English Translation of a Report Originally Issued in Chinese

Kee Song Bio-Technology Holdings Limited and Subsidiaries

Consolidated Financial Statements for the Three Months Ended 31 March 2017 and 2016 and Independent Auditors' Review Report

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2017 AND 2016

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	31 March 2017 (Reviewed)		31 December 2016 (Audited)		31 March 2016 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 342,831	17	$ 497,048	30	$ 525,836	32
Trade receivables (Notes 4, 7 and 26)	177,302	9	184,201	11	214,813	13
Other receivables (Note 26)	28,393	1	28,500	2	21,600	1
Current tax assets (Note 4)	5,189	-	-	-	-	-
Inventories (Notes 4 and 8)	34,986	2	38,695	3	49,811	3
Biological assets - current (Notes 4 and 9)	119,106	6	115,436	7	123,205	8
Prepayments	55,890	3	31,164	2	23,580	1
Other financial assets - current (Note 27)	19,552	1	20,137	1	49,105	3
Total current assets	783,249	39	915,181	56	1,007,950	61
NON-CURRENT ASSETS						
Investments accounted for using equity method (Notes 4 and 11)	2,718	-	3,343	-	-	-
Property, plant and equipment (Notes 4, 12 and 27)	1,199,799	59	616,407	37	612,123	37
Intangible assets (Notes 4 and 13)	12,358	1	14,133	1	-	-
Prepayment for equipment	2,644	-	73,817	5	9,682	1
Long-term prepayments for lease (Note 14)	23,113	1	24,322	1	25,819	1
Total non-current assets	1,240,632	61	732,022	44	647,624	39
TOTAL	$ 2,023,881	100	$ 1,647,203	100	$ 1,655,574	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 15 and 27)	$ 23,020	1	$ 70,445	4	$ 40,032	2
Financial liabilities at fair value through profit or loss - current (Note 16)	554	-	332	-	348	-
Trade payables (Note 26)	168,579	8	153,261	9	144,299	9
Other payables (Notes 17 and 26)	99,943	5	141,727	9	239,101	14
Current tax liabilities (Note 4)	28,009	1	17,372	1	29,854	2
Bonds payable (Note 16)	152,939	8	152,029	9	-	-
Current portion of long-term borrowings (Notes 15 and 27)	56,399	3	23,228	2	26,873	2
Total current liabilities	529,443	26	558,394	34	480,507	29
NON-CURRENT LIABILITIES						
Bonds payable (Note 16)	-	-	-	-	182,368	11
Long-term borrowings (Notes 15 and 27)	578,376	29	177,381	11	96,528	6
Deferred tax liabilities (Note 4)	18,899	1	19,676	1	15,199	1
Total non-current liabilities	597,275	30	197,057	12	294,095	18
Total liabilities	1,126,718	56	755,451	46	774,602	47
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 16 and 18)						
Share capital						
Ordinary shares	363,995	18	363,995	22	354,639	21
Capital surplus	186,044	9	186,044	11	161,874	10
Retained earnings						
Special reserve	66,526	3	66,526	4	15,163	1
Unappropriated earnings	357,710	18	330,776	20	339,524	20
Total retained earnings	424,236	21	397,302	24	354,687	21
Other equity	(136,068)	(7)	(109,822)	(6)	(36,773)	(2)
Total equity attributable to owners of the Company	838,207	41	837,519	51	834,427	50
NON-CONTROLLING INTERESTS	58,956	3	54,233	3	46,545	3
Total equity	897,163	44	891,752	54	880,972	53
TOTAL	$ 2,023,881	100	$ 1,647,203	100	$ 1,655,574	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 31 March			
	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 26)	$ 605,397	100	$ 608,031	100
OPERATING COSTS (Notes 4, 8, 20 and 26)	(465,456)	(77)	(487,231)	(80)
GROSS PROFIT	139,941	23	120,800	20
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	(44,364)	(7)	(48,632)	(8)
General and administrative expenses	(43,454)	(7)	(38,130)	(6)
Total operating expenses	(87,818)	(14)	(86,762)	(14)
PROFIT FROM OPERATIONS	52,123	9	34,038	6
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 20)	1,402	-	1,952	-
Other gains and losses (Notes 20 and 26)	(3,388)	-	14,639	2
Finance costs (Note 20)	(4,024)	(1)	(3,120)	-
Total non-operating income and expenses	(6,010)	(1)	13,471	2
PROFIT BEFORE INCOME TAX	46,113	8	47,509	8
INCOME TAX EXPENSE (Notes 4 and 21)	(11,787)	(2)	(6,809)	(1)
NET PROFIT FOR THE PERIOD	34,326	6	40,700	7
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(28,915)	(5)	33,048	5
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 5,411	1	$ 73,748	12
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 26,934	5	$ 40,856	7
Non-controlling interests	7,392	1	(156)	-
	$ 34,326	6	$ 40,700	7

(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 31 March			
	2017		2016	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 688	-	$ 70,609	12
Non-controlling interests	4,723	1	3,139	-
	$ 5,411	1	$ 73,748	12
EARNINGS PER SHARE (Note 22)				
Basic	$0.74		$1.18	
Diluted	$0.69		$1.06	

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, Note Audited)

	Equity Attributable to Owners of the Company									
	Share Capital			Retained Earnings			Other Equity - Exchange Differences on Translating Foreign Operations			
	Shares (In Thousands)	Amount	Capital Surplus	Special Reserve	Unappropriated Earnings	Total		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
Equity component of convertible bonds issued by the Company	-	-	(1,342)	-	-	-	-	(1,342)	-	(1,342)
Net profit for the three months ended 31 March 2016	-	-	-	-	40,856	40,856	-	40,856	(156)	40,700
Other comprehensive income for the three months ended 31 March 2016, net of income tax	-	-	-	-	-	-	29,753	29,753	3,295	33,048
Total comprehensive income for the three months ended 31 March 2016	-	-	-	-	40,856	40,856	29,753	70,609	3,139	73,748
Convertible bonds converted to ordinary shares	858	8,582	24,160	-	-	-	-	32,742	-	32,742
BALANCE AT 31 MARCH 2016	35,464	$ 354,639	$ 161,874	$ 15,163	$ 339,524	$ 354,687	$ (36,773)	$ 834,427	$ 46,545	$ 880,972
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
Net profit for the three months ended 31 March 2017	-	-	-	-	26,934	26,934	-	26,934	7,392	34,326
Other comprehensive income (loss) for the three months ended 31 March 2017, net of income tax	-	-	-	-	-	-	(26,246)	(26,246)	(2,669)	(28,915)
Total comprehensive income (loss) for the three months ended 31 March 2017	-	-	-	-	26,934	26,934	(26,246)	688	4,723	5,411
BALANCE AT 31 MARCH 2017	36,399	$ 363,995	$ 186,044	$ 66,526	$ 357,710	$ 424,236	$ (136,068)	$ 838,207	$ 58,956	$ 897,163

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
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended 31 March	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 46,113	$ 47,509
Adjustments for:		
Depreciation expenses	13,433	12,914
Amortization expenses	1,289	-
Impairment loss recognized on trade receivables	34	844
Net loss (gain) on fair value change of financial liabilities designated as at fair value through profit or loss	222	(89)
Finance costs	4,024	3,120
Interest income	(969)	(1,952)
Loss on disposal of property, plant and equipment	-	42
Changes in operating assets and liabilities		
Trade receivables	6,513	(19,068)
Other receivables	107	655
Inventories	3,709	(13,493)
Biological assets	(8,974)	12,105
Prepayment	(24,726)	2,050
Trade payables	15,318	(16,971)
Other payables	(41,784)	15,655
Cash generated from operations	14,309	43,321
Interest received	969	1,952
Interest paid	(3,114)	(1,875)
Income tax paid	(6,337)	870
Net cash generated from operating activities	5,827	44,268
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investment under the equity method	(1)	-
Disposals for investment under the equity method	543	-
Acquisition of property, plant and equipment	(490,691)	(17,002)
Increase in other financial assets - current	-	(2,354)
Decrease in other financial assets - current	585	-
Increase in prepayments for equipment	(67,389)	(5,581)
Net cash used in investing activities	(556,953)	(24,937)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	9,876
Payment for short-term borrowings	(44,460)	-
Proceeds from long-term borrowings	434,166	4,719
Net cash generated from financing activities	389,706	14,595

(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 Three Months Ended 31 March	
	2017	**2016**
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	$ 10,168	$ (11,323)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(151,252)	22,603
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	493,191	496,061
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 341,939	$ 518,664

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at 31 March 2017 and 2016:

	For the Three Months Ended 31 March	
	2017	**2016**
Cash and cash equivalents in consolidated balance sheets	$ 342,831	$ 525,836
Bank overdrafts	(892)	(7,172)
Cash and cash equivalents in consolidated statements of cash flow	$ 341,939	$ 518,664

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'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 dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on 12 May 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. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC.

The FSC announced that amendments to IFRS 9 and IFRS 15 will take effect starting 1 January 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New and Revised Standards, Amendments and Interpretations	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
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 15 "Revenue from Contracts with Customers"	1 January 2018
Amendments to IFRS 15 "Clarifications to IFRS15 Revenue from Contracts with Customers"	1 January 2018
IFRS 16 "Leases"	1 January 2019
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.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

   Recognition and measurement 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 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.

   The impairment of financial assets

   IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". The credit 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.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

2) 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.

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) 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.

5) 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 shall apply IFRIC 22 either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after (a) the beginning of the reporting period in which the entity first applies IFRIC 22, or (b) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies IFRIC 22.

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 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.

Taxation

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

	31 March 2017	31 December 2016	31 March 2016
Cash on hand	$ 1,530	$ 2,076	$ 2,048
Cash at bank	182,982	262,321	168,086
Cash equivalent			
Time deposits with original maturity less than three months	158,319	232,651	355,702
	$ 342,831	$ 497,048	$ 525,836

7. TRADE RECEIVABLES

	31 March 2017	31 December 2016	31 March 2016
Trade receivables from unrelated parties	$ 185,162	$ 192,369	$ 216,238
Less: Allowance for impairment loss	(7,908)	(8,246)	(1,603)
	177,254	184,123	214,635
Trade receivables from related parties	48	78	178
Less: Allowance for impairment loss	-	-	-
	48	78	178
	$ 177,302	$ 184,201	$ 214,813

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

	1 January 2017 to 31 March 2017	1 January 2016 to 31 March 2016
Individually assessed for impairment		
Balance at the beginning	$ 8,246	$ 732
Add: Impairment losses recognized on receivables	34	844
Less: Amounts written off during the year as uncollectible	(20)	-
Exchange differences	(352)	27
Balance at the end	$ 7,908	$ 1,603

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	
31 March 2017	$ 153,111	$ 10,579	$ 3,375	$ 10,237	$ 177,302
31 December 2016	159,990	11,711	4,100	8,400	184,201
31 March 2016	171,961	21,234	11,355	10,263	214,813

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

8. INVENTORIES

	31 March 2017	31 December 2016	31 March 2016
Trading goods	$ 8,776	$ 8,909	$ 23,094
Finished goods	20,999	22,895	20,084
Raw materials	5,211	6,891	6,633
	$ 34,986	$ 38,695	$ 49,811

The cost of inventories recognized as cost of goods sold for the three months ended 31 March 2017 and 2016 was $465,456 thousand and $487,231 thousand, respectively.

The cost of goods sold for the three months ended 31 March 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	245,033	53,005	298,038
Depreciation during the period	-	(26,417)	(26,417)
Sold during the period	(242,410)	(41,316)	(283,726)
Exchange differences	4,176	4,484	8,660
Balance at 31 March 2016	$ 63,095	$ 60,110	$ 123,205
Balance at 1 January 2017	$ 74,406	$ 41,030	$ 115,436
Purchases during the period	327,040	24,672	351,712
Depreciation during the period	-	(10,161)	(10,161)
Sold during the period	(319,707)	(12,870)	(332,577)
Exchange differences	(3,445)	(1,859)	(5,304)
Balance at 31 March 2017	$ 78,294	$ 40,812	$ 119,106

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:

			Proportion of Ownership (%)		
Investor	Investee	Nature of Activities	31 March 2017	31 December 2016	31 March 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

	31 March 2017	31 December 2016	31 March 2016
Investments in associates	$ 2,718	$ 3,343	$ -

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	-	500	1,678	10,529	4,295	17,002
Disposals	-	-	-	(5,090)	-	(5,090)
Exchange differences	9,055	22,714	11,374	6,258	1,797	51,198
Balance at 31 March 2016	$ 108,520	$ 400,153	$ 259,151	$ 166,863	$ 28,524	$ 963,211
Accumulated depreciation						
Balance at 1 January 2016	$ -	$ 120,114	$ 123,042	$ 85,027	$ -	$ 328,183
Depreciation	-	4,684	3,650	4,580	-	12,914
Disposals	-	-	-	(5,048)	-	(5,048)
Exchange differences	-	7,995	3,763	3,281	-	15,039
Balance at 31 March 2016	$ -	$ 132,793	$ 130,455	$ 87,840	$ -	$ 351,088
Balance at 1 January 2016, net	$ 99,465	$ 256,825	$ 123,057	$ 70,139	$ 22,432	$ 571,918
Balance at 1 March 2016, net	$ 108,520	$ 267,360	$ 128,696	$ 79,023	$ 28,524	$ 612,123
Cost						
Balance at 1 January 2017	$ 106,617	$ 359,108	$ 253,413	$ 183,008	$ 61,118	$ 963,264
Additions	-	427,634	5,802	5,119	52,136	490,691
Disposals	-	-	-	(2,150)	-	(2,150)
Transfer in	-	137,332	-	-	-	137,332
Exchange differences	(4,760)	(19,194)	(8,546)	(5,816)	(4,709)	(43,025)
Balance at 31 March 2017	$ 101,857	$ 904,880	$ 250,669	$ 180,161	$ 108,545	$ 1,546,112

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Construction Progress and Equipment Awaiting Examination	Total
Accumulated depreciation						
Balance at 1 January 2017	$ -	$ 129,814	$ 131,456	$ 85,587	$ -	$ 346,857
Depreciation	-	4,138	4,141	5,154	-	13,433
Disposals	-	-	-	(2,150)	-	(2,150)
Exchange differences	-	(5,472)	(3,695)	(2,660)	-	(11,827)
Balance at 31 March 2017	$ -	$ 128,480	$ 131,902	$ 85,931	$ -	$ 346,313
Balance at 1 January 2017, net	$ 106,617	$ 229,294	$ 121,957	$ 97,421	$ 61,118	$ 616,407
Balance at 1 March 2017, net	$ 101,857	$ 776,400	$ 118,767	$ 94,230	$ 108,545	$ 1,199,799

(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 27.

13. INTANGIBLE ASSETS

	31 March 2017	31 December 2016	31 March 2016
Customer List	$ 12,358	$ 14,133	$ -

Except for amortization recognized, the Group did not have significant addition, disposal, or impairment of other intangible assets during the three months ended 31 March 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

	31 March 2017	31 December 2016	31 March 2016
Non-current assets	$ 23,113	$ 24,322	$ 25,819

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

	31 March 2017	31 December 2016	31 March 2016
Bank overdrafts	$ 892	$ 3,857	$ 7,172
Secured bank loans*	22,128	66,588	32,860
	$ 23,020	$ 70,445	$ 40,032

* The range of weighted average effective interest rate on bank loans was 5.55%-7.65%, 7.85% and 4.14%-7.85% per annum as of 31 March 2017, 31 December 2016 and 31 March 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	31 March 2017	31 December 2016	31 March 2016
Secured bank loans*	2000.05.13-2034.03.05	Principal and interest are paid monthly	$ 579,625	$ 152,734	$ 98,068
Finance leases*	2011.02.27-2020.10.29	Principal and interest are paid monthly	55,150	47,875	25,333
			634,775	200,609	123,401
Less: Current portion			(56,399)	(23,228)	(26,873)
Long-term borrowings			$ 578,376	$ 177,381	$ 96,528

* The range of weighted average effective interest rate on bank loans was 1.38%-8.13%, 1.98%-7.10% and 1.50%-8.13% per annum as of 31 March 2017, 31 December 2016 and 31 March 2016, respectively.

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

16. BONDS PAYABLE

a. Unsecured domestic convertible bonds

	31 March 2017	31 December 2016	31 March 2016
Principal amount	$ 158,200	$ 158,200	$ 193,200
Discounts on bonds payable	(5,261)	(6,171)	(10,832)
	152,939	152,029	182,368
Less: Current portion	(152,939)	(152,029)	-
	$ -	$ -	$ 182,368
Embedded derivatives	$ 554	$ 332	$ 348
Equity component	$ 6,379	$ 6,379	$ 7,790

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 31 March 2017, the conversion price was adjusted to NT$37.41 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 31 March 2017		**1 January 2016 to 31 December 2016**		**1 January 2016 to 31 March 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	-	-	68,300	1,793,000	33,300	858,000
Converted amount at the end	$ 91,800	2,399,000	$ 91,800	2,399,000	$ 56,800	1,464,000

17. OTHER PAYABLES

	31 March 2017	31 December 2016	31 March 2016
Payables for salaries or bonus	$ 30,598	$ 44,874	$ 32,119
Other payables - related parties	15,860	41,441	62,017
Payables for purchase or maintenance of equipment	25,309	25,399	125,393
Others	28,176	30,013	19,572
	$ 99,943	$ 141,727	$ 239,101

18. EQUITY

Share Capital - Ordinary Shares

	31 March 2017	31 December 2016	31 March 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)	36,399	36,399	35,464
Shares issued	$ 363,995	$ 363,995	$ 354,639

As at 31 March 2016, the bonds holders had exercised their right to convert bonds into 2,399,500 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

	31 March 2017	31 December 2016	31 March 2016
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Additional paid-in capital	$ 113,106	$ 113,106	$ 113,106
Arising from conversion of bonds	66,559	66,559	40,978
May not be used for any purpose			
Arising from share options	6,379	6,379	7,790
	$ 186,044	$ 186,044	$ 161,874

* 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).

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 year ended 31 December 2016 and 2015 was resolved by the board of directors on 17 March 2017 and approved by the shareholders' meeting held 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	1.33	1.48

The appropriations of earnings for 2016 are subject to the resolution of the shareholders' meeting to be held on 19 June 2017.

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 January 2017 to 31 March 2017	1 January 2016 to 31 March 2016
Revenue from the sale of goods	$ 605,397	$ 608,031

20. COMPREHENSIVE INCOME ITEM DETAILS

a. Other income

	1 January 2017 to 31 March 2017	1 January 2016 to 31 March 2016
Interest income	$ 969	$ 1,952
Others	433	-
	$ 1,402	$ 1,952

b. Other gains and losses

	1 January 2017 to 31 March 2017	1 January 2016 to 31 March 2016
Net foreign exchange (loss) gains	$ (6,831)	$ 10,387
Loss on disposal of property, plant and equipment	-	(42)
Net (loss) gain arising on financial liabilities designated as at FVTPL	(222)	89
Others	3,665	4,205
	$ (3,388)	$ 14,639

c. Finance costs

	1 January 2017 to 31 March 2017	1 January 2016 to 31 March 2016
Interest on bank borrowings	$ 3,114	$ 1,875
Interest on convertible bonds	910	1,245
	$ 4,024	$ 3,120

d. Depreciation

	1 January 2017 to 31 March 2017	1 January 2016 to 31 March 2016
Property, plant and equipment	$ 13,433	$ 12,914
An analysis of depreciation by function		
Operating costs	$ 8,026	$ 7,827
Operating expenses	5,407	5,087
	$ 13,433	$ 12,914
Long-term prepayments for lease	$ 125	$ -
Intangible assets	1,164	-
	$ 1,289	$ -
An analysis of depreciation by function		
Operating costs	$ 125	$ -
Operating expenses	1,164	-
	$ 1,289	$ -

e. Employee benefits expense

	For the Three Months Ended 31 March					
	2017			2016		
	Cost of Sales	Operating expenses	Total	Cost of Sales	Operating expenses	Total
Salaries	$ 26,645	$ 47,075	$ 73,720	$ 29,053	$ 46,069	$ 75,122
Provident fund and post-employee benefits - defined contribution plans	1,266	3,533	4,799	1,389	3,644	5,033
Other employee benefits	5,684	3,200	8,884	4,283	3,350	7,633
	$ 33,595	$ 53,808	$ 87,403	$ 34,725	$ 53,063	$ 87,788

For the three months ended 31 March 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 resolved by the board of directors on 17 March 2017 and for 2015 approved in the shareholders' meetings on 27 June 2016 were $0 thousand each. The amounts of the employees' bonus and the remuneration to directors for 2016 are subject to the approval of the shareholders in their meeting to be held on 19 June 2017.

There was no difference between the amounts of the bonus to employees and the remuneration to directors resolved by the board of directors on 17 March 2017 and the amounts of the bonus to employees and the remuneration to directors approved in the shareholders' meetings 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 employees' bonus and remuneration to directors for 2016 approved by the Company's board of directors in 2017 and the bonus to employees, directors and supervisors for 2015 resolved by the shareholders' meeting in 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 January 2017 to 31 March 2017	1 January 2016 to 31 March 2016
Current tax		
In respect of the current period	$ 11,264	$ 5,717
Adjustments for prior years	521	-
Deferred tax		
In respect of the current period	145	1,411
Adjustments for prior years	(143)	-
Effect of tax rate changes	-	(319)
Income tax expense recognized in profit or loss	$ 11,787	$ 6,809

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:

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

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 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 January 2017 to 31 March 2017	1 January 2016 to 31 March 2016
Earnings used in computation of basic earnings per share	$ 26,934	$ 40,856
Convertible bonds	1,132	1,066
Earnings used in computation of diluted earnings per share	$ 28,066	$ 41,922

Weighted Average Number of Ordinary Shares Outstanding

(In Thousand Shares)

	1 January 2017 to 31 March 2017	1 January 2016 to 31 March 2016
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	36,399	34,730
Effect of potentially dilutive ordinary shares		
Convertible bonds	4,229	4,979
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	40,628	39,709

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:

	31 March 2017	31 December 2016	31 March 2016
Not later than 1 year	$ 4,443	$ 5,156	$ 5,969
Later than 1 year and not later than 5 years	166	486	1,751
	$ 4,609	$ 5,642	$ 7,720

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.

	31 March 2017		31 December 2016		31 March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities						
Financial liabilities measured at amortized cost						
Convertible bonds	$ 152,939	$ 164,528	$ 152,029	$ 170,065	$ 182,368	$ 207,593

2) Fair value hierarchy

31 March 2017

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost				
Convertible bonds	$ 164,528	$ -	$ -	$ 164,528

31 December 2016

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

31 March 2016

	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost				
Convertible bonds	$ 207,593	$ -	$ -	$ 207,593

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

1) Fair value hierarchy

31 March 2016

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Embedded derivatives	$	$ 554	$	$ 554

31 December 2016

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

31 March 2016

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Embedded derivatives	$ -	$ 348	$ -	$ 348

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

	31 March 2017	31 December 2016	31 March 2016
Financial assets			
Loans and receivables (Note 1)	$ 566,548	$ 727,810	$ 809,306
Financial liabilities			
Financial liabilities at FVTPL held for trading	554	332	348
Amortized cost (Note 2)	1,079,256	718,071	729,201

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.

	31 March 2017	**31 December 2016**	**31 March 2016**
Fair value interest rate risk			
Financial assets	$ 19,552	$ 20,137	$ 49,105
Cash flow interest rate risk			
Financial assets	341,301	494,972	523,788
Financial liabilities	(810,734)	(423,083)	(163,433)

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 three months ended 31 March 2017 and 2016 would decrease/increase by $469 thousand and $360 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 March 2017, 31 December 2016 and 31 March 2016, trade receivables from top ten customers represent 57%, 52% and 60% 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
31 March 2016				
Trade payable	$ 267,702	$ 820	$ -	$ -
Bonds payable	161,380	-	-	-
Borrowings	120,580	103,818	148,730	487,814
	$ 549,662	$ 104,638	$ 148,730	$ 487,814
31 December 2016				
Trade payables	$ 294,988	$ -	$ -	$ -
Bonds payable	161,380	-	-	-
Borrowings	105,663	49,494	64,470	93,729
	$ 562,031	$ 49,494	$ 64,470	$ 93,729
31 March 2016				
Trade payable	$ 383,400	$ -	$ -	$ -
Bonds payable	-	197,083	-	-
Borrowings	67,879	39,509	25,174	51,580
	$ 451,279	$ 236,592	$ 25,174	$ 51,580

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

(Continued)

Related Parties Names	Related Parties Categories
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

(Concluded)

b. Sales of goods

Related Parties Categories	**1 January 2017 to 31 March 2017**	**1 January 2016 to 31 March 2016**
Other related parties	$ 337	$ 355

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

c. Purchases of goods

Related Parties Categories	**1 January 2017 to 31 March 2017**	**1 January 2016 to 31 March 2016**
Other related parties	$ 3,989	$ 9,344

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 January 2017 to 31 March 2017**	**1 January 2016 to 31 March 2016**
Key management personnel	$ 63	$ 71

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 January 2017 to 31 March 2017**	**1 January 2016 to 31 March 2016**
Other related parties	$ 87	$ 92

f. Trade receivables from related parties

Related Parties Categories	**31 March 2017**	**31 December 2016**	**31 March 2016**
Other related parties	$ 48	$ 78	$ 178

g. Other receivable from related parties

Related Parties Categories	31 March 2017	31 December 2016	31 March 2016
Other related parties	$ 99	$ 102	$ 35

h. Trade payables to related parties

Related Parties Categories	31 March 2017	31 December 2016	31 March 2016
Other related parties	$ 1,585	$ 1,121	$ 4,294

i. Other payables to related parties

Related Parties Categories	31 March 2017	31 December 2016	31 March 2016
Key management personnel - Ong Kian San	$ -	$ 15,836	$ 17,252
Other related parties - Lee Kim Kiong	5,287	13,525	15,451
Other related parties	10,573	12,080	29,314
	$ 15,860	$ 41,441	$ 62,017

j. Compensation of key management personnel

	1 January 2017 to 31 March 2017	1 January 2016 to 31 March 2016
Short-term employee benefits	$ 9,976	$ 9,549
Post-employment benefits	518	570
	$ 10,494	$ 10,119

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral:

	31 March 2017	31 December 2016	31 March 2016
Property, plant and equipment	$ 858,354	$ 242,647	$ 219,479
Other financial assets - time deposits	19,552	20,137	49,105
	$ 877,906	$ 262,784	$ 268,584

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 finds 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:

31 March 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
SGD	$ 17,391	21.74	$ 378,072
MYR	21,115	6.87	144,963
Financial liabilities			
Monetary items			
SGD	26,129	21.74	568,050
MYR	52,028	6.87	357,197

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

31 March 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
SGD	$ 26,522	23.85	$ 632,459
MYR	18,214	8.22	149,628
Financial liabilities			
Monetary items			
SGD	4,040	23.85	96,337
MYR	45,272	8.22	371,912

For the three months ended 31 March 2017 and 2016, net foreign exchange gains (losses) were $(6,831) thousand and $10,387 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 31 March 2017						
External customer	$ 332,854	$ 271,375	$ 604,229	$ 1,168	$ -	$ 605,397
Inter-company	11	160,912	160,923	5,612	(166,535)	-
Segment revenue	$ 332,865	$ 432,287	$ 765,152	$ 6,780	$ (166,535)	$ 605,397
Segment profit (loss)	$ 21,205	$ 34,300	$ 55,505	$ (10,086)	$ 694	$ 46,113
1 January 2016 to 31 March 2016						
External customer	$ 367,409	$ 237,883	$ 605,292	$ 2,739	$ -	$ 608,031
Inter-company	268	151,475	151,743	2,156	(153,899)	-
Segment revenue	$ 367,677	$ 389,358	$ 757,035	$ 4,895	$ (153,899)	$ 608,031
Segment profit (loss)	$ 35,809	$ 9,811	$ 45,620	$ 1,630	$ 259	$ 47,509

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.

TABLE 1

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED 31 MARCH 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 three months ended 31 March 2017						
0	The Company	KSFC Company	a	Other receivables	$ 126,093	Normal	6
1	MKP Company	KSFC Company	c	Sales	120,058	Normal	20
		KSFC Company	c	Advanced received	40,988	Normal	2
		LKP Company	c	Sales	16,609	Normal	3
		LKP Company	c	Other receivables	21,970	Normal	1
		KSA Company	c	Purchases	20,320	Normal	3
2	KSH Company	KSA Company	c	Other receivables	37,177	Normal	2
3	KSA Company	KSR Company	c	Other receivables	44,403	Normal	2
4	KSFC Company	KSO Company	c	Other receivables	22,146	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 SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED 31 MARCH 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	$ 156,529 (SGD 7,200)	$ 156,529 (SGD 7,200)	$ 126,092 (SGD 5,800)		b	$ -	Working capital	$ -	-	$ -	$ 838,207	$ 838,207
1	KSH Company	MKP Company	Other receivables	Yes	30,895 (MYR 4,500)	30,895 (MYR 4,500)	- (MYR -)		b	-	Working capital	-	-	-	838,207	838,207
		YKH Company	Other receivables	Yes	2,163 (MYR 315)	2,163 (MYR 315)	2,163 (MYR 315)		b	-	Working capital	-	-	-	838,207	838,207
		KSA Company	Other receivables	Yes	112,499 (MYR 16,386)	112,499 (MYR 16,386)	36,847 (MYR 5,367)	5.00%	b	-	Working capital	-	-	-	335,283	838,207
2	MKP Company	LKP Company	Other receivables	Yes	27,462 (MYR 4,000)	27,462 (MYR 4,000)	21,970 (MYR 3,200)		b	-	Working capital	-	-	-	838,207	838,207
3	KSFC Company	KSO Company	Other receivables	Yes	21,740 (SGD 1,000)	21,740 (SGD 1,000)	21,740 (SGD 1,000)	5.25%	b	-	Working capital	-	-	-	335,283	838,207

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.

TABLE 3

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED 31 MARCH 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 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)										
1	KSH Company	MKP Company	c	$ 1,676,414	$ 272,239 (MYR 39,653)	$ 272,239 (MYR 39,653)	$ 892 (MYR 130)	$ -	32.48	$ 1,676,414	N	N	N
		LKP Company	c	1,676,414	59,112 (MYR 8,610)	59,112 (MYR 8,610)	14,099 (MYR 2,054)	-	7.05	1,676,414	N	N	N
		KSFC Company	c	1,676,414	736,721 (SGD 33,888)	725,118 (SGD 33,354)	506,048 (SGD 23,277)	665,991	86.51	1,676,414	N	N	N
		KSR Company	c	1,676,414	26,206 (MYR 3,817)	26,206 (MYR 3,817)	20,972 (MYR 3,055)	54,247	3.13	1,676,414	N	N	N
		KSA Company	c	1,676,414	302,289 (MYR 44,030)	302,289 (MYR 44,030)	110,010 (MYR 16,023)	85,463	36.06	1,676,414	N	N	N
2	MKP Company	LKP Company	c	1,676,414	893 (MYR 130)	893 (MYR 130)	602 (MYR 88)	-	0.11	1,676,414	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 in total and to individual company cannot exceeded of 200% of the Company's net assets.

KEE SONG BIO-TECHNOLOGY HOLDINGS LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE THREE MONTHS ENDED 31 MARCH 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of 31 March 2017			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				31 March 2017	31 December 2016	Shares	Percentage of Ownership	Carrying Amount			
The Company	KSH Company	Singapore	Investment holding	$ 241,257 (SGD 10,219)	$ 241,257 (SGD 10,219)	10,219,061	100	$ 828,693	$ 36,043 (SGD 1,643)	$ 36,043 (SGD 1,643)	Note
KSH Company	KSFC Company	Singapore	Slaughtering and poultry distribution	35,374 (SGD 1,500)	35,374 (SGD 1,500)	1,500,000	100	378,961 (SGD 17,431)	18,757 (SGD 855)	18,757 (SGD 855)	Note
	MKP Company	Malaysia	Poultry farming	145,621 (MYR 15,000)	145,621 (MYR 15,000)	8,000,000	100	139,697 (SGD 6,426)	(289) (SGD (13))	581 (SGD 26)	Note
	YTH Company	Taiwan	Poultry farming and distribution	14,000	14,000	1,400,000	100	4,378 (SGD 202)	(207) (SGD (9))	(207) (SGD (9))	Note
	KSNF Company	Malaysia	Layer farming	- (MYR -)	- (MYR -)	2	100	(145) (SGD (7))	(6) (SGD -)	(6) (SGD -)	Note
	KSA Company	Malaysia	Poultry farming and distribution	108,778 (MYR 12,600)	108,778 (MYR 12,600)	12,600,000	70	144,451 (SGD 6,644)	25,784 (SGD 1,176)	18,049 (SGD 823)	Note
	YKH Company	Malaysia	Investment holding	- (MYR -)	- (MYR -)	2	100	4 (SGD -)	(82) (SGD (4))	(82) (SGD (4))	Note
	KSR Company	Malaysia	Property investment	6,261 (MYR 735)	6,261 (MYR 735)	735,000	49	5,305 (SGD 244)	(346) (SGD (16))	(170) (SGD (8))	Note
	KSO Company	Singapore	Processing and marking of seafood products	1,365 (SGD 60)	1,365 (SGD 60)	60,000	60	(9,300) (SGD (428))	(598) (SGD (27))	(359) (SGD (16))	Note
	CLI Company	Singapore	Transportation Support	11,145 (SGD 500)	11,145 (SGD 500)	500,000	100	11,653 (SGD 536)	841 (SGD 38)	841 (SGD 38)	Note
MKP Company	LKP Company	Malaysia	Processing and poultry distribution	60,976 (MYR 6,250)	60,976 (MYR 6,250)	4,000,000	100	21,944 (MYR 3,196)	(402) (MYR (58))	(402) (MYR (58))	Note
	MW Company	Malaysia	Property investment	5,949 (MYR 616)	5,949 (MYR 616)	616,000	100	4,999 (MYR 728)	38 (MYR 5)	38 (MYR 5)	Note
	KSJ Company	Malaysia	Manufacturing of poultry feed products	28,219 (MYR 3,000)	28,219 (MYR 3,000)	3,000,000	100	20,417 (MYR 2,974)	(24) (MYR (3))	(24) (MYR (3))	Note
YKH Company	KSR Company	Malaysia	Property investment	2,683 (MYR 315)	2,683 (MYR 315)	315,000	21	2,274 (MYR 331)	(346) (SGD (16))	(73) (SGD (3))	Note
KSH Company	Singapore Poultry Hub Pte. Ltd.	Singapore	Slaughtering and poultry distribution	2,897 (SGD 125)	3,440 (SGD 150)	125,000	25	2,717 (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 THREE MONTHS ENDED 31 MARCH 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	$ (120,058)	(87.48)	30 days	$ -	-	$ -	-	