English Translation of a Report Originally Issued in Chinese

Kee Song Bio-Technology Holdings Limited and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended 30 September 2017 and 2016 and Independent Auditors' Review Report

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 AND 2016

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	30 September 2017 (Reviewed)		31 December 2016 (Audited)		30 September 2016 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 410,531	18	$ 497,048	30	$ 492,011	32
Trade receivables (Notes 4, 7 and 26)	188,162	8	184,201	11	192,277	12
Other receivables (Note 26)	30,784	1	28,500	2	25,486	2
Current tax assets (Note 4)	12,507	1	-	-	-	-
Inventories (Notes 4 and 8)	29,671	1	38,695	3	38,443	2
Biological assets - current (Notes 4 and 9)	149,277	7	115,436	7	99,695	6
Prepayments	32,154	1	31,164	2	23,811	1
Other financial assets - current (Note 27)	13,255	1	20,137	1	39,535	3
Total current assets	866,341	38	915,181	56	911,258	58
NON-CURRENT ASSETS						
Investments accounted for using equity method (Notes 4 and 11)	2,796	-	3,343	-	3,440	-
Property, plant and equipment (Notes 4, 12 and 27)	1,370,485	60	616,407	37	608,096	39
Intangible assets (Notes 4 and 13)	11,497	1	14,133	1	-	-
Prepayment for equipment	8,760	-	73,817	5	12,097	1
Guarantee deposits	157	-	-	-	-	-
Long-term prepayments for lease (Note 14)	24,021	1	24,322	1	25,650	2
Total non-current assets	1,417,716	62	732,022	44	649,283	42
TOTAL	$ 2,284,057	100	$ 1,647,203	100	$ 1,560,541	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 15 and 27)	$ 75,240	3	$ 70,445	4	$ 24,694	2
Financial liabilities at fair value through profit or loss - current (Note 16)	-	-	332	-	436	-
Trade payables (Note 26)	190,527	8	153,261	9	115,385	7
Other payables (Notes 17 and 26)	129,779	6	141,727	9	196,140	13
Current tax liabilities (Note 4)	20,852	1	17,372	1	29,334	2
Bonds payable (Note 16)	89,813	4	152,029	9	166,504	11
Current portion of long-term borrowings (Notes 15 and 27)	93,196	4	23,228	2	24,116	1
Total current liabilities	599,407	26	558,394	34	556,609	36
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 15 and 27)	728,299	32	177,381	11	92,647	6
Deferred tax liabilities (Note 4)	22,893	1	19,676	1	17,438	1
Total non-current liabilities	751,192	33	197,057	12	110,085	7
Total liabilities	1,350,599	59	755,451	46	666,694	43
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 16 and 18)						
Share capital						
Ordinary shares	368,165	16	363,995	22	359,691	23
Capital surplus	197,035	9	186,044	11	174,876	11
Retained earnings						
Special reserve	109,822	5	66,526	4	66,526	4
Unappropriated earnings	292,449	13	330,776	20	315,747	20
Total retained earnings	402,271	18	397,302	24	382,273	24
Other equity	(106,367)	(5)	(109,822)	(6)	(81,476)	(5)
Total equity attributable to owners of the Company	861,104	38	837,519	51	835,364	53
NON-CONTROLLING INTERESTS	72,354	3	54,233	3	58,483	4
Total equity	933,458	41	891,752	54	893,847	57
TOTAL	$ 2,284,057	100	$ 1,647,203	100	$ 1,560,541	100

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

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended 30 September				For the Nine Months Ended 30 September			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 26)	$ 666,120	100	$ 647,308	100	$ 1,895,168	100	$ 1,864,208	100
OPERATING COSTS (Notes 4, 8, 20 and 26)	(557,963)	(84)	(474,795)	(73)	(1,531,251)	(81)	(1,438,432)	(77)
GROSS PROFIT	108,157	16	172,513	27	363,917	19	425,776	23
OPERATING EXPENSES (Notes 20 and 26)								
Selling and marketing expenses	(42,178)	(6)	(42,500)	(7)	(129,762)	(7)	(135,030)	(7)
General and administrative expenses	(44,592)	(7)	(41,288)	(6)	(133,979)	(7)	(119,842)	(7)
Total operating expenses	(86,770)	(13)	(83,788)	(13)	(263,741)	(14)	(254,872)	(14)
PROFIT FROM OPERATIONS	21,387	3	88,725	14	100,176	5	170,904	9
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 20)	845	-	1,877	-	3,146	-	5,895	-
Other gains and losses (Notes 20 and 26)	1,104	-	(7,719)	(1)	5,132	-	6,060	-
Finance costs (Note 20)	(4,494)	-	(2,683)	(1)	(12,660)	-	(8,586)	-
Total non-operating income and expenses	(2,545)	-	(8,525)	(2)	(4,382)	-	3,369	-
PROFIT BEFORE INCOME TAX	18,842	3	80,200	12	95,794	5	174,273	9
INCOME TAX EXPENSE (Notes 4 and 21)	(5,984)	(1)	(19,548)	(3)	(24,680)	(1)	(36,805)	(2)
NET PROFIT FOR THE PERIOD	12,858	2	60,652	9	71,114	4	137,468	7
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	14,260	2	(42,915)	(6)	3,842	-	(16,399)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 27,118	4	$ 17,737	3	$ 74,956	4	$ 121,069	6
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	$ 7,787	1	$ 46,344	7	$ 53,380	3	$ 120,942	6
Non-controlling interests	5,071	1	14,308	2	17,734	1	16,526	1
	$ 12,858	2	$ 60,652	9	$ 71,114	4	$ 137,468	7
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	$ 20,938	3	$ 6,943	1	$ 56,835	3	$ 105,992	5
Non-controlling interests	6,180	1	10,794	2	18,121	1	15,077	1
	$ 27,118	4	$ 17,737	3	$ 74,956	4	$ 121,069	6

(Continued)

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended 30 September				For the Nine Months Ended 30 September			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE (Note 22)								
Basic	$ 0.21		$ 1.30		$ 1.46		$ 3.43	
Diluted	$ 0.21		$ 1.18		$ 1.40		$ 3.11	

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

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company									
	Share Capital			Retained Earnings			Other Equity			
	Shares (In Thousands)	Amount	Capital Surplus	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE AT 1 JANUARY 2016	34,606	$ 346,057	$ 139,056	$ 15,163	$ 298,668	$ 313,831	$ (66,526)	$ 732,418	$ 43,406	$ 775,824
Special reserve appropriated	-	-	-	51,363	(51,363)	-	-	-	-	-
Cash dividends	-	-	-	-	(52,500)	(52,500)	-	(52,500)	-	(52,500)
Equity component of convertible bonds issued by the Company	-	-	(2,104)	-	-	-	-	(2,104)	-	(2,104)
Net profit for the nine months ended 30 September 2016	-	-	-	-	120,942	120,942	-	120,942	16,526	137,468
Other comprehensive income (loss) for the nine months ended 30 September 2016	-	-	-	-	-	-	(14,950)	(14,950)	(1,449)	(16,399)
Total comprehensive income (loss) for the nine months ended 30 September 2016	-	-	-	-	120,942	120,942	(14,950)	105,992	15,077	121,069
Convertible bonds converted to ordinary shares	1,363	13,634	37,924	-	-	-	-	51,558	-	51,558
BALANCE AT 30 SEPTEMBER 2016	35,969	$ 359,691	$ 174,876	$ 66,526	$ 315,747	$ 382,273	$ (81,476)	$ 835,364	$ 58,483	$ 893,847
BALANCE AT 1 JANUARY 2017	36,399	$ 363,995	$ 186,044	$ 66,526	$ 330,776	$ 397,302	$ (109,822)	$ 837,519	$ 54,233	$ 891,752
Special reserve appropriated	-	-	-	43,296	(43,296)	-	-	-	-	-
Cash dividends	-	-	-	-	(48,411)	(48,411)	-	(48,411)	-	(48,411)
Equity component of convertible bonds issued by the Company	-	-	(629)	-	-	-	-	(629)	-	(629)
Net profit for the nine months ended 30 September 2017	-	-	-	-	53,380	53,380	-	53,380	17,734	71,114
Other comprehensive income (loss) for the nine months ended 30 September 2017	-	-	-	-	-	-	3,455	3,455	387	3,842
Total comprehensive income (loss) for the nine months ended 30 September 2017	-	-	-	-	53,380	53,380	3,455	56,835	18,121	74,956
Convertible bonds converted to ordinary shares	417	4,170	11,620	-	-	-	-	15,790	-	15,790
BALANCE AT 30 SEPTEMBER 2017	36,816	$ 368,165	$ 197,035	$ 109,822	$ 292,449	$ 402,271	$ (106,367)	$ 861,104	$ 72,354	$ 933,458

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

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended 30 September	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 95,794	$ 174,273
Adjustments for:		
Depreciation expenses	43,798	38,611
Amortization expenses	2,869	469
(Reversal of impairment loss) impairment losses recognized on trade receivables	(895)	291
Net (gain) loss on fair value change of financial liabilities designated as at fair value through profit or loss	(283)	35
Finance costs	12,660	8,586
Interest income	(2,712)	(5,895)
Loss (gain) on disposal of property, plant and equipment	1	(843)
Loss on redemption of bonds payable	2,121	-
Changes in operating assets and liabilities		
Trade receivables	(3,088)	3,981
Other receivables	(2,284)	(3,231)
Inventories	9,024	(2,125)
Biological assets	(33,088)	26,455
Prepayment	(990)	1,819
Trade payables	37,266	(45,885)
Other payables	(11,948)	(27,306)
Cash generated from operations	148,245	169,235
Interest received	2,712	5,895
Interest paid	(10,064)	(5,186)
Income tax paid	(30,578)	(26,250)
Net cash generated from operating activities	110,315	143,694
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investment under the equity method	(1)	(3,440)
Disposals for investment under the equity method	543	-
Acquisition of property, plant and equipment	(647,061)	(85,174)
Proceeds from disposal of property, plant and equipment	555	1,213
Increase in Guarantee deposits	(157)	-
Decrease in other financial assets - current	6,882	7,216
Increase in prepayments for equipment	(73,832)	(8,659)
Increase in other prepayments	-	(669)
Net cash used in investing activities	(713,071)	(89,513)

(Continued)

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended 30 September	
	2017	**2016**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 1,893	$ 1,002
Payment for bonds payable	(51,821)	-
Proceeds from long-term borrowings	620,886	-
Payment for long-term borrowings	-	(1,919)
Dividends paid	(48,411)	(52,500)
Net cash generated from (used in) financing activities	522,547	(53,417)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(9,210)	(5,522)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(89,419)	(4,758)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	493,191	496,061
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 403,772	$ 491,303

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at 30 September 2017 and 2016:

	For the Nine Months Ended 30 September	
	2017	**2016**
Cash and cash equivalents in consolidated balance sheets	$ 410,531	$ 492,011
Bank overdrafts	(6,759)	(708)
Cash and cash equivalents in consolidated statements of cash flow	$ 403,772	$ 491,303

The accompanying notes form 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 10.

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 10 November 2017.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS 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) 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) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

      The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique. The amendment should be applied retrospectively from 1 January 2017.

2) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards, including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments”, were amended in this annual improvement.

The amended IFRS 8 requires the Group to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate should be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 “Related Party Disclosures” was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

3) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 “Investment Property”, were amended in this annual improvement.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

4) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 “Non-current assets held for sale and discontinued operations”, IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

5) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group's respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

When the amendments are applied retrospectively from 1 January 2017, the disclosures of related party transactions are enhanced.

b. 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 by the FSC for application starting from 2018

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	1 January 2018
IFRS 9 "Financial Instruments"	1 January 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	1 January 2018
IFRS 15 "Revenue from Contracts with Customers"	1 January 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	1 January 2018
Amendment to IAS 7 "Disclosure Initiative"	1 January 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	1 January 2017
Amendments to IAS 40 "Transfers of Investment Property"	1 January 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	1 January 2018

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 amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after 1 January 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after 1 January 2018.

1) Annual Improvements to IFRSs 2014-2016 Cycle

Several standards, including IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures," were amended in this annual improvement.

2) IFRS 9 “Financial Instruments” and related amendments

Recognition, measurement and impairment of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Based on an analysis of the Group’s financial assets as at 30 September 2017 on the basis of the facts and circumstances that exist at that date, the Group has performed a preliminary assessment of the impact of IFRS 9 to the classification and measurement of financial assets as follows:

- Time deposits investments currently classified in other financial assets valued at amortized cost will be classified as financial assets measured at amortized cost under IFRS 9 because on initial recognition, the contractual cash flows that are solely payments of principal and interest on the principal outstanding and these investments are held within a business model whose objective is to collect the contractual cash flows.

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. The loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

The Group has performed a preliminary assessment that the Group will apply the simplified approach to recognize lifetime expected credit losses for trade receivables. In relation to the debt instrument investments and the financial guarantee contracts, the Group will assess whether there has been a significant increase in the credit risk to determine whether to recognize 12-month or lifetime expected credit losses. In general, the Group anticipates that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for financial assets.

The Group elects not to restate prior periods when applying the requirements for the recognition, measurement and impairment of financial assets under IFRS 9 and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9. Furthermore, the Group will provide disclosure of the differences in amounts if the Group continued to apply the existing accounting treatments in 2018.

3) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

The amendment clarifies that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses as deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group's assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve the higher amount, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

4) IFRIC 22"Foreign Currency Transactions and Advance Consideration"

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group will apply IFRIC 22 prospectively to all assets, expenses and income recognized on or after 1 January 2018 within the scope of the Interpretation.

Except for the above impact, 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.

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	1 January 2019
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 16 "Leases"	1 January 2019
IFRS 17 "Insurance Contracts"	1 January 2021
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: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

1) IFRS 16 "Leases"

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

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

2) IFRIC 23 "Uncertainty Over Income Tax Treatments"

IFRIC 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 entity expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

The Group may elect to apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

On initial application, the Group shall apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

Except for the above impact, 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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

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. Basis of consolidation

See Note 10 and Table 4 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended 31 December 2016. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended 31 December 2016.

<u>Taxation</u>

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgements and key sources of estimation uncertainly of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements as of 31 December 2016. Please refer to Note 5 in consolidated financial statements as of 31 December 2016 for details.

6. CASH AND CASH EQUIVALENTS

	30 September 2017	31 December 2016	30 September 2016
Cash on hand	$ 1,901	$ 2,076	$ 2,082
Cash at bank	191,399	262,321	200,717
Cash equivalent			
Time deposits with original maturity less than three months	217,231	232,651	289,212
	$ 410,531	$ 497,048	$ 492,011

7. TRADE RECEIVABLES

	30 September 2017	31 December 2016	30 September 2016
Trade receivables from unrelated parties	$ 195,318	$ 192,369	$ 192,816
Less: Allowance for impairment loss	(7,210)	(8,246)	(814)
	188,108	184,123	192,002
Trade receivables from related parties	54	78	275
Less: Allowance for impairment loss	-	-	-
	54	78	275
	$ 188,162	$ 184,201	$ 192,277

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

	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Individually assessed for impairment		
Balance at 1 January	$ 8,246	$ 732
Add: Impairment losses recognized on receivables	-	291
Less: Impairment losses reversed	(895)	-
Less: Amounts written off during the period as uncollectible	(119)	(194)
Foreign exchange translation gain and losses	(22)	(15)
Balance at 30 September	$ 7,210	$ 814

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 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	
30 September 2017	$ 150,796	$ 24,124	$ 7,160	$ 6,082	$ 188,162
31 December 2016	159,990	11,711	4,100	8,400	184,201
30 September 2016	161,804	13,015	5,145	12,313	192,277

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

8. INVENTORIES

	30 September 2017	31 December 2016	30 September 2016
Trading goods	$ 5,501	$ 8,909	$ 14,763
Finished goods	18,950	22,895	15,219
Raw materials	5,220	6,891	8,461
	$ 29,671	$ 38,695	$ 38,443

The cost of inventories recognized as cost of goods sold for the three months ended 30 September 2017 and 2016 was $557,963 thousand and $474,795 thousand, respectively.

The cost of goods sold for the three months ended 30 September 2017 and 2016 included inventory write-downs of $0 thousand each.

The cost of inventories recognized as cost of goods sold for the nine months ended 30 September 2017 and 2016 was $1,531,251 thousand and $1,438,432 thousand, respectively.

The cost of goods sold for the nine months ended 30 September 2017 and 2016 included inventory write-downs of $0 thousand each.

9. BIOLOGICAL ASSETS

	Broiler	Breeder	Total
Balance at 1 January 2016	$ 56,296	$ 70,354	$ 126,650
Purchases during the period	1,026,507	264,970	1,291,477
Depreciation during the period	-	(56,208)	(56,208)
Disposals during the period	(1,026,564)	(235,160)	(1,261,724)
Exchange difference	(781)	281	(500)
Balance at 30 September 2016	$ 55,458	$ 44,237	$ 99,695

(Continued)

	Broiler	Breeder	Total
Balance at 1 January 2017	$ 74,406	$ 41,030	$ 115,436
Purchases during the period	1,142,799	70,186	1,212,985
Depreciation during the period	-	(29,351)	(29,351)
Disposals during the period	(1,122,717)	(27,829)	(1,150,546)
Exchange difference	455	298	753
Balance at 30 September 2017	$ 94,943	$ 54,334	$ 149,277

(Concluded)

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.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%) 30 September 2017	31 December 2016	30 September 2016
The Company	Kee Song Holdings Pte. Ltd. (KSH Company)	Investment holding	100	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	100
KSH Company	Meng Kee Poultry (M) Sdn. Bhd. (MKP Company)	Poultry farming	100	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	100
KSH Company	Kee Song Natural Foods (M) Sdn. Bhd. (KSNF Company)	Layer farming	100	100	100
KSH Company	Kee Song Agriculture (M) Sdn. Bhd. (KSA Company)	Poultry farming, processing and marketing of poultry related products	70	70	70
KSH Company	YKH Holdings (M) Sdn. Bhd. (YKH Company)	Investment holding	100	100	100
KSH Company and YKH Company	Kee Song Realty (M) Sdn. Bhd. (KSR Company)	Property investment	70	70	70
KSH Company	Kee Song Ocean Pte. Ltd. (KSO Company)	Processing and marketing of seafood products	60	60	60
KSH Company	Celsius Link International Pte. Ltd. (CLI Company)	Transportation Support	100	100	-
MKP Company	Lucky Poultry (M) Sdn. Bhd. (LKP Company)	Processing and marketing of poultry related products	100	100	100
MKP Company	Meng Woon Holdings (M) Sdn. Bhd. (MW Company)	Property investment	100	100	100
MKP Company	Kee Song Jaya Feedmills (M) Sdn. Bhd. (KSJ Company)	Manufacturing of poultry feed products	100	100	100

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	30 September 2017	31 December 2016	30 September 2016
Investments in associates	$ 2,796	$ 3,343	$ 3,440

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.

Details on location and main business of incorporation of the associates are disclosed in Table 4.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction Progress and Equipment Awaiting Examination	Total
Cost						
Balance at 1 January 2016	$ 99,465	$ 376,939	$ 246,099	$ 155,166	$ 22,432	$ 900,101
Additions	14,637	2,299	10,847	31,905	25,486	85,174
Disposals	-	-	-	(9,937)	-	(9,937)
Exchange differences	(2,083)	(5,357)	(3,907)	(2,957)	(1,529)	(15,833)
Balance at 30 September 2016	$ 112,019	$ 373,881	$ 253,039	$ 174,177	$ 46,389	$ 959,505
Accumulated depreciation						
Balance at 1 January 2016	$ -	$ 120,114	$ 123,042	$ 85,027	$ -	$ 328,183
Depreciation	-	13,819	10,810	13,982	-	38,611
Disposals	-	-	-	(9,567)	-	(9,567)
Exchange differences	-	(2,305)	(2,151)	(1,362)	-	(5,818)
Balance at 30 September 2016	$ -	$ 131,628	$ 131,701	$ 88,080	$ -	$ 351,409
Balance at 1 January 2016, net	$ 99,465	$ 256,825	$ 123,057	$ 70,139	$ 22,432	$ 571,918
Balance at 30 September 2016, net	$ 112,019	$ 242,253	$ 121,338	$ 86,097	$ 46,389	$ 608,096
Cost						
Balance at 1 January 2017	$ 106,617	$ 359,108	$ 253,413	$ 183,008	$ 61,118	$ 963,264
Additions	-	450,226	25,337	15,418	156,080	647,061
Disposals	-	(559)	(1)	(3,620)	-	(4,180)
Reclassification	-	222,110	30,102	-	(114,198)	138,014
Exchange differences	(8)	12,842	1,748	674	(414)	14,842
Balance at 30 September 2017	$ 106,609	$ 1,043,727	$ 310,599	$ 195,480	$ 102,586	$ 1,759,001
Accumulated depreciation						
Balance at 1 January 2017	$ -	$ 129,814	$ 131,456	$ 85,587	$ -	$ 346,857
Depreciation	-	13,790	14,418	15,590	-	43,798
Disposals	-	(559)	-	(3,065)	-	(3,624)
Exchange differences	-	354	679	452	-	1,485
Balance at 30 September 2017	$ -	$ 143,399	$ 146,553	$ 98,564	$ -	$ 388,516
Balance at 1 January 2017, net	$ 106,617	$ 229,294	$ 121,957	$ 97,421	$ 61,118	$ 616,407
Balance at 30 September 2017, net	$ 106,609	$ 900,328	$ 164,046	$ 96,916	$ 102,586	$ 1,370,485

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 27.

13. INTANGIBLE ASSETS

	30 September 2017	31 December 2016	30 September 2016
Customer list	$ 11,497	$ 14,133	$ -

Except for amortization recognized, the Group did not have significant addition, disposal, or impairment of intangible assets during the nine months ended 30 September 2017. The above items of intangible assets were amortized on a straight-line basis over the estimated useful lives as follows:

Customer list	5 years

14. LONG-TERM PREPAYMENTS FOR LEASE

	30 September 2017	31 December 2016	30 September 2016
Non-current assets	$ 24,021	$ 24,322	$ 25,650

The above long-term prepayment for lease pertain to payment for purchase of the right to use land located in Malaysia, the existence period of the land use right were from the date of registration to 11 May 2050 and 25 June 2096, respectively.

15. BORROWINGS

a. Short-term borrowings

	30 September 2017	31 December 2016	30 September 2016
Bank overdrafts	$ 6,759	$ 3,857	$ 708
Secured bank loans*	68,481	66,588	23,986
	$ 75,240	$ 70,445	$ 24,694

* The range of weighted average effective interest rate on bank loans was 6.65%-7.85%, 7.85% and 1.5%-7.85% per annum as of 30 September 2017, 31 December 2016 and 30 September 2016, respectively.

Details on property, plant and equipment pledged as security for borrowings are disclosed in Note 27.

b. Long-term borrowings

	Maturity	Significant Terms	30 September 2017	31 December 2016	30 September 2016
Secured bank loans*	2010.05.13-2037.03.28	Principal and interest are paid monthly	$ 766,817	$ 152,734	$ 85,844
Finance leases*	2013.10.21-2022.08.28	Principal and interest are paid monthly	54,678	47,875	30,919
			821,495	200,609	116,763
Less: Current portion			(93,196)	(23,228)	(24,116)
Long-term borrowings			$ 728,299	$ 177,381	$ 92,647

* The range of weighted average effective interest rate on bank loans was 1.38%-8.13%, 1.98%-7.10% and 1.25%-8.13% per annum as of 30 September 2017, 31 December 2016 and 30 September 2016, respectively.

In March 2017, 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.

Details on property, plant and equipment pledged as security for borrowings are disclosed in Note 27.

16. BONDS PAYABLE

a. Unsecured domestic convertible bonds

	30 September 2017	31 December 2016	30 September 2016
Principal amount	$ 91,800	$ 158,200	$ 174,300
Discounts on bonds payable	(1,987)	(6,171)	(7,796)
	89,813	152,029	166,504
Less: Current portion	(89,813)	(152,029)	(166,504)
	$ -	$ -	$ -
Embedded derivatives	$ -	$ 332	$ 436
Equity component	$ 3,702	$ 6,379	$ 7,028

The first unsecured domestic convertible bonds payable

1) Issue size and issue price: NT$250,000 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 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 30 September 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:

	1 January 2017 to 30 September 2017		**1 January 2016 to 31 December 2016**		**1 January 2016 to 30 September 2016**	
	Par Value of Convertible Bonds	**Numbers of Shares Converted**	**Par Value of Convertible Bonds**	**Numbers of Shares Converted**	**Par Value of Convertible Bonds**	**Numbers of Shares Converted**
Converted amount at the beginning	$ 91,800	2,399,000	$ 23,500	606,000	$ 23,500	606,000
Converted amount during the period	15,600	417,000	68,300	1,793,000	52,200	1,363,000
Converted amount at the end	$ 107,400	2,816,000	$ 91,800	2,399,000	$ 75,700	1,969,000

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 during the nine months ended 30 September 2017 (recorded under "Other gains and losses").

17. OTHER PAYABLE

	30 September 2017	**31 December 2016**	**30 September 2016**
Payable for salaries or bonus	$ 43,557	$ 44,874	$ 40,007
Other payable - related parties	68	41,441	56,976
Payable for purchase or maintenance of equipment	38,235	25,399	75,452
Others	47,919	30,013	23,705
	$ 129,779	$ 141,727	$ 196,140

18. EQUITY

Share Capital - Ordinary Shares

	30 September 2017	31 December 2016	30 September 2016
Numbers of shares authorized (in thousands)	100,000	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	36,816	36,399	35,969
Shares issued	$ 368,165	$ 363,995	$ 359,691

As at 30 September 2017, the bonds holders had exercised their right to convert bonds into 2,816,500 shares of NT$10 par value ordinary share of the Company. The newly issued shares had been approved and registered with relevant authorities.

Capital Surplus

	30 September 2017	31 December 2016	30 September 2016
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)			
Additional paid-in capital	$ 113,106	$ 113,106	$ 113,106
Arising from conversion of bonds	78,179	66,559	54,742
May be used to offset a deficit (Note 2)			
Arising from expired share options	2,048	-	-
May not be used for any purpose			
Arising from share options	3,702	6,379	7,028
	$ 197,035	$ 186,044	$ 174,876

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 distribution of earnings distribution and dividends per share for the years ended 31 December 2016 and 2015 was approved by the shareholders' meeting held on 19 June 2017 and on 27 June 2016, respectively. The details of earnings distribution and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2016	**2015**	**2016**	**2015**
Appropriation (reversal) of special reserve	$ 43,296	$ 51,363	$ -	$ -
Common stock cash dividend	48,411	52,500	1.31	1.48

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 20(e).

19. REVENUE

	1 July 2017 to 30 September 2017	**1 July 2016 to 30 September 2016**	**1 January 2017 to 30 September 2017**	**1 January 2016 to 30 September 2016**
Revenue from the sale of goods	$ 666,120	$ 646,835	$ 1,895,168	$ 1,863,735
Other operating revenue	-	473	-	473
	$ 666,120	$ 647,308	$ 1,895,168	$ 1,864,208

20. COMPREHENSIVE INCOME ITEM DETAILS

a. Other income

	1 July 2017 to 30 September 2017	1 July 2016 to 30 September 2016	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Interest income	$ 842	$ 1,877	$ 2,712	$ 5,895
Others	3	-	434	-
	$ 845	$ 1,877	$ 3,146	$ 5,895

b. Other gains and losses

	1 July 2017 to 30 September 2017	1 July 2016 to 30 September 2016	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Net foreign exchange gains (loss)	$ 1,152	$ (10,878)	$ (666)	$ (2,101)
(Loss) gain on disposal of property, plant and equipment	34	813	(1)	843
Net gain arising on financial liabilities designated as at FVTPL	115	(85)	283	(35)
Loss on redemption of bonds payable	(2,121)	-	(2,121)	-
Others	1,924	2,431	7,637	7,353
	$ 1,104	$ (7,719)	$ 5,132	$ 6,060

c. Finance costs

	1 July 2017 to 30 September 2017	1 July 2016 to 30 September 2016	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Interest on bank borrowings	$ 3,663	$ 1,620	$ 10,064	$ 5,186
Interest on convertible bonds	831	1,063	2,596	3,400
	$ 4,494	$ 2,683	$ 12,660	$ 8,586

d. Depreciation and amortization

	1 July 2017 to 30 September 2017	1 July 2016 to 30 September 2016	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Property, plant and equipment	$ 16,396	$ 13,037	$ 43,798	$ 38,611
An analysis of depreciation by function				
Operating costs	$ 10,652	$ 7,839	$ 27,420	$ 23,411
Operating expenses	5,744	5,198	16,378	15,200
	$ 16,396	$ 13,037	$ 43,798	$ 38,611
Long-term prepayments for lease	$ 86	$ 82	$ 293	$ 469
Intangible assets	713	-	2,576	-
	$ 799	$ 82	$ 2,869	$ 469
An analysis of amortization by function				
Operating costs	$ 86	$ 82	$ 293	$ 469
Operating expenses	713	-	2,576	-
	$ 799	$ 82	$ 2,869	$ 469

e. Employee benefits expense

	For the Three Months Ended 30 September					
	2017			2016		
	Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Salaries	$ 24,225	$ 46,150	$ 70,375	$ 28,647	$ 45,818	$ 74,465
Provident fund and post-employee benefits - defined contribution plans	914	3,775	4,689	1,165	3,597	4,762
Other employee benefits	3,637	2,276	5,913	4,111	2,607	6,718
	$ 28,776	$ 52,201	$ 80,977	$ 33,923	$ 52,022	$ 85,945

	For the Nine Months Ended 30 September					
	2017			2016		
	Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Salaries	$ 76,594	$ 145,056	$ 221,650	$ 85,139	$ 139,057	$ 224,196
Provident fund and post-employee benefits - defined contribution plans	3,304	11,327	14,631	3,757	10,695	14,452
Other employee benefits	14,124	7,737	21,861	12,661	9,100	21,761
	$ 94,022	$ 164,120	$ 258,142	$ 101,557	$ 158,852	$ 260,409

For the nine months ended 30 September 2017 and 2016, the bonus to employees and the remuneration to directors were $0 thousand each. 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 2016 and 2015 approved by the shareholders' meetings on 19 June 2017 and on 27 June 2016 were $0 thousand each.

There was no difference between the amounts of the bonus to employees and the remuneration to directors approved in the shareholders' meetings on 19 June 2017 and on 27 June 2016, and the respective amounts recognized in the consolidated financial statements for the years ended 31 December 2016 and 2015.

Information on the bonus to employees, directors and supervisors for 2016 and 2015 resolved by the shareholders' meeting in 2017 and 2016 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	1 July 2017 to 30 September 2017	**1 July 2016 to 30 September 2016**	**1 January 2017 to 30 September 2017**	**1 January 2016 to 30 September 2016**
Current tax				
In respect of the current period	$ 3,576	$ 19,183	$ 20,959	$ 32,203
Adjustments for prior periods	42	96	593	114
Deferred tax				
In respect of the current period	2,688	261	3,593	4,480
Adjustments for prior years	(322)	8	(465)	8
Income tax expense recognized in profit or loss	$ 5,984	$ 19,548	$ 24,680	$ 36,805

b. 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, and CLI 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:

<u>Singapore</u>

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%.

<u>Malaysia</u>

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 was 25% in or before 2015. Local corporate tax rate reduced from 25% to 24 %, effective in 1 January 2016.

<u>Taiwan</u>

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 is 17%.

c. Income tax assessments

The income tax returns through 2015 of KSH Company, KSFC Company, KSO Company, MKP Company, LKP Company, MW Company, KSJ Company, KSNF Company, KSA Company, KSR Company, YKH Company and YTH Company have been examined and cleared by the tax authorities.

22. 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

	1 July 2017 to 30 September 2017	1 July 2016 to 30 September 2016	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Earnings used in computation of basic earnings per share	$ 7,787	$ 46,344	$ 53,380	$120,942
Convertible bonds	461	1,078	1,401	3,059
Earnings used in computation of diluted earnings per share	$ 8,248	$ 47,422	$ 54,781	$124,001

Weighted Average Number of Ordinary Shares Outstanding

(In Thousand Shares)

	1 July 2017 to 30 September 2017	1 July 2016 to 30 September 2016	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	36,816	35,632	36,631	35,275
Effect of potentially dilutive ordinary shares				
Convertible bonds	2,542	4,659	2,542	4,659
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	39,358	40,291	39,173	39,934

23. 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:

	30 September 2017	31 December 2016	30 September 2016
Not later than 1 year	$ 9,432	$ 5,156	$ 4,480
Later than 1 year and not later than 5 years	1,739	486	768
	$ 11,171	$ 5,642	$ 5,248

24. 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.

25. 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.

	30 September 2017		31 December 2016		30 September 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities						
Financial liabilities measured at amortized cost						
Convertible bonds	$ 89,813	$ 93,636	$ 152,029	$ 170,065	$ 166,504	$ 189,987

2) Fair value hierarchy

30 September 2017

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost				
Convertible bonds	$ 93,636	$ -	$ -	$ 93,636

31 December 2016

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost				
Convertible bonds	$ 170,065	$ -	$ -	$ 170,065

30 September 2016

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost				
Convertible bonds	$ 189,987	$ -	$ -	$ 189,987

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

30 September 2017

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Embedded derivatives	$ -	$ -	$ -	$ -

31 December 2016

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Embedded derivatives	$ -	$ 332	$ -	$ 332

30 September 2016

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Embedded derivatives	$ -	$ 436	$ -	$ 436

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.

c. Categories of financial instruments

	30 September 2017	31 December 2016	30 September 2016
Financial assets			
Loans and receivables (Note 1)	$ 640,831	$ 727,810	$ 747,227
Financial liabilities			
Financial liabilities at FVTPL held for trading	-	332	436
Amortized cost (Note 2)	1,306,854	718,071	619,486

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 and other financial assets.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, trade payables, other payables, bonds payable, short-term and long-term borrowings.

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.

	30 September 2017	31 December 2016	30 September 2016
Fair value interest rate risk			
Financial assets	$ 13,255	$ 20,137	$ 39,535
Cash flow interest rate risk			
Financial assets	408,630	494,972	489,929
Financial liabilities	(986,549)	(423,083)	(141,457)

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 nine months ended 30 September 2017 and 2016 would decrease/increase by $578 thousand and $348 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 30 September 2017, 31 December 2016 and 30 September 2016, trade receivables from top ten customers represent 60%, 52% and 59% 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**	**3-5 Years**	**5+ Years**
30 September 2017				
Trade payable	$ 320,246	$ 60	$ -	$ -
Bonds payable	91,800	-	-	-
Borrowings	162,594	177,658	239,429	463,679
	$ 574,640	$ 177,718	$ 239,429	$ 463,679
31 December 2016				
Trade payable	$ 294,988	$ -	$ -	$ -
Bonds payable	161,380	-	-	-
Borrowings	105,663	49,494	64,470	93,729
	$ 562,031	$ 49,494	$ 64,470	$ 93,729
30 September 2016				
Trade payable	$ 311,525	$ -	$ -	$ -
Bonds payable	177,803	-	-	-
Borrowings	50,639	36,722	25,751	37,862
	$ 539,967	$ 36,722	$ 25,751	$ 37,862

26. 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

(Continued)

Related Parties Names	Related Parties Categories
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

(Concluded)

b. Sales of goods

Related Parties Categories	1 July 2017 to 30 September 2017	1 July 2016 to 30 September 2016	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Other related parties	$ 272	$ 358	$ 914	$ 1,076

Selling prices and terms of sales from related parties were similar to those from third parties.

c. Purchases of goods

Related Parties Categories	1 July 2017 to 30 September 2017	1 July 2016 to 30 September 2016	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Other related parties	$ 4,924	$ 7,778	$ 12,930	$ 23,880

Purchase prices and terms of purchases from related parties were similar to those from third parties.

d. Operating expense - rental expense

Related Parties Categories	1 July 2017 to 30 September 2017	1 July 2016 to 30 September 2016	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Key management personnel	$ 106	$ 70	$ 246	$ 214

Rental of office from related parties, lease prices were refer to the general local rent prices.

e. Other gains and losses

Related Parties Categories	1 July 2017 to 30 September 2017	1 July 2016 to 30 September 2016	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Other related parties	$ 62	$ 92	$ 235	$ 280

f. Trade receivables from related parties

Related Parties Categories	30 September 2017	31 December 2016	30 September 2016
Other related parties	$ 54	$ 78	$ 275

g. Other receivables from related parties

Related Parties Categories	30 September 2017	31 December 2016	30 September 2016
Other related parties	$ 155	$ 102	$ 89

h. Trade payables to related parties

Related Parties Categories	30 September 2017	31 December 2016	30 September 2016
Other related parties	$ 3,223	$ 1,121	$ 2,988

i. Other payables to related parties

Related Parties Categories	30 September 2017	31 December 2016	30 September 2016
Key management personnel - Ong Kian San	$ -	$ 15,836	$ 15,865
Other related parties - Lee Kim Kiong	45	13,525	14,207
Other related parties	23	12,080	26,904
	$ 68	$ 41,441	$ 56,976

j. Compensation of key management personnel

	1 July 2017 to 30 September 2017	1 July 2016 to 30 September 2016	1 January 2017 to 30 September 2017	1 January 2016 to 30 September 2016
Short-term employee benefits	$ 10,566	$ 8,502	$ 35,336	$ 28,307
Post-employment benefits	550	430	1,901	1,491
	$ 11,116	$ 8,932	$ 37,237	$ 29,798

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral:

	30 September 2017	31 December 2016	30 September 2016
Property, plant and equipment	$ 954,000	$ 242,647	$ 217,750
Other financial assets - time deposits	13,255	20,137	34,940
	$ 967,255	$ 262,784	$ 252,690

28. OTHER MATTERS

On 8 March 2016, KSFC Company received a Notice of Proposed Infringement Decision ("PID") from the Competition Commission of Singapore ("CCS"). CCS provisionally found that 13 fresh chicken distributors, including KSFC Company, participated in agreements and/or concerted practices relating to not competing for each other's customers and to the quantum and timing of price movements in relation to the sale and distribution of fresh chickens in Singapore. The purpose of the PID is to give each party an opportunity to make representations on CCS's proposed decision. KSFC Company has appointed Attorney-at-Law and has submitted the representations to CCS on 3 May 2016. Thus, the Group cannot reasonably estimate related liability.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

30 September 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
SGD	$ 19,509	22.36	$ 436,311
MYR	26,297	7.19	188,965
Financial liabilities			
Monetary items			
SGD	31,081	22.36	695,131
MYR	74,881	7.19	538,083

31 December 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
SGD	$ 21,271	22.29	$ 474,125
MYR	28,692	7.19	206,193
Financial liabilities			
Monetary items			
SGD	4,476	22.29	99,780
MYR	54,912	7.19	394,615

30 September 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
SGD	$ 23,951	22.93	$ 549,302
MYR	23,684	7.55	178,922
Financial liabilities			
Monetary items			
SGD	4,327	22.93	99,235
MYR	37,116	7.55	280,400

For the nine months ended 30 September 2017 and 2016, net foreign exchange gains (losses) were $666 thousand and $2,101 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.

30. 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: None.

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.

31. 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
1 January 2017 to 30 September 2017						
External customer	$ 958,302	$ 932,577	$ 1,890,879	$ 4,289	$ -	$ 1,895,168
Inter-company	12	453,662	453,674	22,760	(476,434)	-
Segment revenue	$ 958,314	$ 1,386,239	$ 2,344,553	$ 27,049	$ (476,434)	$ 1,895,168
Segment profit (loss)	$ 27,813	$ 79,633	$ 107,446	$ (12,505)	$ 853	$ 95,794
1 January 2016 to 30 September 2016						
External customer	$ 1,100,215	$ 758,126	$ 1,858,341	$ 5,867	$ -	$ 1,864,208
Inter-company	878	454,871	455,749	7,997	(463,746)	-
Segment revenue	$ 1,101,093	$ 1,212,997	$ 2,314,090	$ 13,864	$ (463,746)	$ 1,864,208
Segment profit (loss)	$ 95,654	$ 98,805	$ 194,459	$ (21,080)	$ 894	$ 174,273

Note 1: Other operating segments are those which never meet the quantitative thresholds for reportable segment.

Note 2: Inter-segment revenues are eliminated on consolidation and recorded under the “adjustment and elimination” column.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017
(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 nine months ended 30 September 2017						
1	MKP Company	KSFC Company	c	Sales	$ 337,340	Normal	18
		KSFC Company	c	Advanced received	25,274	Normal	1
		LKP Company	c	Sales	52,340	Normal	3
		LKP Company	c	Trade receivables	11,481	Normal	1
		LKP Company	c	Other receivables	22,995	Normal	1
		KSA Company	c	Purchases	62,345	Normal	3
2	KSA Company	KSR Company	c	Other receivables	32,541	Normal	1
3	KSFC Company	KSO Company	c	Other receivables	23,166	Normal	1
4	KSO Company	KSFC Company	c	Sales	10,249	Normal	1
5	CLI Company	KSFC Company	c	Sales	12,484	Normal	1
		KSFC Company	c	Trade receivables	13,084	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.

TABLE 2

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017
(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	$ 228,122 (SGD 10,200)	$ 67,095 (SGD 3,000)	$ - (SGD -)		b	$ -	Working capital	$ -	-	$ -	$ 861,104	$ 861,104
1	KSH Company	MKP Company	Other receivables	Yes	32,336 (MYR 4,500)	- (MYR -)	- (MYR -)		b	-	Working capital	-	-	-	861,104	861,104
		YKH Company	Other receivables	Yes	2,264 (MYR 315)	2,264 (MYR 315)	2,264 (MYR 315)		b	-	Working capital	-	-	-	861,104	861,104
		KSA Company	Other receivables	Yes	117,748 (MYR 16,386)	- (MYR -)	- (MYR -)	5.00%	b	-	Working capital	-	-	-	344,442	861,104
2	MKP Company	LKP Company	Other receivables	Yes	28,743 (MYR 4,000)	28,743 (MYR 4,000)	22,995 (MYR 3,200)		b	-	Working capital	-	-	-	861,104	861,104
3	KSFC Company	KSO Company	Other receivables	Yes	22,365 (SGD 1,000)	22,365 (SGD 1,000)	22,365 (SGD 1,000)	5.25%	b	-	Working capital	-	-	-	344,442	861,104
4	MW Company	MKP Company	Other receivables	Yes	3,090 (MYR 430)	3,090 (MYR 430)	3,090 (MYR 430)		b	-	Working capital	-	-	-	861,104	861,104
5	CLI Company	KSFC Company	Other receivables	Yes	8,946 (SGD 400)	8,946 (SGD 400)	6,709 (SGD 300)		b	-	Working capital	-	-	-	861,104	861,104

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 SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017
(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 4)	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)										
1	KSH Company	MKP Company	b	$ 1,722,208	$ 284,940 (MYR 39,653)	$ 213,204 (MYR 29,670)	$ 73,025 (MYR 10,162)	$ 129,345	24.76	$ 3,444,416	N	N	N
		LKP Company	b	1,722,208	61,870 (MYR 8,610)	61,870 (MYR 8,610)	12,454 (MYR 1,733)	37,223	7.18	3,444,416	N	N	N
		KSFC Company	b	1,722,208	869,777 (SGD 38,890)	846,600 (SGD 37,854)	594,771 (SGD 26,594)	564,802	98.32	3,444,416	N	N	N
		KSR Company	b	1,722,208	27,429 (MYR 3,817)	26,161 (MYR 3,641)	36,318 (MYR 5,054)	26,161	3.04	3,444,416	N	N	N
		KSA Company	b	1,722,208	316,393 (MYR 44,030)	290,538 (MYR 40,432)	175,520 (MYR 24,426)	194,966	33.74	3,444,416	N	N	N
2	MKP Company	LKP Company	b	1,722,208	934 (MYR 130)	934 (MYR 130)	541 (MYR 75)	934	0.11	3,444,416	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 to individual company cannot exceeded of 200% of the Company's net assets.

Note 4: The maximum balance of endorsement/guarantee in total cannot exceeded of 400% of the Company's net assets.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of 30 September 2017			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				30 September 2017	31 December 2016	Shares	Percentage of Ownership	Carrying Amount			
The Company	KSH Company	Singapore	Investment holding	$ 292,190 (SGD 12,519)	$ 241,257 (SGD 10,219)	12,519,061	100	$ 942,704	$ 69,421 (SGD 3,159)	$ 69,421 (SGD 3,159)	Note
KSH Company	KSFC Company	Singapore	Slaughtering and poultry distribution	86,307 (SGD 3,800)	35,374 (SGD 1,500)	3,800,000	100	446,077 (SGD 19,945)	$ 23,492 (SGD 1,069)	$ 23,492 (SGD 1,069)	Note
	MKP Company	Malaysia	Poultry farming	181,332 (MYR 20,000)	145,621 (MYR 15,000)	13,000,000	100	180,300 (SGD 8,062)	(2,072) (SGD (94))	(1,228) (SGD (56))	Note
	YTH Company	Taiwan	Poultry farming and distribution	14,000	14,000	1,400,000	100	3,508 (SGD 157)	(1,078) (SGD (49))	(1,078) (SGD (49))	Note
	KSNF Company	Malaysia	Layer farming	- (MYR -)	- (MYR -)	2	100	(175) (SGD (8))	(29) (SGD (1))	(29) (SGD (1))	Note
	KSA Company	Malaysia	Poultry farming and distribution	108,778 (MYR 12,600)	108,778 (MYR 12,600)	12,600,000	70	177,163 (SGD 7,921)	62,204 (SGD 2,831)	43,543 (SGD 1,982)	Note
	YKH Company	Malaysia	Investment holding	- (MYR -)	- (MYR -)	2	100	(51) (SGD (2))	(136) (SGD (6))	(136) (SGD (6))	Note
	KSR Company	Malaysia	Property investment	6,261 (MYR 735)	6,261 (MYR 735)	735,000	49	5,483 (SGD 245)	(486) (SGD (22))	(238) (SGD (11))	Note
	KSO Company	Singapore	Processing and marking of seafood products	1,365 (SGD 60)	1,365 (SGD 60)	60,000	60	(10,394) (SGD (465))	(1,953) (SGD (89))	(1,172) (SGD (53))	Note
	CLI Company	Singapore	Transportation Support	11,145 (SGD 500)	11,145 (SGD 500)	500,000	100	16,603 (SGD 742)	5,377 (SGD 245)	5,377 (SGD 245)	Note
MKP Company	LKP Company	Malaysia	Processing and poultry distribution	60,976 (MYR 6,250)	60,976 (MYR 6,250)	400,000	100	23,593 (MYR 3,283)	207 (MYR 29)	207 (MYR 29)	Note
	MW Company	Malaysia	Property investment	5,949 (MYR 616)	5,949 (MYR 616)	616,000	100	5,238 (MYR 729)	43 (MYR 6)	43 (MYR 6)	Note
	KSJ Company	Malaysia	Manufacturing of poultry feed products	28,219 (MYR 3,000)	28,219 (MYR 3,000)	3,000,000	100	21,380 (MYR 2,975)	(14) (MYR (2))	(14) (MYR (2))	Note
YKH Company	KSR Company	Malaysia	Property investment	2,683 (MYR 315)	2,683 (MYR 315)	315,000	21	2,350 (MYR 327)	(486) (SGD (22))	(102) (SGD (5))	Note
KSH Company	Singapore Poultry Hub Pte. Ltd.	Singapore	Slaughtering and poultry distribution	2,897 (SGD 125)	3,440 (SGD 150)	125,000	25	2,795 (SGD 125)	- (SGD -)	- (SGD -)	
	Iceberg Cold Storage Pte. Ltd.	Singapore	Cold storage	1 (SGD -)	- (SGD -)	30	30	1 (SGD -)	- (SGD -)	- (SGD -)	

Note: Offset in the preparation of the consolidated financial statements.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017
(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	$ (337,340)	(83.21)	30 days	$ -	-	$ -	-	

Note: Offset in the preparation of the consolidated financial statements.