
			which still within an appropriate range for profit or loss.	
BBQ	(2,280)	The sales of meat is developed through this company.	At the initial period of the operation, which still within an appropriate range for profit or loss.	Not applicable
LKP	(4,345)	The local fresh chicken market in Malaysia is developed through this company.	The overall performance is slightly worse, but still within an appropriate range for profit or loss.	Not applicable
MW	35	The farm land holdings in Malaysia and leased to MKP for chicken breeding through this company.	The operation is in compliance with the planning.	Not applicable
KSJ	7	The feed is provided through this company, and supply to other subsidiaries for chicken breeding.	Planning to build a plant.	Not applicable
Singapore Poultry Hub Pte.Ltd.	-	The chicken processing in Singapore is carried out through this company.	Under planning.	Not applicable
Iceberg Cold Storage Pte. Ltd.	-	The cold storage warehouse service industry in Singapore is developed through this company.	Under planning.	Not applicable

(3) Investment plans for the coming year

The Group operates stably in the Singapore market, remain as top three broiler supplier. In order to expand its future growth momentum, the Company has invested NT$ 215 million to build a new broiler farm with 9.7-hectare in South Malaysia and NT$ 550 million to build a meat processing plant in Singapore which have been completed in the end of 2018 and started its operation in batches, respectively. Its annual production capacity is up to 3.6 million broilers. It is expected that the benefits of production capacity can be seen in the second quarter, which can cope with the demand of peak season. The meat processing plant in Singapore has been completed and started its operation, and also acquired the license of AVA of Singapore and Halal certification. The broiler raised in Malaysia will be exported to the new meat processing plant in Singapore for cutting, processing and sales in future, which will effectively enhance the profitability, adding to the growth momentum of this year.

6. Risk analysis and evaluation in the most recent fiscal year up to the publication of the annual report

(1) The impact of changes in the interest rate, fluctuation of exchange rate, inflation rate on the Company’s profits (losses) and countermeasures to be taken in the future

i. The impact of changes in the interest rate on the Company’s profits (losses) and countermeasures to be taken in the future

The interest income of the Group mainly comes from interest of bank deposit, while the interest expenses mainly comes from interest expenses arising from long-term and short-term capital turnover. The interest income of the Company for 2017 and 2018 were NT$ 3,838 thousand and NT$ 4,444 thousand, respectively, with a net operating revenue ratio of 0.15% and 0.16%, respectively. While the interest expenses were NT$ 18,849 thousand and NT$ 41,109 thousand respectively, with a net operating revenue ratio of 0.76% and 1.45%, respectively. The changes in the interest rate will not have a significant impact on the Group as all the ratios are not high.

ii. The impact of fluctuation of exchange rate on the Company’s profits (losses) and countermeasures to be taken in the future

The sales revenue of the Group mainly denominated in Singapore dollar (SGD) and Malaysian ringgit (MYR), and the purchase expenses are mainly paid in Malaysian ringgit (MYR). The net exchange gain (loss)) of the Group for 2017 and 2018 were NT$ 1,032 thousand and NT$ 3,307 thousand, respectively, with a net operating revenue ratio of 0.04% and 0.12%, respectively. The impact on the Group's profits and losses is limited as all the ratios are still low. However, in order to avoid the impact of fluctuation of exchange rate on the Company's profits and losses, the Company will maintain a close contact with the bank, fully grasp the changes in foreign exchange market to use as a basis for quotation in order to reflect the changes in foreign exchange in a timely manner.

The financial statements of the Group are prepared using New Taiwan dollar (NTD) as the functional currency. In 2017 and 2018, the assets and liabilities were translated at exchange rates in effect on the balance sheet date, shareholders’ equity was translated using historical exchange rates and income statement was translated using average exchange rates converted into NTD during the year.

iii. The impact of inflation rate on the Company’s profits (losses) and countermeasures to be taken in the future

In recent years, the prices of raw materials such as soybeans and corn are stable, and the Group has successively developed differentiated products such as Cherry Blossom Chicken, Imperial Cordyceps Chicken, and Kee Song Carogold Chicken, etc.

These premium broiler products with high unit prices can be used to adjust selling prices in order to reflect costs in a timely manner. If the purchase cost increases due to inflation, the Group will suitably adjust the sales price according to the sales of differentiated products to mitigate the impact of inflation on the Company's profit and loss.

(2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and countermeasures to be taken in the future

The Company has established the regulations such as "Operational Procedures for Loaning Funds to Others", "Operational Procedures for Endorsements and Guarantees", "Procedures for Acquiring and Disposing of Assets", and "Procedures for Engaging in Derivatives Trading", etc.to serve as the basis for the Group to engage in relevant operations. The Group did not engaged in high-risk investments, highly leveraged investments and derivatives transactions during the most recent fiscal year or the current fiscal year and up to the date of publication of annual report.

In the future, the Group will uphold the concept of financial stability. The Group will adopt a prudent assessment according to the relevant regulations if engages in any high-risk investments, highly leveraged investments and derivatives transactions in order to reduce the financial risks of the Group.

(3) Research and development work to be carried out in the future, and further expenditures expected for research and development work

The main objective of the Group is to breed a hygiene, healthy, and antibiotic-free broilers with the aim to provide consumers with "healthy food, healthy living" since its establishment. Therefore, it is actively developing differentiated breeding methods of broilers, and the main research and development work to be carried out in the future will move towards the following goals:

i. Continue to collaborate with external research institutions to carry out the trials for various types of lactic acid bacteria in order to replace the uses of antibiotics and growth hormones, with a goal of introducing healthy, nutritious and delicious products..

ii. Continue to develop new feed formulas, and combine with various highly nutritious ingredients (such as cordycepin and carotene) to breed high value-added and healthy broilers for consumption.

The expenditures for research and development work of the Group for 2017 and 2018 were NT$ 1,773 thousand and NT$ 940 thousand respectively, with a net operating revenue ratio of approximately 0.07% and 0.03%, respectively. The Group will continue to invest in R&D resources in accordance with work schedules in order to maintain market competitiveness.

(4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and countermeasures to be taken

The Company is registered in the Cayman Islands and the principal places of business of the Group are Singapore and Malaysia. The Cayman Islands is mainly engaged in financial services, with a stable political and economic environment and less changes in important policies and laws, which has less impact on the Group. While Singapore and Malaysia are the principal places of business of the Group, which have relatively stringent live poultry management and the relatively less changes in relevant policies. Moreover, the Group adopts the most stringent management of chicken breeding and food safety. The Group will take appropriate measures and prudently response to the changes in policies and legal environment at home and abroad in the future, which will minimize the effect on its financial operations. There was no material effect on the Group’s financial operations due to the changes in important policies and legal environment in Cayman Islands, Singapore or Malaysia during the most recent fiscal year or the current fiscal year and up to the date of publication of annual report.

(5) Effect on the Company’s financial operations of developments in science and technology as well as industrial change, and countermeasures to be taken

With the environmental and climate changes in the future which may possibly cause the changes in the industry, the Group is committed to use more natural, more environmentally friendly and more humanizing breeding methods to provide antibiotic-free, healthy, nutritious and delicious products for the consumption of consumers, to discharge its social responsibility against excessive environmental damage by mankind.

In facing with the new trend of technology and environmental protection, the Group committed to continuous improvement and development of breeding methods by using advanced technology, such as lactic acid bacteria is added into chicken feed to replace the uses of artificial additives such as antibiotics and growth hormones, etc. in chicken breeding. The Group is also actively engaged in the improvement and development of feed formulas in order to create new products with high-value added and high quality through the use of advanced technology and differentiated breeding methods, looks forward to be market leader. There was no material effect on the Group’s financial operations and businesses due to science and technology as well as industrial change during the most recent fiscal year or the current fiscal year and up to the date of publication of annual report.

(6) Effect on the Company's crisis management of changes in the Company's corporate image, and countermeasures to be taken

The Group always adheres to the business philosophy and objective of “healthy food, healthy living”, its healthy corporate image is deeply rooted in consumers. In the future, while in pursuit of maximization of shareholders' equity, the Group also will continue to fulfill its CSR to elevate its corporate image to a new level. There was no material effect on crisis management of changes in the Company's corporate image during the most recent fiscal year or the current fiscal year and up to the date of publication of annual report.

(7) Expected benefits and possible risks associated with any merger and acquisitions, and countermeasures being or to be taken

The Group did not has any material merger and acquisitions, and there are no plans for merger and acquisitions at present during the most recent fiscal year or the current fiscal year and up to the date of publication of annual report.

(8) Expected benefits and possible risks associated with any plant expansion, and countermeasures being or to be taken

The vertical integration plan of breeder chicken farms in Malaysia is carried out since 2015 by the Group, in addition beneficial to the Company’s revenue growth and expansion of the Malaysian market, it also can stabilize the chick's purchase price and control costs, and has a better grasp of the quality of the chicks in order to increase the breeding rate of chicken. The Company was invested NT$ 550 million to purchase plant and land in Singapore to build a new plant in 2016. The new plant is planned to be used for the production line for secondary processing of chicken, deep processing production line for cooked food and the cleaning, cutting and packaging of vegetable products, which have been completed in the end of 2018 and started its operation in batches, respectively. At present, it is expected that the benefits of production capacity of the farming in batches in the new broiler farm and can be seen in the second quarter of 2019. In the future, it is planned to establish egg type chicken farm and feed farm, etc. to move toward vertical integration from upstream to self-production of feed, etc. It is expected to diversify the Group's operational risks, and create more profit models for the Group through vertical integration of industrial chain.

(9) Risks associated with any consolidation of sales or purchasing operations, and countermeasures being or to be taken

i. Risks associated with any consolidation of purchasing operations, and countermeasures being or to be taken

At present, the main purchase products of the Group are chick, feed and broilers. There are many suppliers in Singapore and Malaysia, and the Group maintains a good relationship with its suppliers for a long time and purchases raw materials from different suppliers as much as possible in order to maintain a stable purchase ratio to ensure the raw material supply is secured and reduce the risk of consolidation of purchasing operations. To date, there is no supply shortage or interruption.

ii. Risks associated with any consolidation of sales operations, and countermeasures being or to be taken

At present, Singapore and Malaysia are the principal sales markets of the Group, and it is one of the major suppliers of local chicken market in Singapore. After over 20 years of hard work, it is highly recognized and trusted by local supermarkets, hypermarkets, restaurants, hotels, wholesalers and hawkers, with more than 1,000 customers in total at present. In which, other than the sales proportion of the largest local supermarket in Singapore accounted for approximately 11.69%, and the sales proportion of a single customer in Malaysia accounted for approximately 9.32%, the sales proportion of the remaining customers is below 5%, indicating that the customers of the Group are relatively dispersed. Therefore, there is no consolidation of sales operations during the most recent fiscal year or the current fiscal year and up to the date of publication of annual report.

Taking into account the risk diversification of sales, the Group maintains a good supplier relationship with other supermarket operators through product segmentation strategies, as well as developing new catering customers, introducing products of new brand, and developing markets of local crow-pheasants and fresh meat products in Malaysia to meet diversified consumption need and balance various types of customers. Overall, risks associated with consolidation of sales operations of the Group should be limited.

(10) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and countermeasures being or to be taken

The Group has introduced independent directors, and set up audit committee and remuneration committee. Under the independent supervision of individual committees, the Company's operations are giving priority consideration to protect the overall shareholders’ equity, therefore, it will not has material effect on the Group in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands.

(11) Effect upon and risk to Company associated with any change in governance personnel or top management, and countermeasures being or to be taken

It is not applicable as the Group has no change in governance personnel or top management during the most recent fiscal year or the current fiscal year and up to the date of publication of annual report. The Group has introduced independent directors, and set up audit committee and remuneration committee, and will also be gradually recruited competent talents and organize an excellent team in order to enhance the protection of shareholders' equity.

(12) Litigation or non-litigation

The Company's directors, supervisors, general manager, de facto person in charge, majority shareholders and subordinate companies with a shareholding ratio of more than 10% have been determined or are included in the major litigation, non-litigation or administrative litigation in which the results may have a significant effect on the Company's shareholders' equity and securities price, it should be fully disclosed in detail and include the facts of the dispute, cost of litigation, date of commencement of proceedings, litigants and the current situation regarding handling of litigation as of the publication of the annual report: There is no major litigation, non-litigation or administrative litigation have been determined or are included.

(13) Other important risks, and countermeasures being or to be taken:

i. Protection of shareholders' equity

The Cayman Islands Company Act has many different rules from the Republic of China Company Act. Although the Company has amended its Articles of Association in accordance with the “Checklist for the Protection of Shareholders’ Equity by Foreign Securities Issuers “formulated by TPEx, however, the Act of two countries are still have many differences in regulations governing the operation of the company. The viewpoint of statutory equity protection of investing in a Taiwanese company shall not apply on the investment in a Cayman Islands company. Investors should truly understand and consult professionals on the protection of shareholders' equity if investing in a Cayman Islands company.

ii. Important risks, and countermeasures being or to be taken by the Group:

The possible unfavorable factors that may arise from the operational risks of the Group and its countermeasures have been described in the page 100 of the annual report. Despite these countermeasures are in place, however, they may be, cannot be fully implemented due to factor such as force majeure, etc. during implementation, thereby affecting the operations, businesses and financial of the Company.

iii. The Company is a holding company, relying on the performance of its subsidiaries and its dividend distribution, and subject to its restrictions on dividend distribution and fund transfer.

The Company is a holding company established in the Cayman Islands with no commercial operation and source of revenue. Other than equity, the Company has no other assets and liabilities, therefore, its source of profit mainly relies on the operations of its second-tier subsidiaries. The second-tier subsidiaries of the Company in Singapore and Malaysia are an important source of profit for the Group. Therefore, the cash dividend distribution of the Company will be affected by the cash dividend distribution and legal reserve of its second-tier subsidiaries.

However, the cash dividend distribution of second-tier subsidiaries will be subject to the restrictions on the dividends of local country at the time, laws for revenue remittance, cash transfers and foreign exchange control, and will be affected by fluctuation of exchange rate.

Also, the subsidiaries and second-tier subsidiaries of the Company are separate and independent juridical person. The order of asset acquisition or distribution will prioritize creditors of the subsidiaries and second-tier subsidiaries, including their transaction counterparties and bondholders, and then followed by the Company in the event of a subsidiary or a second-tier subsidiary is bankrupt, insolvent, reorganize, liquidate, or involved in the realization of assets.

The dividend or other benefits distribution of the Group's companies will be handled in accordance with relevant provisions. It is recommended the investors should understand and consult with professionals on the effects of taxation of their own investment in a holding company.

7. Other important matters:

KSFC, a subsidiary of the Company, was received a proposed judgment of violation and its supplementary explanation from Competition Commission Singapore on March 8, 2016 and December 21, 2017, respectively. The Competition Commission Singapore had determined that a total of 13 fresh chicken wholesalers, including KSFC had agreed not to compete with each other in the Singapore fresh chicken product market, and had engaged in the coordination of price increase and timing on September 12, 2018. It had determined that KSFC to pay a penalty of SGD 2,689 thousand (approximately NT$ 60,090 thousand), and KSFC has been fully estimated and credited under other gains and losses. Also, KSFC has appointed lawyers to be brought to administrative remedy

submit administrative relief, which the procedures of administrative remedy for the matter are still in progress.

VIII. Special Disclosure

1. Information related to the Company's affiliates

(1) Consolidated business reports of affiliated companies

i. Organizational chart of affiliated companies: For details, please refer to the 2. “Organization Structure of the Group” of II. “Company Profile” of the annual report (page 8).

ii. Basic information of affiliated companies

As of 31 December, 2018 Unit: Foreign currency in thousand

Name of company	Date of incorporation	Address	Paid-in Capital	Principal business and production activity
Kee Song Holdings Pte. Ltd.	April 1, 2010	No. 26 Senoko Way Singapore 758048	SGD 12,519 thousand	Investment holding
Kee Song Food Corporation (S) Pte. Ltd.	April 11, 1987	No. 26 Senoko Way Singapore 758048	SGD 3,800 thousand	Responsible for chicken processing business, sales of fresh meat and frozen meat products and sales of chicken-prepared food in Singapore
Meng Kee Poultry (M) Sdn. Bhd.	August 15, 1994	No.18A, Jalan Sutera, Taman Sutera, 83700 Yong Peng, Johor, Malaysia	MYR 20,000 thousand	Responsible for the farm management and chicken breeding business in Malaysia
Yong Tai Hoe (Taiwan) Co., Ltd.	October 8, 2012	8th Floor, 51 Songjiang Road, Taipei City	NTD 14,000 thousand	Responsible for chicken breeding, processing business, sales of fresh meat and frozen meat products and sales of chicken-prepared food in Taiwan

Name of company	Date of incorporation	Address	Paid-in Capital	Principal business and production activity
Kee Song Natural Foods (M) Sdn. Bhd.	October 21, 2013	31-04 Level 31 Menara Landmark, No.12 Jalan Ngee Heng, 80000 Johor Bahru, Malaysia	MYR – thousand	Future production and sales of egg type chicken businesses
Kee Song Agriculture Sdn. Bhd.	March 13, 2015	No.7, Jalan S 2/B 15 Centrio Seremban 2 70300 Seremban Negeri Sembilan, Malaysia	MYR 18,000 thousand	Responsible for sales of crow-pheasants and hatching, brooding and selling of chicks in Malaysia
YKH Holdings (M) Sdn. Bhd.	April 2, 2015	31-04 Level 31 Menara Landmark, No.12 Jalan Ngee Heng, 80000 Johor Bahru, Malaysia	MYR – thousand	Investment holding
Kee Song Realty (M) Sdn. Bhd.	Tuesday, April 21, 2015	No.7, Jalan S 2/B 15 Centrio Seremban 2 70300 Seremban Negeri Sembilan, Malaysia	MYR 1,500 thousand	Farm land holdings in Malaysia and leased to KSA for chicken breeding
Kee Song Ocean Pte. Ltd.	April 30, 2015	No. 26 Senoko Way Singapore 758048	SGD 100 thousand	Responsible for the trading of seafood and fish in Singapore
Celsius Link International Pte. Ltd.	December 23, 2016	No. 26 Senoko Way Singapore 758048	SGD 500 thousand	Responsible for transport service industry in Singapore
Lucky Poultry (M) Sdn. Bhd.	March 25, 1994	No.19, Jalan Industri 8, Taman Perindustrian Pekan Nenas, 81500 Pekan Nenas, Johor, Malaysia	MYR 6,250 thousand	Responsible for sales of chicken products in Malaysia

Name of company	Date of incorporation	Address	Paid-in Capital	Principal business and production activity
Meng Woon Holdings (M) Sdn. Bhd.	March 4, 1999	No. 18A, Jalan Sutera, Taman Sutera, 83700 Yong Peng, Johor, Malaysia	MYR 616 thousand	Investment holding company - Farm land holdings in Malaysia and leased to MKP for chicken breeding
Kee Song Jaya Feedmill (M) Sdn.Bhd.	July 13, 2012	No. 18A, Jalan Sutera, Taman Sutera, 83700 Yong Peng, Johor, Malaysia	MYR 3,000 thousand	Responsible for supply of chicken feed in the future
BBQ House Singapore Pte. Ltd.	May 21, 2018	3017 BEDOK NORTH STREET 5 #03-28 GOURMET EAST KITCHEN SINGAPORE (486121)	SGD 1,050 thousand	Responsible for Food Processing and Trading Division in Singapore
Katong Satay Singapore Pte. Ltd.	May 21, 2018	3020 UBI AVENUE 2 #03-101 KAMPONG UBI INDUSTRIAL ESTATE SINGAPORE (408896)	SGD -thousand	Responsible for Food Processing and Trading Division in Singapore

iii. Shareholders presumed to have control and subordinate relationship with the same information: None.

iv The overall relationship between affiliated companies covered by the industry and the mutual dealings and division of work among such affiliates: For the details for the operating business of major departments of the Group, please refer to (1) “Organizational System” of III. “Corporate Governance” of the annual report (page 11).

v. Information of directors, supervisors and general managers of affiliated companies:

As of December 31, 2018 Unit: Share; %

Name of company	Tittle	Name or representative	Shareholding	
			Number of shares held (Shares)	Percentage of shareholding
Kee Song Holdings Pte. Ltd.	Director	Kee Song Bio-Tcechnology Holdings Limited (Representative: Ong Kee Song)	12,519,061	100%
	Director	Kee Song Bio-Tcechnology Holdings Limited (Representative: Ong Kian San)		
	Director	Kee Song Bio-Tcechnology Holdings Limited (Representative: Ong Yong Xian)		
	Director	Kee Song Bio-Tcechnology Holdings Limited (Representative: Ong Kian Huat)		
Kee Song Food Corporation (S) Pte. Ltd.	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kee Song)	3,800,000	100%
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kian San)		
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Yong Xian)		
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kian Huat)		
Meng Kee Poultry (M) Sdn. Bhd.	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kee Song)	13,000,000	100%
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kian San)		
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kian Huat)		
Yong Tai Hoe (Taiwan) Co., Ltd.	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kee Song)	1,400,000	100%
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Yong Xian)		
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kian San)		
	Supervisor	Kee Song Holdings Pte. Ltd. (Representative: Ong Kian Huat)		
Kee Song Natural Foods (M) Sdn. Bhd.	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kee Song)	2	100%
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kian San)		
	Director	Meng Kee Poultry (M) Sdn. Bhd. (Representative: Ong Kian Huat)		

Name of company	Tittle	Name or representative	Shareholding	
			Number of shares held (Shares)	Percentage of shareholding
Kee Song Agriculture Sdn. Bhd.	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kee Song)	12,600,000	70%
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kian San)		
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kian Huat)		
	Director	Dato' Lee Kim Kiong		
	Director	Lee Wei Kang		
YKH Holdings (M) Sdn. Bhd.	Director	Leeu Set Yen	2	100%
	Director	Lim See Teang		
Kee Song Realty (M) Sdn. Bhd.	Director	Kee Song Bio-Tcechnology Holdings Limited (Representative: Ong Kee Song)	1,050,000	70%
	Director	Kee Song Bio-Tcechnology Holdings Limited (Representative: Ong Kian San)		
	Director	Kee Song Bio-Tcechnology Holdings Limited (Representative: Ong Kian Huat)		
	Director	Dato' Lee Kim Kiong		
	Director	Lee Wei Kang		
Kee Song Ocean Pte. Ltd.	Director	Kee Song Bio-Tcechnology Holdings Limited (Representative: Ong Kee Song)	60,000	60%
	Director	Kee Song Bio-Tcechnology Holdings Limited (Representative: Ong Kian San)		
	Director	Kee Song Bio-Tcechnology Holdings Limited (Representative: Ong Yong Xian)		
	Director	Jeffrey Tan Swee Choon		
Celsius Link International Pte. Ltd.	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kian San)	500,000	100%
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Yong Xian)		
	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Kian San)		
	Director	Lek Soon Huat		
Katong Satay Singapore Pte. Ltd.	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Yong Xian)	2	100%
	Director	Kee Song Holdings Pte. Ltd. (Representative: Sim Baoyuan)		

Name of company	Tittle	Name or representative	Shareholding	
			Number of shares held (Shares)	Percentage of shareholding
	Director	Kee Song Holdings Pte. Ltd. (Representative: Kevin Tan Wei Yeak)		
BBQ House Singapore Pte. Ltd.	Director	Kee Song Holdings Pte. Ltd. (Representative: Ong Yong Xian)	1,050,000	100%
	Director	Kee Song Holdings Pte. Ltd. (Representative: Sim Baoyuan)		
	Director	Kee Song Holdings Pte. Ltd. (Representative: Kevin Tan Wei Yeak)		
Lucky Poultry (M) Sdn.Bhd.	Director	Meng Kee Poultry (M) Sdn. Bhd. (Representative: Ong Kee Song)	4,000,000	100%
	Director	Meng Kee Poultry (M) Sdn. Bhd. (Representative: Ong Kian San)		
	Director	Meng Kee Poultry (M) Sdn. Bhd. (Representative: Ong Kian Huat)		
Meng Woon Holdings (M) Sdn. Bhd.	Director	Meng Kee Poultry (M) Sdn. Bhd. (Representative: Ong Kee Song)	616,000	100%
	Director	Meng Kee Poultry (M) Sdn. Bhd. (Representative: Ong Kian San)		
	Director	Meng Kee Poultry (M) Sdn. Bhd. (Representative: Ong Kian Huat)		
Kee Song Jaya Feedmill (M) Sdn.Bhd.	Director	Meng Kee Poultry (M) Sdn. Bhd. (Representative: Ong Kee Song)	3,000,000	100%
	Director	Meng Kee Poultry (M) Sdn. Bhd. (Representative: Ong Kian San)		
	Director	Meng Kee Poultry (M) Sdn. Bhd. (Representative: Ong Kian Huat)		

vi Operation status of affiliate companies:

As of December 31, 2018 Unit: NT$ thousand / foreign currency

Name of company	Paid-in Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit (loss)	Net profit (loss) for the current period (After tax)	Earnings (loss) per share (After tax)
Kee Song Holdings Pte. Ltd.	SGD 12,519 thousand	800,482	10,430	790,052	–	(474)	(130,622)	(10.43)
Kee Song Food Corporation (S) Pte. Ltd.	SGD 3,800 thousand	1,463,711	1,063,125	400,586	1,070,406	(3,794)	(58,693)	(15.45)
Meng Kee Poultry (M) Sdn. Bhd.	MYR 20,000 thousand	440,783	297,540	143,243	617,579	(36,798)	(40,105)	(3.08)
Yong Tai Hoe (Taiwan) Co., Ltd.	NTD 14,000 thousand	3,314	4	3,310	63	(521)	(94)	(0.07)
Kee Song Natural Foods (M) Sdn. Bhd.	MYR – thousand	7	24	(17)	-	(41)	172	86,206.97
Kee Song Agriculture Sdn. Bhd.	MYR 18,000 thousand	725,122	513,700	211,422	1,622,549	(17,829)	(26,063)	(1.45)
YKH Holdings (M) Sdn. Bhd.	MYR – thousand	2,397	2,668	(271)	-	(170)	(144)	(72,138.67)
Kee Song Realty (M) Sdn. Bhd.	MYR 1,500 thousand	89,253	33,629	55,624	-	(635)	123	0.08
Kee Song Ocean Pte. Ltd.	SGD 100 thousand	Liquidating						
Celsius Link International Pte. Ltd.	SGD 500 thousand	8,986	-	8,986	16,902	(2,316)	(2,303)	(4.61)
Katong Satay Singapore Pte. Ltd.	SGD -thousand	2,979	5,881	(2,902)	3,169	(2,896)	(2,896)	(1,448,206.20)
BBQ House Singapore Pte. Ltd.	SGD 1,050 thousand	32,981	11,752	21,229	22,900	(2,289)	(2,280)	(2.17)
Lucky Poultry (M) Sdn.Bhd.	MYR 6,250 thousand	79,636	58,077	21,559	110,368	(5,249)	(4,345)	(1.09)
Meng Woon Holdings (M) Sdn. Bhd.	MYR 616 thousand	5,560	124	5,436	-	(53)	35	0.06
Kee Song Jaya Feedmill (M) Sdn.Bhd.	MYR 3,000 thousand	22,021	25	21,996	-	(80)	7	0.002

(2) Consolidated financial statements of affiliated companies: For details, please refer to the5. “A consolidated financial statement for the parent company and its subsidiaries for the

most recent fiscal year, audited and attested by a CPA” of VI. “Financial Overview” of annual report (page 86).

(3) Affiliation report:

i. Relationship status between the subsidiaries and the holding company: Not applicable.

ii. Transaction status:

A. Procurement / sales transaction: None.

B. Asset transaction: None.

C. Financial intermediation transaction: None.

D. Asset leases transaction: None.

E. Other material transaction: None.

iii. Status of endorsements and guarantees: Not applicable.

iv. Other material effect on financial and business: None.

2. Transaction about the Company’s private placement of securities during the most recent fiscal year up to the publication of the annual report: None.

3. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year up to the publication of the annual report: None.

4. Other matters for which supplementary explanation is required:

(1) Explanation of any material differences from the rules of the ROC in relation to the protection of shareholders’ equity

Important matters concerning the protection of shareholders' equity	**Provisions of the Company's Articles of Association and reason for the discrepancy**
i. Any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of issued shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request,	i. With regards to the part on the convening a special shareholders' meeting by shareholders themselves, such acts are not permitted or approved by the relevant local authorities in the Cayman Islands. Therefore, the Article 16.5 of the Company's Articles of Association did not specified that it shall be permitted by the competent authority before convening a special shareholders' meeting by shareholders themselves. In addition, if the shareholders’ meeting is convened outside the ROC, as it is not necessary to

Important matters concerning the protection of shareholders' equity	**Provisions of the Company's Articles of Association and reason for the discrepancy**
the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own. ii. When the Company convenes a shareholders' meeting, a shareholders meeting agenda shall be prepared, and a public announcement for the shareholders meeting agenda and supplemental meeting materials shall be made before 15 days before the date of the shareholders' meeting.	obtain the permission from the local competent authority of Cayman Islands to convene a special shareholders' meeting by shareholders themselves, therefore, the Article 16.5 of the Company's Articles of Association only specified that the TPEx shall be notified for approval, instead of "the TPEx shall be notified for approval within two days after the resolution of the board of directors" as required in the "Important Matters Concerning the Protection of Shareholders' Equity". With regards to this part, there should not have any substantive effect on the shareholders' equity of the ROC. ii. With regards to the shareholders meeting agenda and supplemental meeting materials, the Article 17.6 of the Company's Articles of Association specified that the board of directors shall upload the relevant agenda and materials to the Market Observation Post System (MOPS), and provide them to the shareholders in accordance with applicable and relevant provisions for public companies of ROC.
When the Company convenes a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. However, if the shareholders' meeting is convened outside the ROC, it shall adopt exercise of voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.	With regards to the part of a shareholder exercising voting rights by correspondence or electronic means, according to the lawyer from the Cayman Islands, the Cayman Company Act made no mention of whether a shareholder exercising voting rights by correspondence or electronic means can be deemed to have attended the meeting in person, and the lawyer from the Cayman Islands does not aware of any relevant precedents. An alternative arrangement is made that the Article 19.4 of the Company's Articles of Association specified that "according to the previous provisions, a shareholder exercising voting rights by correspondence or electronic means will be deemed that the chairman is acting as his/her proxy and exercising voting right on behalf based on the instructed method of exercise of the written or electronic file", instead of "a

Important matters concerning the protection of shareholders' equity	Provisions of the Company's Articles of Association and reason for the discrepancy
	shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person” as specified in the “Important Matters Concerning the Protection of Shareholders' Equity”. And the Article 20.2 of the Company's Articles of Association specified that the chairman may exercise voting rights as proxy for others which is not subject to the restriction of two thirds of the voting powers of the total number of issued shares. With regards to this part, the effect on the shareholders' equity of the ROC should be limited as the abovementioned discrepancy arising from Cayman Company Act do not have the same provisions.
The following motions relating to the material interests of shareholders shall adopt such resolution, at a shareholders’ meeting, by a majority of the shareholders present who represent two-thirds or more of the total number of its issued shares. If the total number of shares represented by shareholders present at a shareholders' meeting is not sufficient to meet the criteria specified in the preceding paragraph, the resolution may be adopted by a large majority of two thirds of the voting powers of the shareholders present at a shareholders' meeting who present a majority of the total number of issued shares. If such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the board of directors. i. Enter into, amend, or terminate any contract for lease of the Company's business in whole, or for entrusted business, or for regular joint operation with others, transfer the whole or any essential part of the Company's business or assets, accept the transfer of another's whole business or assets, which has great bearing on the business operation of the Company ii. Alteration of the Articles of Association	i. With regard to the resolution method of shareholders' meeting, other than ordinary resolutions and majority resolutions under the Republic of China Company Act, the Article 1.1 of the Articles of Association of the Company also has a "Special Resolution" defined under the Cayman Company Act. Subject to the provisions of the Cayman Company Act., the resolution shall be adopted by two-third of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the issued shares, which the votes cast by such shareholder as being entitled so to do, vote in person or, by proxy present at the shareholders’ meeting, and the resolution notice has legally stated that the resolution will be adopted by a special resolution. It is different from the checklist for the protection of shareholders’ equity, which majority resolutions will be adopted for certain matters pertaining to the protection of shareholders’ equity. Instead, they are regulated by special resolutions in the Company's Articles of Association in accordance with the Cayman Company Act (For details, please

Important matters concerning the protection of shareholders' equity	Provisions of the Company's Articles of Association and reason for the discrepancy
iii. Any modification or alteration in the Articles of Association prejudicial to the privileges of special shareholders shall also be adopted by a meeting of special shareholders iv. Surplus profit distributable as dividends and bonuses in whole or in part distributed in the form of new shares v. Resolution of dissolution, merger or spin-off vi. Private placement of securities	refer to item 2 as follow). ii. In accordance with the provisions of the Cayman Company Act, the following matters shall be adopted by a special resolution: A. Alteration of the Articles of Association In accordance with Cayman law, the alteration of the Articles of Association shall be adopted by a special resolution. Therefore, with regards to the threshold for proposing an alteration of Memorandum of Association and the Articles of Association, the Article 13.3 of the Company's Articles of Association does not follow the requirements of "Important Matters Concerning the Protection of Shareholders' Equity" which shall be adopted by a majority resolution under the ROC law. In addition, in accordance with the Article 10.1 of the Company's Articles of Association, any modification or alteration in the Articles of Association prejudicial to the privileges of special shareholders, other than a special resolution under the Cayman Company Act shall be required in a shareholders' meeting, it shall also be adopted by a meeting of special shareholders prescribed under the Cayman Company Act. B. Dissolution: According to Cayman law, if the company is to be wound up voluntarily and dissolved because it is unable to pay its debts, its dissolution shall be adopted by a shareholders' meeting; except where the Company is to be wound up voluntarily and dissolved due to the reasons other than the abovementioned, its dissolution shall be adopted by a special resolution prescribed under the Cayman

Important matters concerning the protection of shareholders' equity	Provisions of the Company's Articles of Association and reason for the discrepancy
	Company Act. Therefore, with regards to the threshold for proposing a liquidation and dissolution of a company, the Article 13.5 of the Company's Articles of Association does not follow the requirements of "Important Matters Concerning the Protection of Shareholders' Equity" which shall be adopted by a majority resolution under the ROC law. C. Merger: As the Cayman Company Act has mandatory requirement for the voting method for the "Merger as defined in the Cayman Company Act", the Article 13.4 para (b) of the Company's Articles of Association, the "merger" (except merger as defined by Cayman Company Act shall be adopted by a special resolution) shall be adopted by a majority resolution. iii. The abovementioned discrepancy arising from different provisions of Cayman law, although in the event of "a company is to be wound up voluntarily and dissolved because it is unable to pay its debts" shall be adopted by an ordinary resolution in accordance with the Company's Articles of Association, however, the company to operate normally under this circumstance. Therefore, it is more beneficial to the shareholders if the company is to be wound up voluntarily and dissolved, and it only applicable to particular circumstances, hence, the effect on the shareholders' equity should be limited.
i. Appointments of supervisors of the company shall be elected by the shareholders' meeting, at least one of the supervisors must be domiciled in the ROC. ii. The term of office of a supervisor shall not exceed three years. However, he	There is no equivalent concept of supervisor in Cayman law, and the Company has an audit committee, therefore, the Company's Articles of Association does not has relevant provisions for supervisor.

Important matters concerning the protection of shareholders' equity	Provisions of the Company's Articles of Association and reason for the discrepancy
may be eligible for re-election. iii. In case all supervisors of a company are discharged, the board of directors shall, within 60 days, convene a special shareholders' meeting to elect new supervisors. iv. Supervisors shall supervise the execution of business operations of the Company, and may at any time or from time to time investigate the business and financial conditions of the Company, inspect of the accounting books and documents, and request the board of directors or managerial personnel to make reports thereon. v. Supervisors shall audit the various statements and records prepared for submission to the shareholders' meeting by the board of directors, and shall make a report of their findings and opinions at the meeting of shareholders. vi. In performing the examination duties, the supervisors may appoint, on behalf of the company, a practicing lawyer and a certified public accountant to conduct the examination. vii. Supervisors may attend the meeting of the board of directors to their opinions. In case the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Association or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, to the board of directors or the director, as the case may be, to cease such act. viii. Supervisor may each exercise the supervision power individually. ix. A supervisor shall not be concurrently a director, a managerial personnel or other staff/employee of the company.	
1. The shareholder(s) of a company who has (have) continuously held 3% or more of the total number of issued	There is no equivalent concept of supervisor in Cayman law, and the Company has an audit committee, therefore, the Company's

Important matters concerning the protection of shareholders' equity	Provisions of the Company's Articles of Association and reason for the discrepancy
shares for a period of one year or a longer time may request in writing the supervisors of the company to institute, for the company, an action against a director of the company in Taiwan Taipei District Court as the first tribunal for jurisdiction. 2. In case the supervisor fails to institute an action within 30 days after having received the request made, then the requesting shareholders may institute an action against a director for the company in Taiwan Taipei District Court as the first tribunal for jurisdiction.	Articles of Association does not has relevant provisions for supervisor. However, with reference to Article 214 of the ROC Company Act pertaining to the provisions of minority shareholder may request to institute an action against a director, provided does not contravene the Cayman law, the Article 46 of the Company's Articles of Association stipulated that the shareholder(s) of a company who has (have) continuously held 3% or more of the total number of issued shares for a period of one year or a longer time may institute an action against a director for the Company in Taiwan Taipei District Court as the first tribunal for jurisdiction. According to the opinion of the lawyer from the Cayman Islands, the Company's Articles of Association is not a contract between the shareholders and the directors, but it is an agreement between the shareholders and the Company, despite the Articles of Association allowed the minority shareholder bringing a derivative action against a director, however, the lawyer from the Cayman Islands considered that the director will not to be bound by the contents. However, under common law, all shareholders (including minority shareholders) have the rights to bring a derivative action (including institute an action against a director) regardless of their shareholding percentage or shareholding period. Once the shareholder has instituted an action, the Cayman court has the sole discretion in determining whether the derivative action should continue by the shareholder. In other words, despite the Company’s Articles of Association stipulated that minority shareholder (or shareholder with certain shareholding percentage or shareholding period) may institute an action against a director for the Company, however, whether the derivative action can be continue or not, ultimately still subject to the decision of Cayman court. According to the relevant judgment by the Grand Court of the

Important matters concerning the protection of shareholders' equity	Provisions of the Company's Articles of Association and reason for the discrepancy
	Cayman Islands, whether the derivative action should continue at the discretion of Cayman court, in accordance with applicable standards that whether the Cayman court believes and accept the request proposed by the plaintiff for the company ostensibly is a substantive request, its claim regarding wrongdoing by the controller of the Company, and the controller can prevent the company from instituting an action against him/her. The Cayman Court will be judged based on the relevant facts of individual cases (although the Cayman Court may refer to the provisions of the Company's Articles of Association, but this is not a decisive factor).

(2) Commitments made at the time of TPEx listing

(2) Follow-up Schedule for Commitment made at the time of TPEx listing

TPEx listing Company: Kee Song Bio-Technology Holdings Limited

Stock Code: 1258

Listing Date:12 December, 2011

Commitments made at the time of TPEx listing	The status of commitment	Attach the relevant annex and index	Review result by personnel of TPEx
Committed to add "The Company shall not waive the capital increase for Kee Song Holdings Pte. Ltd. ("KSH") in future fiscal years; KSH shall not waive the capital increase for Kee Song Food Corporation (S) Pte. Ltd. ("KSFC") and Meng Kee Poultry (M) Sdn Bhd ("MKP") in future fiscal years; MKP shall not waive the capital increase for Lucky Poultry (M) Sdn Bhd ("LKP") and Meng Woon Holdings (M) Sdn Bhd ("MW") in future fiscal years. In the future, if capital increase must be waived or disposition of	It was approved by the board of directors on 12 December, 2011, and approved by the shareholders' meeting on 3 September 2012.	Relevant information has been attached during the previous declaration.	

Commitments made at the time of TPEx listing	The status of commitment	Attach the relevant annex and index	Review result by personnel of TPEx
equity for the abovementioned companies due to the consideration of strategic alliance of the Company or other consent by TPEx, it must be adopted by a special resolution by the board of directors of Kee Song Bio-Technology Holdings Limited (KY Kee Song) to the "Procedures for Acquiring and Disposing of Assets". If there is any amendment is made to the rules, it shall be uploaded to MOPS and disclosed as material information, and report to TPEx for future reference.			
Committed after listed on the TPEx, dedicated personnel will be assigned to conduct annual internal audits on KSFC, MKP and LKP.	The Company has internal audits, and the auditing matters are performed pursuant to the laws and regulations.		
Committed that shall not change the Articles of Association or electoral method of directors set by directors during the listing period of the Company.	No changes are made on the relevant electoral method.	Not applicable.	

Form filler of the Company: **Ying-Jie Chen**

Department: Finance Department

Tittle: Financial Manager

Case Officer OF TPEx: Pei-Yu Xu

5. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders’ equity or the price of the company's securities, has occurred during the most recent fiscal year up to the publication of the annual report: None.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
31 DECEMBER 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 3, 4 and 6)	$ 302,004	11	$ 324,367	14
Financial assets at amortized cost - current (Notes 3, 4, 8 and 30)	13,662	-	-	-
Trade receivables (Notes 3, 4, 9 and 29)	218,818	8	175,706	7
Other receivables (Notes 3, 4, 9 and 29)	40,842	1	29,001	1
Current tax assets (Note 4)	17,585	1	21,811	1
Inventories (Notes 4 and 10)	24,976	1	25,439	1
Biological assets - current (Notes 4 and 11)	180,862	6	154,490	7
Prepayments	54,893	2	50,018	2
Other financial assets - current (Notes 3, 4 and 30)	-	-	13,358	1
Total current assets	853,642	30	794,190	34
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 13)	16,725	1	1,421	-
Property, plant and equipment (Notes 4, 14 and 30)	1,744,166	62	1,385,696	60
Investment properties (Notes 4 and 15)	50,515	2	-	-
Intangible assets (Notes 4 and 16)	13,536	1	10,959	1
Prepayments for equipment	7,666	-	6,524	-
Guarantee deposits	277	-	155	-
Long-term prepayments for lease (Note 17)	124,191	4	124,910	5
Total non-current assets	1,957,076	70	1,529,665	66
TOTAL	$ 2,810,718	100	$ 2,323,855	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 30)	$ 141,051	5	$ 149,559	6
Financial liabilities at fair value through profit or loss - current (Notes 4, 7, 19 and 28)	8,878	-	-	-
Trade payables (Note 29)	291,193	11	169,265	7
Other payables (Notes 20, 29 and 31)	248,184	9	132,142	6
Current tax liabilities (Note 4)	689	-	16,991	1
Bonds payable (Note 19)	-	-	90,350	4
Current portion of long-term borrowings (Notes 18 and 30)	80,017	3	74,645	3
Total current liabilities	770,012	28	632,952	27
NON-CURRENT LIABILITIES				
Bonds payable (Note 19)	278,315	10	-	-
Long-term borrowings (Notes 18 and 30)	954,814	34	743,888	32
Deferred tax liabilities (Notes 4 and 24)	14,265	-	26,048	1
Deposits received	394	-	-	-
Total non-current liabilities	1,247,788	44	769,936	33
Total liabilities	2,017,800	72	1,402,888	60
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Share capital				
Ordinary shares	368,165	13	368,165	16
Capital surplus	212,824	7	197,035	8
Retained earnings				
Special reserve	104,981	4	109,822	5
Unappropriated earnings	122,646	4	285,405	12
Total retained earnings	227,627	8	395,227	17
Other equity	(95,811)	(3)	(104,981)	(4)
Total equity attributable to owners of the Company	712,805	25	855,446	37
NON-CONTROLLING INTERESTS	80,113	3	65,521	3
Total equity	792,918	28	920,967	40
TOTAL	$ 2,810,718	100	$ 2,323,855	100

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

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 29)	$ 2,835,038	100	$ 2,480,922	100
OPERATING COSTS (Notes 4, 10, 23 and 29)	2,500,283	88	2,042,547	82
GROSS PROFIT	334,755	12	438,375	18
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	222,333	8	175,588	7
General and administrative expenses	193,828	7	168,544	7
Total operating expenses	416,161	15	344,132	14
PROFIT (LOSS) FROM OPERATIONS	(81,406)	(3)	94,243	4
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 23)	5,194	-	4,274	-
Other gains and losses (Notes 23 and 29)	(45,067)	(2)	7,252	1
Finance costs (Note 23)	(41,109)	(1)	(18,849)	(1)
Share of profit or loss of associates and joint ventures	(1,500)	-	(1,346)	-
Total non-operating income and expenses	(82,482)	(3)	(8,669)	-
PROFIT (LOSS) BEFORE INCOME TAX	(163,888)	(6)	85,574	4
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 24)	(8,448)	-	24,759	1
NET PROFIT (LOSS) FOR THE YEAR	(155,440)	(6)	60,815	3
OTHER COMPREHENSIVE INCOME (Note 4)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	16,690	1	1,650	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (138,750)	(5)	$ 62,465	3
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (149,192)	(5)	$ 46,336	2
Non-controlling interests	(6,248)	-	14,479	-
	$ (155,440)	(5)	$ 60,815	2

(Continued)

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (140,022)	(5)	$ 51,177	2
Non-controlling interests	1,272	-	11,288	1
	$ (138,750)	(5)	$ 62,465	3
EARNINGS (LOSSES) PER SHARE (Note 25)				
Basic	$ (4.05)		$ 1.26	
Diluted	$ (4.05)		$ 1.23	

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

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
	Share Capital			Retained Earnings		Other Equity			
	Shares (In Thousands)	Amount	Capital Surplus	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total	Non-Controlling Interests	Total Equity
BALANCE AT 1 JANUARY 2017	36,399	$ 363,995	$ 186,044	$ 66,526	$ 330,776	$ (109,822)	$ 837,519	$ 54,233	$ 891,752
Appropriation of 2016 earnings									
Special reserve appropriated	-	-	-	43,296	(43,296)	-	-	-	-
Cash dividends	-	-	-	-	(48,411)	-	(48,411)	-	(48,411)
Equity component of convertible bonds issued by the Company	-	-	(629)	-	-	-	(629)	-	(629)
Net profit for the year ended 31 December 2017	-	-	-	-	46,336	-	46,336	14,479	60,815
Other comprehensive income for the year ended 31 December 2017, net of income tax	-	-	-	-	-	4,841	4,841	(3,191)	1,650
Total comprehensive income (loss) for the year ended 31 December 2017	-	-	-	-	46,336	4,841	51,177	11,288	62,465
Convertible bonds converted to ordinary shares	417	4,170	11,620	-	-	-	15,790	-	15,790
BALANCE AT 31 DECEMBER 2017	36,816	368,165	197,035	109,822	285,405	(104,981)	855,446	65,521	920,967
Appropriation of 2017 earnings									
Special reserve appropriated	-	-	-	(4,841)	4,841	-	-	-	-
Cash dividends	-	-	-	-	(18,408)	-	(18,408)	-	(18,408)
Equity component of convertible bonds issued by the Company	-	-	15,789	-	-	-	15,789	-	15,789
Net loss for the year ended 31 December 2018	-	-	-	-	(149,192)	-	(149,192)	(6,248)	(155,440)
Other comprehensive income (loss) for the year ended 31 December 2018, net of income tax	-	-	-	-	-	9,170	9,170	7,520	16,690
Total comprehensive income (loss) for the year ended 31 December 2018	-	-	-	-	(149,192)	9,170	(140,022)	1,272	(138,750)
Non-controlling Interests	-	-	-	-	-	-	-	13,320	13,320
BALANCE AT 31 DECEMBER 2018	36,816	$ 368,165	$ 212,824	$ 104,981	$ 122,646	$ (95,811)	$ 712,805	$ 80,113	$ 792,918

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

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ (163,888)	$ 85,574
Adjustments for:		
Depreciation expenses	101,332	62,087
Amortization expenses	6,129	3,684
Expected credit loss recognized on trade receivables	9,119	-
Impairment loss recognized on trade receivables	-	1,390
Net gain (loss) on fair value changes of financial liabilities designated as at fair value through profit or loss	6,887	(283)
Finance costs	41,109	18,849
Interest income	(4,444)	(3,838)
Share of profit or loss of associates and joint ventures	1,500	1,346
Gain on disposal of property, plant and equipment	(13,194)	(1,599)
Impairment loss recognized on property, plant and equipment	-	1,249
Loss of redemption of bonds payable	-	2,121
Penalty and fines	60,090	-
Changes in operating assets and liabilities		
Trade receivables	(52,212)	7,205
Other receivables	(11,841)	(501)
Inventories	463	13,256
Biological assets	(24,972)	(35,976)
Prepayments	(4,875)	(18,854)
Trade payables	121,928	16,004
Other payables	50,548	(9,585)
Cash generated from operations	123,679	142,129
Interest received	4,444	3,838
Interest paid	(38,171)	(15,716)
Income tax paid	(15,795)	(40,950)
Net cash generated from operating activities	74,157	89,301
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment under the equity method	(16,738)	(1)
Disposal of investment under the equity method	-	543
Acquisition of property, plant and equipment	(535,018)	(680,492)
Proceeds from disposal of property, plant and equipment	38,911	5,050
Increase in guarantee deposits	(122)	(155)
Acquisition of intangible assets	(6,704)	-
Increase in other financial assets - current	(304)	-
Decrease in other financial assets - current	-	6,779
Increase in prepayments for equipment	-	(70,418)
Decrease in prepayments for equipment	1,710	-
Increase in long-term prepayments for leases	-	(100,577)
Net cash used in investing activities	(518,265)	(839,271)

(Continued)

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ -	$ 80,310
Payment for short-term borrowings	(19,313)	-
Issuance of bonds	300,000	-
Payment for bonds payable	(91,800)	(51,821)
Proceeds from long-term borrowings	290,943	641,152
Payment for long-term borrowings	(74,645)	(23,228)
Dividends paid to owners of the Company	(18,408)	(48,411)
Increase in guarantee deposits	394	-
Noncontrolling interests	13,320	-
Net cash generated from financing activities	400,491	598,002
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	10,449	(19,517)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(33,168)	(171,485)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	321,706	493,191
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 288,538	$ 321,706

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at 31 December 2018 and 2017:

	31 December	
	2018	2017
Cash and cash equivalents in consolidated balance sheets	$ 302,004	$ 324,367
Bank overdrafts	(13,466)	(2,661)
Cash and cash equivalents in consolidated statements of cash flow	$ 288,538	$ 321,706

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

1. GENERAL INFORMATION

Kee Song Bio-Technology Holdings Limited (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. After restructuring, the Company became the ultimate parent company of the whole group.

The major operating subsidiaries of the Company are Kee Song Food Corporation (S) Pte. Ltd. ("KSFC Company"; former Kee Song Brother Poultry Industries Pte. Ltd. and the name change has been approved by Accounting and Corporate Regulatory Authority in Singapore on 3 March 2017) operating as a poultry slaughterhouse and distributors; Meng Kee Poultry (M) Sdn. Bhd. ("MKP Company") operating as a poultry farmer, and Kee Song Agriculture (M) Sdn. Bhd. ("KSA Company") operating as a poultry farmer and distributors. The Company and its subsidiaries (collectively referred to as the "Group") refer to Note 12.

The Company's shares have been listed and traded on the Taipei Exchange since December 2011.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on 11 March 2019.

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

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

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

   1) IFRS 9 "Financial Instruments" and related amendment

      IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at 1 January 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

	Measurement Category		Carrying Amount		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 324,367	$ 324,367	b)
Pledged time deposits with original maturity of more than 3 months	Loans and receivables	Amortized cost	13,358	13,358	a)
Trade receivables and other receivables	Loans and receivables	Amortized cost	204,707	204,707	b)
Guarantee deposits	Loans and receivables	Amortized cost	155	155	b)

a) Debt investments previously classified as debt investments with no active market (other financial assets) and measured at amortized cost under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9, because on 1 January 2018, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.

b) Cash and cash equivalents, trade receivables and other receivables, guarantee deposits that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9.

   The impact in the current year of the initial application is not material.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendment

   IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

   The impact in the current year of the initial application is not material.

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2019

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	1 January 2019 (Note 2)
IFRS 16 "Leases"	1 January 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	1 January 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	1 January 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	1 January 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after 1 January 2019.

1) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Definition of a lease

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

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land located in Singapore and Malaysia are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on 1 January 2019. Comparative information will not be restated.

The Group expects to apply the following practical expedients:

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

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

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

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

The Group as lessor

Except for sublease transactions, the Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from 1 January 2019.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of 31 December 2018	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of 1 January 2019**
Long-term prepayments for leases - non-current	$ 124,191	$ (124,191)	$ -
Right-of-use assets	-	142,563	142,563
Total effect on assets	$ 124,191	$ 18,372	$ 142,563
Lease liabilities	$ -	$ 18,562	$ 18,562
Total effect on liabilities	$ -	$ 18,562	$ 18,562
Retained earnings	$ -	$ (190)	$ (190)
Total effect on equity	$ -	$ (190)	$ (190)

2) IFRIC 23 “Uncertainty Over Income Tax Treatments”

IIFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

Upon initial application of IFRIC 23, the impact will not be material.

3) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 “Borrowing Costs”, were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings. Upon initial application of the above amendment, the related borrowing costs will be included in the calculation starting from 2019.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group have completed the assessment of the application of other standards and interpretations and there are anticipated immaterial impact on the Group’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	1 January 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	1 January 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	1 January 2020 (Note 3)

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

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after 1 January 2020.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

- Principles for preparing consolidated financial statements

  The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

  Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

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

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

  Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

  See Note 12 and Table 4 for the detailed information of subsidiaries (including the percentage of ownership and principle activities).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group entities (including subsidiaries, associates, joint ventures and branches in other countries that use currency different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the first-in, first-out (FIFO) cost on the balance sheet date.

g. Biological assets

Bearer plants are accounted for in accordance with the accounting policy for property, plant and equipment. Other biological assets (including produce growing on bearer plants) are measured at cost plus transaction costs on initial recognition, and subsequently measured at fair value less costs to sell. The gains or losses arising from the change in fair value less costs to sell are recognized in profit or loss when they are incurred.

Agricultural produce harvested from biological assets is measured initially at fair value less costs to sell at the point of harvest, transferred subsequently to inventory and accounted for accordingly.

h. Investments in associates

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

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

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

i. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of tangible, intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

2018

Financial assets are classified into the following categories: Financial assets at amortized cost

- Financial assets at amortized cost

  Financial assets that meet the following conditions are subsequently measured at amortized cost:

  i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

  ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

  Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

  i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

  ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

  Cash equivalents include time deposits and investments with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2017

Financial assets are classified into the following categories: Loans and receivables.

- Loans and receivables

  Loans and receivables (including trade receivables, cash and cash equivalent, other receivables and guarantee deposits are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

  Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables, lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

2017

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of such financial assets, that the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with a defaults on receivables.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between such an asset’s carrying amount and the present value of its estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For a financial asset at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date on which the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables and other receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue recognition

2018

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangement.

3) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

o. Leasing

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

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

2) The Group as lessee

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

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current 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.

According to the Income Tax Law, an additional tax of unappropriated earnings in respect of Taiwan subsidiary is provided for as income tax in the year the shareholders approve to retain earnings.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets 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.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Estimated impairment of trade receivables - 2018

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the individual impairment calculation, based on the Group’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used in individual assessment, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Estimated impairment of trade receivables - 2017

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between an asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c. Income taxes

As of 31 December 2018 and 2017, no deferred tax assets have been recognized on tax losses of $10,134 thousand and $8,581 thousand, respectively, due to the unpredictability of future profit streams. The realizability of deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

6. CASH AND CASH EQUIVALENTS

	31 December	
	2018	**2017**
Cash on hand	$ 1,036	$ 2,436
Cash at bank	155,790	129,583
Cash equivalents		
Time deposits with original maturity less than three months	145,178	192,348
	$ 302,004	$ 324,367

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	31 December	
	2018	**2017**
Bank balance	0.17%-3.35%	0.17%-3.15%
Time deposits with original maturity less than three months	0.6%-1.4%	0.6%-1.85%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December	
	2018	**2017**
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Interest rate swap contracts*	$ 5,278	$ -
Convertible options (Note 19)	3,600	-
	$ 8,878	$ -

* At the end of the reporting period, outstanding interest rate swap option contracts not under hedge accounting were as follows:

Notional Amounts (In Thousands)	**Maturity Date**	**Range of Interest Rates Paid**	**Range of Interest Rates Received**
31 December 2018			
SGD18,779	28 June 2018-28 June 2021	2.14% Fixed	1.49%-1.74% Floating

The economic substance of the interest rate swap option contracts listed in the table above are to manage exposures due to the cash flow interest rate risk of long-term borrowings. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT AMORTIZED COST - 2018

	31 December 2018
Current	
Domestic investments	
Pledged time deposits with original maturity of more than 3 months	$ 13,662

The interest rates for time deposits with original maturity of more than 3 months were from 0.89% to 3.35% as at the end of the reporting period. The time deposits were classified as debt investments with no active market (other financial assets) under IAS 39. Refer to Note 3 for information relating to their reclassification.

Financial assets at amortized cost pledged as collateral were set out in Note 30.

9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	31 December	
	2018	2017
Trade receivables		
At amortized cost	$ 237,060	$ 185,268
Gross carrying amount - unrelated parties	(18,286)	(9,562)
Less: Allowance for impairment loss	218,774	175,706
At amortized cost	44	-
Gross carrying amount - related parties	-	-
Less: Allowance for impairment loss	44	-
	$ 218,818	$ 175,706
Other receivables		
At amortized cost	$ 40,779	$ 28,912
Gross carrying amount - unrelated parties	-	-
Less: Allowance for impairment loss	40,779	28,912
At amortized cost	63	89
Gross carrying amount - related parties	-	-
Less: Allowance for impairment loss	63	89
	$ 40,842	$ 29,001

In 2018

The average credit period of sales of goods and sales of live broilers and day old chick was 60 days. No interest was charged on trade receivables.

The Group uses available financial information or its own trading records to rate its major customers. The Group’s exposure and the credit condition of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

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

The Group applies individual assessment and the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience shows significantly different loss patterns for different customer, the provision for loss allowance based on status according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables.

31 December 2018

	Performing	Lifetime ECL (Individually Assessed)	Total
Expected credit loss rate		37.50%	
Gross carrying amount	$ 188,335	$ 48,769	$ 237,104
Loss allowance (Lifetime ECL)	-	(18,286)	(18,286)
Amortized cost	$ 188,335	$ 30,483	$ 218,818

The movements of the loss allowance of trade receivables were as follows:

	1 January 2018 to 31 December 2018
Balance at 1 January 2018 per IAS 39	$ 9,562
Adjustment on initial application of IFRS 9	-
Balance at 1 January 2018 per IFRS 9	9,562
Add: Net remeasurement of loss allowance	9,119
Less: Amounts written off	(414)
Foreign exchange gains and losses	19
Balance at 31 December 2018	$ 18,286

The aging of receivables that were past due but not impaired was as follows:

	Not Past Due and Not Impaired	Past Due But Not Impaired			Total
		Less than 30 Days	31-60 Days	Above 61 Days	
31 December 2018	$ 188,335	$ 14,792	$ 1,961	$ 13,730	$ 218,818

The above aging schedule was based on the past due date.

In 2017

Trade receivables are generally on 60 days. Trade receivables that were individually assessed to be impaired at the end of the reporting year relate to debtors that were in significant financial difficulties. The allowance for impairment loss recognized represented the difference between the carrying amount of the trade receivables and the present value of its expected recoverable amount. These receivables are not secured by any collateral.

The movements of the allowance for impairment loss on trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at 1 January 2017	$ 8,246	$ -	$ 8,246
Less: Impairment losses reversed	1,390	-	1,390
Less: Amounts written off during the period as uncollectible	(174)	-	(174)
Foreign exchange translation gain and losses	100	-	100
Balance at 31 December 2017	$ 9,562	$ -	$ 9,562

The aging of receivables that were past due but not impaired was as follows:

	Not Past Due and Not Impaired	Past Due But Not Impaired			Total
		Less than 30 Days	31-60 Days	Above 61 Days	
31 December 2017	$ 138,288	$ 27,774	$ 4,250	$ 5,394	$ 175,706

The above aging schedule was based on the past due date.

10. INVENTORIES

	31 December	
	2018	2017
Trading goods	$ 3,439	$ 4,495
Finished goods	16,083	17,110
Raw materials	5,454	3,834
	$ 24,976	$ 25,439

The cost of inventories recognized as cost of goods sold for the years ended 31 December 2018 and 2017 was $2,500,283 thousand and $2,042,547 thousand, respectively. The cost of goods sold for the years ended 31 December 2018 and 2017 included inventory write-downs of $0 thousand each.

11. BIOLOGICAL ASSETS

	Broiler	Breeder	Total
Balance at 1 January 2017	$ 74,406	$ 41,030	$ 115,436
Purchases during the period	1,571,050	93,157	1,664,207
Depreciation during the period	-	(43,253)	(43,253)
Disposals during the period	(1,550,995)	(33,983)	(1,584,978)
Exchange difference	1,882	1,196	3,078
Balance at 31 December 2017	$ 96,343	$ 58,147	$ 154,490
Balance at 1 January 2018	$ 96,343	$ 58,147	$ 154,490
Purchases during the period	1,985,041	73,091	2,058,132
Depreciation during the period	-	(66,995)	(66,995)
Disposals during the period	(1,966,165)	-	(1,966,165)
Exchange difference	835	565	1,400
Balance at 31 December 2018	$ 116,054	$ 64,808	$ 180,862

The Group was exposed to financial risk arising from fluctuation in poultry prices. The Group anticipated that there would 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 focused closely watches poultry prices on regular basis, and will take actions, if necessary.

12. SUBSIDIARIES

The consolidated entities are as follows:

Investor	Subsidiaries	Principal Activities	Proportion of Ownership (%) 31 December 2018	2017
The Company	Kee Song Holdings Pte. Ltd. (KSH Company)	Investment holding	100	100
KSH Company	Kee Song Food Corporation (S) Pte. Ltd. (KSFC 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	70
KSH Company	YKH Holdings (M) Sdn. Bhd. (YKH Company)	Investment holding	100	100
KSH Company and YKH Company	Kee Song Realty (M) Sdn. Bhd. (KSR Company)	Property investment	70	70
KSH Company	Kee Song Ocean Pte. Ltd. (KSO Company)	Processing and marketing of seafood products	60	60
KSH Company	Celsius Link International Pte. Ltd. (CLI Company)	Transportation Support	100	100
KSH Company	Katong Satay Singapore Pte. Ltd. (KSS Company)	Processing and preserving of meat and meat products	100	-
KSH Company	BBQ House Singapore Pte. Ltd. (BBQHS Company)	Food caterers	100	-
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

KSS Company and BBQHS Company were established in May 2018, for developing the Group's cooked food business and online sales in Singapore.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	31 December	
	2018	2017
Investments in associates	$ 16,725	$ 1,421

The Group sold 5% equity of Singapore Poultry Hub Pte. Ltd. for $543 thousand (SGD25 thousand) in February 2017.

The Group acquired 30% equity of Iceberg Cold Storage Pte. Ltd. by $1 thousand (SGD30) in February 2017.

The Group invested additional $16,738 thousand (SGD750 thousand) in capital issuing of Singapore Poultry Hub Pte. Ltd., which the group held 25% equity in August 2018.

Details on principal activities, principal place of business and country of incorporation of the associates are disclosed in Table 4.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction Progress and Equipment Awaiting Examination	Total
Cost						
Balance at 1 January 2017	$ 106,617	$ 359,108	$ 253,413	$ 183,008	$ 61,118	$ 963,264
Additions	11,770	358,166	29,951	27,568	253,037	680,492
Disposals	-	(773)	(6,714)	(9,912)	-	(17,399)
Reclassification	-	267,869	53,351	9	(184,172)	137,057
Exchange differences	2,150	13,487	3,868	1,106	1,134	21,745
Balance at 31 December 2017	$ 120,537	$ 997,857	$ 333,869	$ 201,779	$ 131,117	$ 1,785,159
Accumulated depreciation						
Balance at 1 January 2017	$ -	$ 129,814	$ 131,456	$ 85,587	$ -	$ 346,857
Depreciation	-	19,496	21,074	21,517	-	62,087
Impairment losses	-	-	761	488	-	1,249
Disposals	-	(657)	(6,695)	(6,596)	-	(13,948)
Exchange differences	-	2,322	379	517	-	3,218
Balance at 31 December 2017	$ -	$ 150,975	$ 146,975	$ 101,513	$ -	$ 399,463
Net carrying amount						
Balance at 31 December 2017	$ 120,537	$ 846,882	$ 186,894	$ 100,266	$ 131,117	$ 1,385,696

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction Progress and Equipment Awaiting Examination	Total
Cost						
Balance at 1 January 2018	$ 120,537	$ 997,857	$ 333,869	$ 201,779	$ 131,117	$ 1,785,159
Additions	696	80,956	46,392	63,025	343,949	535,018
Disposals	-	(23,895)	(7,124)	(20,719)	-	(51,738)
Reclassification	-	226,217	186,476	7,914	(423,394)	(2,787)
Exchange differences	1,308	8,623	(4,567)	220	954	6,538
Transfers to investment properties	-	(56,479)	-	-	-	(56,479)
Balance at 31 December 2018	$ 122,541	$ 1,233,279	$ 555,046	$ 252,219	$ 52,626	$ 2,215,711
Accumulated depreciation						
Balance at 1 January 2018	$ -	$ 150,975	$ 146,975	$ 101,513	$ -	$ 399,463
Depreciation	-	34,287	36,473	29,219	-	99,979
Disposals	-	(4,458)	(4,950)	(16,613)	-	(26,021)
Exchange differences	-	1,296	1,088	783	-	3,167
Transfers to investment properties	-	(5,043)	-	-	-	(5,043)
Balance at 31 December 2018	$ -	$ 177,057	$ 179,586	$ 114,902	$ -	$ 471,545
Net carrying amount						
Balance at 31 December 2018	$ 122,541	$ 1,056,222	$ 375,460	$ 137,317	$ 52,626	$ 1,744,166

(Concluded)

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Buildings	10-30 years
Machinery and equipment	10 years
Other equipment	3-10 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 30.

15. INVESTMENT PROPERTIES

	Buildings
Cost	
Balance at 1 January 2018	$ -
Transferred from property, plant and equipment	56,479
Effect of foreign currency exchange differences	478
Balance at 31 December 2018	$ 56,957

(Continued)

	Buildings
Accumulated depreciation	
Balance at 1 January 2018	$ -
Transferred from property, plant and equipment	5,043
Depreciation expenses	1,353
Effect of foreign currency exchange differences	46
Balance at 31 December 2018	$ 6,442
Carrying amounts at 31 December 2018	$ 50,515

(Concluded)

Investment properties were depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	42 years

The fair value of investment properties for the Group was 71,660 thousand in 2018. The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs.

Investment properties as collateral for bank borrowings were set out in Note 30.

16. INTANGIBLE ASSETS

	Customer List	Operating Licenses and Trademarks	Total
Cost			
Balance at 1 January 2017	$ 14,372	$ -	$ 14,372
Additions	-	-	-
Exchange differences	239	-	239
Balance at 31 December 2017	$ 14,611	$ -	$ 14,611
Accumulated amortization			
Balance at 1 January 2017	$ 239	$ -	$ 239
Amortization expense	3,303	-	3,303
Exchange differences	110	-	110
Balance at 31 December 2017	$ 3,652	$ -	$ 3,652
Carrying amounts at 31 December 2017	$ 10,959	$ -	$ 10,959

(Continued)

	Customer List	Operating Licenses and Trademarks	Total
Cost			
Balance at 1 January 2018	$ 14,611	$ -	$ 14,611
Additions	-	6,704	6,704
Exchange differences	160	14	174
Balance at 31 December 2018	$ 14,771	$ 6,718	$ 21,489
Accumulated amortization			
Balance at 1 January 2018	$ 3,652	$ -	$ 3,652
Amortization expense	2,989	1,303	4,292
Exchange differences	6	3	9
Balance at 31 December 2018	$ 6,647	$ 1,306	$ 7,953
Carrying amounts at 31 December 2018	$ 8,124	$ 5,412	$ 13,536

(Concluded)

The above items of intangible assets were depreciated on a straight-line basis over the estimated useful lives as follows:

Customer list	5 years
Operating Licenses and Trademarks	3 years

17. LONG-TERM PREPAYMENTS FOR LEASE

	31 December	
	2018	2017
Non-current assets	$ 124,191	$ 124,910

The above long-term prepayments for lease pertain to payment for purchase of the right to use land located in Singapore and Malaysia, the existence period of the land use right were from the date of registration to 1 March 2047, 11 May 2050 and 25 June 2096, respectively.

Long-term prepayments for lease as collateral for bank borrowings were set out in Note 30.

18. BORROWINGS

a. Short-term borrowings

	31 December	
	2018	2017
Bank overdrafts	$ 13,466	$ 2,661
Secured bank loans*	127,585	146,898
	$ 141,051	$ 149,559

* The range of weighted average effective interest rate on bank loans was 2.20%-7.85% and 2.49%-7.85% per annum as of 31 December 2018 and 2017, respectively.

Details on property, plant and equipment pledged as security for borrowings are disclosed in Note 30.

b. Long-term borrowings

	Maturity	Significant Terms	31 December 2018	31 December 2017
Secured bank loans*	2010.05.13-2037.03.28	Principal and interest are payable on monthly	$ 924,048	$ 751,156
Finance leases*	2014.02.14-2023.11.04	Principal and interest are payable on monthly	110,783	67,377
			1,034,831	818,533
Less: Current portion			(80,017)	(74,645)
Long-term borrowings			$ 954,814	$ 743,888

* The range of weighted average effective interest rate on bank loans were 1.38%-8.13% per annum as of 31 December 2018 and 2017, respectively.

KSFC acquired new bank borrowing facilities in the amount of $431,901 thousand from DBS secured by KSFC's new factory. The purpose of this bank borrowing was for an acquisition of new factory. According to the long-term loan arrangement, KSFC should maintain a net worth of not lower than SGD7,500 thousand and the borrowing amount should not exceed 80% of the market value of the new factory. As of 31 December 2018, the amount of bank borrowing facilities was 409,269 thousand.

Details on property, plant and equipment pledged as security for borrowings are disclosed in Note 30.

19. BONDS PAYABLE

a. Unsecured domestic convertible bonds

	31 December 2018	31 December 2017
Principal amount	$300,000	$ 91,800
Discounts on bonds payable	(21,685)	(1,450)
	278,315	90,350
Less: Current portion	-	(90,350)
	$278,315	$ -
Embedded derivatives	$ 3,600	$ -
Equity component	$ 15,789	$ 3,702

<u>The first unsecured domestic convertible bonds payable</u>

1) Issue size and issue price: $250,000 thousand, each with a face value of $100 thousand, issued based on 100% of par value.

2) Coupon rate: 0% per annum.

3) Issue period: From 15 September 2015 to 15 September 2018.

4) Terms of exchange:

   a) Conversion Securities: Ordinary shares of the Company.

   b) Conversion Period: The bonds are convertible at any time on or after 16 October 2015 and prior to 15 September 2018 into ordinary shares of the Company.

   c) 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. As of 31 December 2017, the conversion price was adjusted to NT$36.12 per share.

5) 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:

   a) 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.

   b) The balance of the Company's total bonds currently in circulation falls lower than 10% of par value.

6) 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%.)

b. Unsecured domestic bonds payable conversions are as follows:

	2018		2017	
	Par Value of Convertible Bonds	**Numbers of Shares Converted**	**Par Value of Convertible Bonds**	**Numbers of Shares Converted**
Converted amount at the beginning	$ 107,400	2,816,000	$ 91,800	2,399,000
Converted amount during the period	-	-	15,600	417,000
Converted amount at the end	$ 107,400	2,816,000	$ 107,400	2,816,000

In September 2017, the bondholders redeemed the bonds at par value $50,800 thousand (with interest $1,021 thousand). The Company recognized a loss on redemption of bonds payable of $2,121 thousand.

The outstanding convertible bonds were fully repaid on 15 September 2018.

The second unsecured domestic convertible bonds payable

1) Issue size and issue price: NT$300,000 thousand, each with a face value of NT$100 thousand, issued based on 100% of par value.

2) Coupon rate: 0% per annum.

3) Issue period: From 10 September 2018 to 10 September 2023

4) Terms of exchange:

    a) Conversion Securities: Ordinary shares of the Company.

    b) Conversion Period: The bonds are convertible at any time on or after 11 January 2019 and prior to 10 September 2023 into ordinary shares of the Company.

    c) Conversion Price and Adjustment: The conversion price was originally NT$30 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

5) The Company's call option:

    Under the following circumstances, effective from 4 month after the issuance until 40 days to maturity, the Company may recall the convertible bonds at par value per year:

    a) 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.

    b) The balance of the Company's total bonds currently in circulation falls lower than 10% of par value.

6) 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 three years from the issuance date. (At par value with interest calculated at the rate of 1.5075%.)

    The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 0.1341% per annum on initial recognition.

20. OTHER PAYABLES

	31 December	
	2018	**2017**
Payables for salaries or bonus	$ 40,228	$ 40,168
Payables for purchase or maintenance of equipment	115,383	41,256
Penalty payable (Note 31)	60,219	-
Others	32,354	50,718
	$ 248,184	$ 132,142

21. EQUITY

Share Capital - Ordinary Shares

	31 December 2018	31 December 2017
Numbers of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	36,816	36,816
Shares issued	$ 368,165	$ 368,165

Capital Surplus

	31 December 2018	31 December 2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Additional paid-up capital	$ 113,106	$ 113,106
Arising from conversion of bonds	78,179	78,179
May be used to offset a deficit (Note 2)		
Arising from expired share options	5,750	2,048
May not be used for any purpose		
Arising from share options	15,789	3,702
	$ 212,824	$ 197,035

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

Note 2: Such capital surplus may be used to offset a deficit.

Retained Earnings and Dividend Policy

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:

a. No more than 3% as employees' bonus;

b. No more than 3% as directors' bonus; and

c. 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.

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

The appropriations of earnings for 2017 and 2016 was approved in the shareholders' meeting on 25 June 2018 and 19 June 2017, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2017	**2016**	**2017**	**2016**
(Reversal) appropriation of special reserve	$ (4,841)	$ 43,296		
Cash dividends	18,408	48,411	$ 0.5	$ 1.31

For information about the accrual basis of the employees' bonus and remuneration to directors and the actual appropriations, please refer to employee benefits expense in Note 23(e).

The offset of deficits for 2018 had been proposed by the Company's board of directors on 11 March 2019.

22. REVENUE

	For the Year Ended 31 December	
	2018	**2017**
Revenue from contracts with customers		
Revenue from sale of goods-fresh chicken	$ 1,012,735	$ 979,126
Revenue from live broilers and day old chick	1,622,675	1,261,263
Others	199,628	240,533
	$ 2,835,038	$ 2,480,922

23. COMPREHENSIVE INCOME ITEM DETAILS

a. Other income

	For the Year Ended 31 December	
	2018	2017
Interest income	$ 4,444	$ 3,838
Rental income	750	436
	$ 5,194	$ 4,274

b. Other gains and losses

	For the Year Ended 31 December	
	2018	2017
Net foreign exchange gain	$ 3,307	$ 1,032
Gain on disposal of property, plant and equipment	13,194	1,599
Impairment loss on property, plant and equipment	-	(1,249)
Net (loss) gain arising on financial liabilities designated as at FVTPL	(6,887)	283
Loss on redemption of bonds payable	-	(2,121)
Penalty and fines (Note 31)	(60,090)	-
Others	5,409	7,708
	$ (45,067)	$ 7,252

c. Finance costs

	For the Year Ended 31 December	
	2018	2017
Interest expenses from bank borrowings	$ 38,171	$ 15,716
Interest expenses from convertible bonds	2,938	3,133
	$ 41,109	$ 18,849

d. Depreciation and amortization

	For the Year Ended 31 December	
	2018	2017
Property, plant and equipment	$ 99,979	$ 62,087
Investment properties	1,353	-
	$ 101,332	$ 62,087
An analysis of depreciation by function		
Operating costs	$ 59,973	$ 39,625
Operating expenses	41,359	22,462
	$ 101,332	$ 62,087

(Continued)

	For the Year Ended 31 December	
	2018	2017
Long-term prepayments for lease	$ 1,837	$ 381
Intangible assets	4,292	3,303
	$ 6,129	$ 3,684
An analysis of depreciation by function		
Operating costs	$ 362	$ 381
Operating expenses	5,767	3,303
	$ 6,129	$ 3,684

(Concluded)

e. Employee benefits expense

	For the Year Ended 31 December					
	2018			2017		
	Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Salaries	$ 115,461	$ 194,594	$ 310,055	$ 99,100	$ 181,537	$ 280,637
Provident fund and post-employee benefits - defined contribution plans	4,161	16,827	20,988	4,099	14,473	18,572
Directors fee	-	2,590	2,590	-	2,990	2,990
Other employee benefits	18,837	10,998	29,835	17,915	9,906	27,821
	$ 138,459	$ 205,009	$ 363,468	$ 121,114	$ 208,906	$ 330,020

Note: For the years ended 31 December 2018 and 2017 the numbers of the Group’s employees were 723 and 570, respectively, and the number of directors who have not served as employees was 4 for both years.

For the years ended 31 December 2018 and 2017, the bonus to employees and the remuneration to directors were $0 thousand respectively. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The amounts of the bonus to employees and the remuneration to directors for 2017 and 2016 approved by the shareholders’ meetings on 25 June 2018 and 19 June 2017 were $0 thousand respectively.

There was no difference between the amounts of the bonus to employees and the remuneration to directors approved in the shareholders’ meetings on 25 June 2018 and on 19 June 2017, and the respective amounts recognized in the consolidated financial statements for the years ended 31 December 2018 and 2017.

Information on the bonus to employees, directors and supervisors for 2017 and 2016 resolved by the shareholders’ meeting in 2018 and 2017 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Year Ended 31 December	
	2018	2017
Current tax		
In respect of the current period	$ 455	$ 16,589
Adjustments for prior years	3,264	2,169
Deferred tax		
In respect of the current period	(9,705)	5,720
Adjustments for prior years	(2,462)	281
Income tax expense (benefit) recognized in profit or loss	$ (8,448)	$ 24,759

A reconciliation of accounting profit and income tax expenses (benefit) is as follows:

	For the Year Ended 31 December	
	2018	2017
Profit (loss) before tax	$ (163,888)	$ 85,574
Income tax expense (benefit) calculated at the statutory rate in Singapore	$ (27,861)	$ 14,548
Nondeductible expenses in determining taxable income	19,168	8,199
Tax-exempt income	(1)	(67)
Tax exemptions and rebates	(223)	(877)
Investment credits	(878)	(6,098)
Unrecognized deductible temporary differences	5,689	1,555
Effect of different tax rate of group entities operating in other jurisdictions	(5,144)	5,039
Adjustments for prior years' tax	802	2,450
Others	-	10
Income tax expense (benefit) recognized in profit or loss	$ (8,448)	$ 24,759

b. Deferred tax assets and liabilities

The movements of deferred tax liabilities were as follows:

For the year ended 31 December 2018

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences	$ 26,048	$ (12,167)	$ 384	$ 14,265

For the year ended 31 December 2017

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences	$ 19,676	$ 6,001	$ 371	$ 26,048

c. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	31 December	
	2018	2017
Unused tax losses	$ 10,134	$ 8,581
Deductible temporary differences	$ 871	$ 1,223

d. Income tax conditions imposed on the Group are as follows:

1) The Company was incorporated in the Cayman Islands, where companies are exempted from corporate income tax.

2) The Company's subsidiaries, KSH Company, KSFC Company, KSO Company, CLI Company, KSS Company, and BBQHS Company, were incorporated in Singapore; MKP Company, LKP Company, MW Company, KSJ Company, KSNF Company, KSA Company, KSR Company, and YKH Company were incorporated in Malaysia; YTH Company was incorporated in ROC. Income tax rate for profit-making companies for each country is as follows:

Singapore

a) 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.

b) 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 - SGD290,000 of the taxable income is exempted.

c) Local corporate tax rate is 17%.

Malaysia

a) 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.

b) Local corporate tax rate is 24%.

Taiwan

a) 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.

b) Local corporate tax rate was 17% in or before 2017. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

e. Income tax assessments

The income tax returns through 2016 of KSH Company, KSFC Company, KSO Company, KSA Company, KSR Company, YKH Company, MKP Company, KSNF Company, KSJ Company, LKP Company, MW Company and YTH Company have been examined and cleared by the tax authorities.

25. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Period

	For the Year Ended 31 December	
	2018	**2017**
Earnings used in computation of basic earnings per share	$(149,192)	$ 46,336
Convertible bonds	-	1,939
Earnings used in computation of diluted earnings per share	$(149,192)	$ 48,275

Weighted Average Number of Ordinary Shares Outstanding

(In Thousand Shares)

	For the Year Ended 31 December	
	2018	**2017**
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	36,816	36,677
Effect of potentially dilutive ordinary shares		
Convertible bonds	-	2,542
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	36,816	39,219

If the outstanding convertible bonds issued by the Company were converted to ordinary shares for the twelve months ended 31 December 2018, they were anti-dilutive and excluded from the computation of diluted earnings per share.

26. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

The Group leased lands and buildings under operating leases. The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	31 December	
	2018	**2017**
Not later than 1 year	$ 11,325	$ 8,970
Later than 1 year and not later than 5 years	8,665	1,041
	$ 19,990	$ 10,011

The Group as Lessor

Operating leases relate to leasing of investment properties with lease terms between 2 to 3 years, and with an option to extend. The lessees do not have bargain purchase options to acquire the properties at the expiry of the lease periods.

The future minimum lease payments of non-cancellable operating leases were as follows:

	31 December 2018
Not later than 1 year	$ 2,360
Later than 1 year and not later than 5 years	3,254
	$ 5,614

27. 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.

28. FINANCIAL INSTRUMENTS

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

1) Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	31 December			
	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Financial liabilities measured at amortized cost				
Convertible bonds	$ 278,315	$ 234,900	$ 90,350	$ 91,708

2) Fair value hierarchy

31 December 2018

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost				
Convertible bonds	$ 234,900	$ -	$ -	$ 234,900

31 December 2017

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost				
Convertible bonds	$ 91,708	$ -	$ -	$ 91,708

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

1) Fair value hierarchy

31 December 2017

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Financial liabilities held for trading	$ -	$ 5,278	$ -	$ 5,278
Embedded derivatives	-	3,600	-	3,600
	$ -	$ 8.878	$ -	$ 8.878

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

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Embedded derivatives	Derive fair value of derivatives instruments with the inputs from observable assets and liabilities in the market.
Derivatives - interest rate swap option contracts	Discounted cash flow and option pricing model. Future cash flows are estimated based on observable market interest rates at the end of the reporting period and contract interest rates, also adjust future cash flows referring to option pricing interval, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	31 December	
	2018	2017
Financial assets		
Loans and receivables (Note 1)	$ -	$ 540,151
Financial assets at amortized cost (Note 2)	574,567	-
Financial liabilities		
Financial liabilities at FVTPL held for trading	8,878	-
Amortized cost (Note 3)	1,933,968	1,359,849

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents (cash on hand excluded), trade receivables, other receivable, other financial assets and guarantee deposits.

Note 2: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents (cash on hand excluded), trade receivables, other receivable, other financial assets and guarantee deposits.

Note 3: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, trade payables, other payables, bonds payable (including bonds payable-current portion), long-term borrowings (including long-term borrowings-current portion) and deposits received.

d. Financial risk management objectives and policies

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

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, 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.

1) Market risk

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

a) Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense 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. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

b) Interest rate risk

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

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

	31 December	
	2018	**2017**
Fair value interest rate risk		
Financial assets	$ 13,662	$ 13,358
Cash flow interest rate risk		
Financial assets	300,968	321,931
Financial liabilities	(1,175,882)	(1,058,442)

Sensitivity analysis

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

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended 31 December 2018 and 2017 would increase/decrease by $875 thousand and $737 thousand, respectively.

2) 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 trade 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 2018 and 2017, trade receivables from top ten customers represent 56% and 50% of the total trade receivables of the Group, respectively.

The credit concentration risk of other trade 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.

3) 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 and bank borrowings. 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 floating interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	On Demand or Less than 1 Year	1-2 Years	2-5 Years	5+ Years
31 December 2018				
Trade payables	$ 539,377	$ -	$ -	$ -
Bonds payable	-	-	304,523	-
Borrowings	283,905	232,398	238,893	665,481
	$ 823,282	$ 232,398	$ 543,416	$ 665,481
31 December 2017				
Trade payables	$ 301,363	$ 44	$ -	$ -
Bonds payable	91,800	-	-	-
Borrowings	256,228	177,712	233,861	447,200
	$ 649,391	$ 177,756	$ 233,861	$ 447,200

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties names/categories

Related Parties Names	Related Parties Categories
Project Dignity Pte. Ltd.	Other related parties
Excelsior Management Sdn. Bhd.	Other related parties
Otemchi Biotechnologies Pte. Ltd.	Other related parties
Otemchi Biotechnologies Sdn Bhd	Other related parties
Agro Worldwide Sdn. Bhd.	Other related parties
Lee Kim Kiong	Other related parties
Lee Wee Keng	Other related parties
Ong Kian San	Key management personnel
Ong Kee Song	Key management personnel

b. Sales of goods

Related Parties Categories	For the Year Ended 31 December 2018	2017
Other related parties	$ 1,264	$ 995

Selling prices and terms of sales from related parties were similar to those from third parties.

c. Purchases of goods

Related Parties Categories	For the Year Ended 31 December 2018	2017
Other related parties	$ 26,545	$ 15,970

Purchase prices and terms of purchases from related parties were similar to those from third parties.

d. Operating expense - rental expense

Related Parties Categories	For the Year Ended 31 December 2018	2017
Key management personnel	$ 448	$ 354

Rental of office from related parties, lease prices were refer to the general local rent prices.

e. Other gains and losses

Related Parties Categories	For the Year Ended 31 December 2018	2017
Other related parties	$ 134	$ 269

f. Trade receivables from related parties

Related Parties Categories	31 December 2018	2017
Other related parties	$ 44	$ -

g. Other receivables from related parties

Related Parties Categories	31 December 2018	2017
Other related parties	$ 63	$ 89

h. Trade payables to related parties

Related Parties Categories	31 December 2018	2017
Other related parties	$ 3,865	$ 1,418

i. Compensation of key management personnel

	For the Year Ended 31 December 2018	2017
Short-term employee benefits	$ 39,277	$ 43,302
Post-employment benefits	2,717	2,311
	$ 41,994	$ 45,613

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral:

	31 December 2018	31 December 2017
Property, plant and equipment	$ 1,242,362	$ 810,976
Investment properties	50,515	-
Long-term prepayments for lease	99,950	100,577
Financial assets at amortized cost - time deposits	13,662	-
Other financial assets - time deposits	-	13,358
	$ 1,406,489	$ 924,911

31. OTHER MATTERS

On 8 March 2016 and 21 December 2017, KSFC Company received a Notice of Proposed Infringement Decision ("PID") and the Supplementary Proposed Infringement Decision ("SPID") from the Competition Commission of Singapore ("CCS"). CCS has issued an Infringement Decision ("ID") against thirteen fresh chicken distributors for engaging in anti-competitive agreements to coordinate the amount and timing of price increases, and agreeing not to compete for each other's customers in the market for the supply of fresh chicken products in Singapore on 12 September 2018. CCS has imposed the financial penalties on the thirteen fresh chicken distributors, including KSFC Company, whose amounted to SGD2,689 thousand (approximately NT$60,090 thousand). On 12 November 2018, KSFC has lodged an appeal with Competition Appeal Board ("CAB") against the quantum of the penalty. Notwithstanding the appeal, KSFC has fully accounted for the penalty.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

31 December 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
SGD	$ 15,928	22.39	$ 356,687
MYR	26,842	7.39	198,242
Financial liabilities			
Monetary items			
SGD	43,323	22.39	970,161
MYR	102,506	7.39	757,060

31 December 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
SGD	$ 15,983	22.21	$ 354,915
MYR	23,879	7.31	174,456
Financial liabilities			
Monetary items			
SGD	31,377	22.21	696,749
MYR	82,259	7.31	600,966

For the years ended 31 December 2018 and 2017, net foreign exchange gains were $3,307 thousand and $1,032 thousand, respectively. It is impractical to disclose net foreign exchange gain (losses) by each significant foreign currency due to the variety of the foreign currency transactions functional currencies of the group entities.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 2.

2) Endorsements/guarantees provided: Table 3.

3) Marketable securities held: None.

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

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

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: Notes 7, 23 and 28.

10) Intercompany relationships and significant intercompany transactions: Table 1.

11) Information on investees: Table 4.

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: None.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.

34. SEGMENT INFORMATION

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

a. Poultry and processing distribution: Engages in business of importing, slaughtering, wholesaling and retailing poultry and consumable goods of all kinds;

b. 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.

	Poultry and Processing Distribution	Poultry Farming	Subtotal	Other Operating Segments (Note 1)	Adjustments and Eliminations (Note 2)	Total
2018						
External customer	$ 1,202,768	$ 1,628,580	$ 2,831,348	$ 3,690	$ -	$ 2,835,038
Inter-company	4,075	611,548	615,623	13,274	(628,897)	-
Segment revenue	$ 1,206,843	$ 2,240,128	$ 3,446,971	$ 16,964	$ (628,897)	$ 2,835,038
Segment profit (loss)	$ (69,097)	$ (69,630)	$ (138,727)	$ (27,309)	$ (2,148)	$ (163,888)
2017						
External customer	$ 1,205,402	$ 1,269,454	$ 2,474,856	$ 6,066	$ -	$ 2,480,922
Inter-company	47	583,729	583,776	58,681	(642,457)	-
Segment revenue	$ 1,205,449	$ 1,853,183	$ 3,058,632	$ 64,747	$ (642,457)	$ 2,480,922
Segment profit (loss)	$ 38,251	$ 72,926	$ 111,177	$ (24,461)	$ (1,142)	$ 85,574

Note 1: Other operating segments are those segment which do not meet the quantitative thresholds for reportable.

Note 2: Inter-segment revenues are eliminated on consolidation and recorded under the “adjustment and elimination” column.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED 31 DECEMBER 2018
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
	For the year ended 31 December 2018						
0	The Company	KSFC Company	a	Other receivables	$ 190,348	Normal	7
1	MKP Company	KSFC Company	c	Sales	513,505	Normal	18
		KSFC Company	c	Unearned sales revenue	87,824	Normal	3
		LKP Company	c	Sales	74,595	Normal	3
		LKP Company	c	Trade receivables	19,292	Normal	1
		LKP Company	c	Other receivables	23,634	Normal	1
2	KSA Company	MKP Company	c	Sales	18,610	Normal	1
3	CLI Company	KSFC Company	c	Sales	13,274	Normal	1

Note 1: Business between the parent and subsidiaries is numbered as follows:

a. Parent: 0.
b. Subsidiaries are numbered from 1 in order.

Note 2: Relationship between parties is numbered as follows:

a. Parent to subsidiary.
b. Subsidiary to parent.
c. One subsidiary to another subsidiary.

Note 3: Percentage of consolidated operating revenues or consolidated total assets: If the account is a balance sheet account, it was calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it was calculated by dividing the interim cumulative balance into consolidated operating revenues.

Note 4: Important dealings circumstances of this table by the Group is in accordance with the principle of deciding whether to significant expression and the amounts were over NT$10,000 thousand (included).

Note 5: Offset in the preparation of the consolidated financial statements.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

LOANS TO OTHERS
FOR THE YEAR ENDED 31 DECEMBER 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 4)	Aggregate Financing Limits (Note 4)
													Item	Value		
0	The Company	KSFC Company	Other receivables	Yes	$ 223,939 (SGD 10,000)	$ 223,939 (SGD 10,000)	$ 190,348 (SGD 8,500)	-	b	$ -	Working capital	$ -	-	$ -	$ 712,805	$ 712,805
1	KSH Company	MKP Company	Other receivables	Yes	36,928 (MYR 5,000)	36,928 (MYR 5,000)	- (MYR -)	-	b	-	Working capital	-	-	-	789,908	789,908
		YKH Company	Other receivables	Yes	2,326 (MYR 315)	2,326 (MYR 315)	2,326 (MYR 315)	-	b	-	Working capital	-	-	-	789,908	789,908
		KSFC Company	Other receivables	Yes	111,970 (SGD 5,000)	111,970 (SGD 5,000)	- (SGD -)	-	b	-	Working capital	-	-	-	789,908	789,908
		KSO Company	Other receivables	Yes	22,394 (SGD 1,000)	22,394 (SGD 1,000)	16,795 (SGD 750)	-	b	-	Working capital	16,795	-	-	315,963	789,908
		BBQHS Company	Other receivables	Yes	6,718 (SGD 300	6,718 (SGD 300)	6,718 (SGD 300)	-	b	-	Working capital	-	-	-	789,908	789,908
		KSS Company	Other receivables	Yes	2,239 (SGD 100	2,239 (SGD 100)	2,239 (SGD 100)	-	b	-	Working capital	-	-	-	789,908	789,908
2	MKP Company	LKP Company	Other receivables	Yes	23,634 (MYR 3,200	23,634 (MYR 3,200)	23,634 (MYR 3,200)	-	b	-	Working capital	-	-	-	142,071	142,071
3	KSFC Company	KSO Company	Other receivables	Yes	22,394 (SGD 1,000	- (SGD -)	- (SGD -)	-	b	-	Working capital	-	-	-	160,235	160,235
4	MW Company	MKP Company	Other receivables	Yes	3,176 (MYR 430	- (MYR -)	- (MYR -)	-	b	-	Working capital	-	-	-	5,436	5,436
5	CLI Company	KSFC Company	Other receivables	Yes	6,718 (SGD 300	- (SGD -)	- (SGD -)	-	b	-	Working capital	-	-	-	8,986	8,986
6	KSA Company	KSR Company	Other receivables	Yes	37,046 (MYR 5,016	- (MYR -)	- (MYR -)	-	b	-	Working capital	-	-	-	84,568	84,568

Note 1: Business between the parent and subsidiaries is numbered as follows:

a. Parent: 0.
b. Subsidiaries are numbered from 1 in order.

Note 2: Nature of transactions are categorized as follows:

a. Receivables from related companies.
b. Receivables from related parties.
c. Contracts with shareholders.
d. Prepayments.
e. Payment on behalf.
f. Etc.

Note 3: Nature of financing is numbered as follows:

a. With those who have business dealings.
b. With those who have short term loan borrowing.

Note 4: According to “Procedures for Lending Fund to Other Parties” of the Company, the accumulated balance of loan and the amount of loan lent to any individual entity by the Company and its subsidiaries shall not exceed 40% of the Company’s net worth. The restriction shall not apply to inter-company loans of funds between foreign companies in which the public company holds, directly or indirectly, 100% of the voting shares.

Note 5: Offset in the preparation of the consolidated financial statements.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED TO OTHERS
FOR THE YEAR ENDED 31 DECEMBER 2018
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	KSFC Company	c	$ 1,425,610	$ 106,971 (US$ 3,500)	$ 91,690 (US$ 3,000)	$ -	$ -	12.86	$ 2,851,220	Y	N	N
1	KSH Company	KSFC Company	c	1,579,816	1,157,014 (SGD 51,667)	1,134,918 (SGD 50,680)	750,600 (SGD 33,518)	870,133	143.68	3,159,632	N	N	N
		MKP Company	c	1,579,816	348,781 (MYR 47,225)	348,781 (MYR 47,225)	179,129 (MYR 24,254)	296,321	44.15	3,159,632	N	N	N
		LKP Company	c	1,579,816	67,282 (MYR 9,110)	63,589 (MYR 8,610)	8,766 (MYR 1,187)	38,257	8.05	3,159,632	N	N	N
		KSA Company	c	1,579,816	541,160 (MYR 73,273)	541,160 (MYR 73,273)	338,794 (MYR 45,873)	448,102	68.51	3,159,632	N	N	N
		KSR Company	c	1,579,816	26,888 (MYR 3,641)	26,888 (MYR 3,641)	33,261 (MYR 4,504)	26,888	3.40	3,159,632	N	N	N
2	MKP Company	LKP Company	c	284,142	960 (MYR 130)	960 (MYR 130)	330 (MYR 45)	960	0.67	568,284	N	N	N

Note 1: Business between the parent and subsidiaries is numbered as follows:

a. Parent: 0.
b. Subsidiaries are numbered from 1 in order.

Note 2: Relationship information of endorser and endorsee are categorized as follows:

a. Direct holding of the subsidiaries' common stocks for more than 50%.
b. Sum of direct holding of the subsidiaries' common stocks through the Company and its subsidiaries for more than 50%.
c. 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 provided by the Company and to individual company cannot exceeded of 200% of the individual companies' net assets.

Note 4: The maximum balance of endorsement/guarantee in total cannot exceeded of 400% of the individual companies' net assets.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED 31 DECEMBER 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of 31 December 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				31 December 2018	31 December 2017	Shares	Percentage of Ownership	Carrying Amount			
The Company	KSH Company	Singapore	Investment holding	$ 292,190 (SGD 12,519)	$ 292,190 (SGD 12,519)	12,519,061	100	$ 789,908	$ (130,622) (SGD (5,845))	$ (130,622) (SGD (5,845))	Note 1
KSH Company	KSFC Company	Singapore	Slaughtering and poultry distribution	86,307 (SGD 3,800)	86,307 (SGD 3,800)	3,800,000	100	400,586 (SGD 17,888)	(58,693) (SGD (2,627))	(58,693) (SGD (2,627))	Note 1
	MKP Company	Malaysia	Poultry farming	181,332 (MYR 20,000)	181,332 (MYR 20,000)	13,000,000	100	142,071 (SGD 6,344)	(40,105) (SGD (1,795))	(40,245) (SGD (1,801))	Note 1
	YTH Company	Taiwan	Poultry farming and distribution	14,000	14,000	1,400,000	100	3,310 (SGD 148)	(94) (SGD (4))	(94) (SGD (4))	Note 1
	KSNF Company	Malaysia	Layer farming	- (MYR -)	- (MYR -)	2	100	(17) (SGD (1))	172 (SGD 8)	172 (SGD 8)	Note 1
	KSA Company	Malaysia	Poultry farming and distribution	108,778 (MYR 12,600)	108,778 (MYR 12,600)	12,600,000	70	147,995 (SGD 6,609)	(26,063) (SGD (1,166))	(18,244) (SGD (816))	Note 1
	YKH Company	Malaysia	Investment holding	- (MYR -)	- (MYR -)	2	100	(271) (SGD (12))	(144) (SGD (6))	(144) (SGD (6))	Note 1
	KSR Company	Malaysia	Property investment	6,261 (MYR 735)	6,261 (MYR 735)	735,000	49	33,613 (SGD 1,635)	123 (SGD 6)	60 (SGD 3)	Note 1
	KSO Company	Singapore	Processing and marking of seafood products	1,365 (SGD 60)	1,365 (SGD 60)	60,000	60	Note 2	Note 2	Note 2	Note 1
	CLI Company	Singapore	Transportation support	11,145 (SGD 500)	11,145 (SGD 500)	500,000	100	8,986 (SGD 401)	(2,303) (SGD (103))	(2,303) (SGD (103))	Note 2
	KSS Company	Singapore	Processing and preserving of meat and meat products	- (SGD -)	- (SGD -)	2	100	(2,903) (SGD (130))	(2,896) (SGD (130))	(2,896) (SGD (130))	Note 1
	BBQHS Company	Singapore	Food caterers	23,607 (SGD 1,050)	- (SGD -)	1,050,000	100	21,229 (SGD 948)	(2,280) (SGD (102))	(2,280) (SGD (102))	Note 1
MKP Company	LKP Company	Malaysia	Processing and poultry distribution	60,976 (MYR 6,250)	60,976 (MYR 6,250)	4,000,000	100	18,598 (MYR 2,518)	(4,345) (MYR (582))	(4,345) (MYR (582))	Note 1
	MW Company	Malaysia	Property investment	5,949 (MYR 616)	5,949 (MYR 616)	616,000	100	5,436 (MYR 736)	35 (MYR 5)	35 (MYR 5)	Note 1
	KSJ Company	Malaysia	Manufacturing of poultry feed products	28,219 (MYR 3,000)	28,219 (MYR 3,000)	3,000,000	100	14,336 (MYR 1,941)	7 (MYR 1)	7 (MYR 1)	Note 1
YKH Company	KSR Company	Malaysia	Property investment	2,683 (MYR 315)	2,683 (MYR 315)	315,000	21	2,375 (SGD 322)	123 (SGD 6)	26 (SGD 1)	Note 1
KSH Company	Singapore Poultry Hub Pte. Ltd.	Singapore	Slaughtering and poultry distribution	18,150 (SGD 875)	2,897 (SGD 125)	875,000	25	16,724 (SGD 747)	- SGD -	- SGD -	
	Iceberg Cold Storage Pte. Ltd.	Singapore	Cold storage	1 (SGD -)	1 (SGD -)	30	30	1 (SGD -)	- SGD -	- SGD -	

Note 1: Offset in the preparation of the consolidated financial statements.

Note 2: Under liquidation.

TABLE 5

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND ITS SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED 31 DECEMBER 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
MKP Company	KSFC Company	Affiliated company	Sale	$ (513,505)	(83.15)	30 days	$ -	-	$ (87,824)	(64.46)	
	LKP Company	Affiliated company	Sale	(74,595)	(12.08)	30 days	-	-	Unearned sales revenue 19,292	89.25	

Note: Offset in the preparation of the consolidated financial statements.