PHARMAENGINE, INC AND ITS SUBISIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2016 AND 2015

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of PharmaEngine, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of PharmaEngine, Inc. and its subsidiary (the "Group") as at December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Accuracy of licensing revenue recognition

<u>Description</u>

The Group is mainly engaged in technology out-licensing. The licensing revenue amounted to NT$1,126,107 thousand, constituting 99% of total operating revenue for the year ended December 31, 2016. Please refer to Note 4(18) for accounting policy on licensing revenue recognition. As the Group recognizes revenue in accordance with the terms and conditions specified in each license contract, and the amount of revenue is significant, we consider the accuracy of licensing revenue recognition a key audit matter.

<u>How our audit addressed the matter</u>

Our audit procedures relative to the above key audit matter included:

1. Obtaining management's policy on licensing revenue, and confirming whether the recognition of licensing revenue has been properly reviewed and approved.
2. Checking the contents of license contract, and confirming whether management's judgment on revenue recognition is in accordance with the terms of the contract.
3. Confirming whether amount is recognized in proper period.
4. Obtaining proper supporting documents.
5. Confirming whether there is no significant concern on the collectibility of revenue.

Existence of cash in banks

<u>Description</u>

The balance of cash and cash equivalents amounted to NT$1,841,117 thousand at December 31, 2016, constituting 47% of consolidated total assets. Cash equivalents refers to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As of December 31, 2016, time deposits that did not meet the definition of cash equivalents amounted to NT$2,067,731 thousand, constituting 52% of consolidated total assets and were classified as other current financial assets. Given that cash in banks comprise a large percentage of consolidated total assets, we consider the existence of cash in banks a key audit matter.

<u>How our audit addressed the matter</u>

Our audit procedures relative to the above key audit matter included:

1. Confirmimg the special agreement on bank accounts with financial institutions including existence, rights and obligations.
2. Verifying whether the contact information of the bank is true and correct.
3. Obtaining bank reconciliation at end of period and checking unusual adjustments, if any.
4. Inspecting the source documents of significant cash receipts and payments to verify that the transactions are for business needs.
5. For foreign currency deposits maintained overseas, understanding the reasonableness of motive and objective, valuation reputation and financial conditions of foreign bank, and verifying the existence of foreign bank.

6. Conducting physical inspection of certificates of deposit.
7. Confirming whether time deposits are properly classified in the balance sheet.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of PharmaEngine, Inc. as at and for the years ended December 31, 2016 and 2015.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Teng, Sheng-Wei	Audrey Tseng

for and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PHARMAENGINE, INC. AND ITS SUBISIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,841,117	47	$ 432,516	14
1170	Accounts receivable, net	6(2)	4,464	-	4,181	-
1200	Other receivables		10,016	-	5,565	-
130X	Inventories	6(3)	10,185	-	-	-
1410	Prepayments		1,671	-	1,284	-
1476	Other current financial assets	6(4)	2,067,731	52	2,719,785	84
1479	Other current assets		549	-	257	-
11XX	**Total current assets**		3,935,733	99	3,163,588	98
	Non-current assets					
1600	Property, plant and equipment	6(5)	9,929	1	12,031	-
1780	Intangible assets		651	-	488	-
1840	Deferred income tax assets	6(19)	7,991	-	58,682	2
1900	Other non-current assets	6(6)	4,957	-	3,793	-
15XX	**Total non-current assets**		23,528	1	74,994	2
1XXX	**Total assets**		$ 3,959,261	100	$ 3,238,582	100

(Continued)

PHARMAENGINE, INC. AND ITS SUBISIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
	Current liabilities					
2150	Notes payable		$ 299	-	$ 3,914	-
2200	Other payables	6(7)	74,467	2	32,836	1
2230	Current income tax liabilities	6(19)	74,274	2	28,768	1
2300	Other current liabilities		998	-	822	-
21XX	**Total current liabilities**		150,038	4	66,340	2
	Non-current liabilities					
2570	Deferred income tax liabilities	6(19)	10,445	-	13,071	-
2XXX	**Total liabilities**		160,483	4	79,411	2
	Share capital	6(10)				
3110	Common stock		1,224,592	31	1,019,650	32
	Capital surplus	6(11)				
3200	Capital surplus		1,773,870	45	1,811,149	57
	Retained earnings	6(12)(19)				
3310	Legal reserve		51,761	1	12,359	-
3350	Unappropriated retained earnings		748,850	19	403,310	12
	Other equity interest					
3400	Other equity interest		(295)	-	(42)	-
3500	Treasury shares	6(10)	-	-	(87,255)	(3)
3XXX	**Total equity**		3,798,778	96	3,159,171	98
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 3,959,261	100	$ 3,238,582	100

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

PHARMAENGINE, INC. AND ITS SUBISIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
4000	**Operating revenue**	6(13)	$ 1,134,782	100	$ 507,244	100
5000	**Operating costs**	6(3)(14)(17)(18)	(2,003)	-	(6,836)	(2)
5900	**Gross profit**		1,132,779	100	500,408	98
	Operating expenses	6(17)(18) and 7(1)				
6100	Selling expenses		(27,396)	(3)	-	-
6200	General and administrative expenses		(102,500)	(9)	(58,342)	(11)
6300	Research and development expenses		(194,760)	(17)	(114,740)	(23)
6000	**Total operating expenses**		(324,656)	(29)	(173,082)	(34)
6900	**Operating income**		808,123	71	327,326	64
	Non-operating income and expenses					
7010	Other income	6(15) and 7(1)	30,207	3	30,371	6
7020	Other gains and losses	6(16)	(423)	-	49,295	10
7000	**Total non-operating income and expenses**		29,784	3	79,666	16
7900	**Profit before income tax**		837,907	74	406,992	80
7950	Income tax expense	6(19)	(148,282)	(13)	(12,970)	(2)
8200	**Profit for the year**		$ 689,625	61	$ 394,022	78
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss (before tax)					
8361	Exchange differences on translation		($ 253)	-	($ 42)	-
8300	**Other comprehensive loss for the year, net**		($ 253)	-	($ 42)	-
8500	**Total comprehensive income for the year**		$ 689,372	61	$ 393,980	78
	Profit attributable to:					
8610	Owners of the parent		$ 689,625	61	$ 394,022	78
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 689,372	61	$ 393,980	78
	Earnings per share (in dollars)	6(20)				
9750	**Basic earnings per share**		$	5.65	$	3.23
9850	**Diluted earnings per share**		$	5.61	$	3.20

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

PHARMAENGINE, INC. AND ITS SUBISIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Capital		Capital Reserves			Retained Earnings		Other Equity Interest		
	Notes	Common stock	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Treasury stock transactions	Employee stock warrants	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury shares	Total equity
2015											
Balance at January 1, 2015		$1,018,210	$ 4,095	$1,750,577	$ -	$ 30,054	$ -	$ 123,592	$ -	$ -	$2,926,528
Amortisation of compensation cost of employee stock options	6(9)	-	-	-	-	19,904	-	-	-	-	19,904
Exercise of employee stock options converted to shares	6(9)(10)	1,440	(4,095)	12,715	-	(2,101)	-	-	-	-	7,959
Appropriations of 2014 earnings	6(12)										
Legal reserve		-	-	-	-	-	12,359	(12,359)	-	-	-
Cash dividends		-	-	-	-	-	-	(101,945)	-	-	(101,945)
Repurchase of treasury shares	6(10)	-	-	-	-	-	-	-	-	(87,255)	(87,255)
Profit after income tax for 2015	6(12)	-	-	-	-	-	-	394,022	-	-	394,022
Other comprehensive loss for 2015		-	-	-	-	-	-	-	(42)	-	(42)
Balance at December 31, 2015		$1,019,650	$ -	$1,763,292	$ -	$ 47,857	$ 12,359	$ 403,310	($ 42)	($ 87,255)	$3,159,171
2016											
Balance at January 1, 2016		$1,019,650	$ -	$1,763,292	$ -	$ 47,857	$ 12,359	$ 403,310	($ 42)	($ 87,255)	$3,159,171
Amortisation of compensation cost of employee stock options	6(9)	-	-	-	-	61,517	-	-	-	-	61,517
Exercise of employee stock options converted to shares	6(9)(10)	1,820	-	21,244	-	(3,906)	-	-	-	-	19,158
Treasury shares transferred to employees		-	-	-	26,197	(40,770)	-	-	-	87,255	72,682
Appropriations of 2015 earnings	6(12)										
Legal reserve		-	-	-	-	-	39,402	(39,402)	-	-	-
Cash dividends		-	-	-	-	-	-	(101,561)	-	-	(101,561)
Stock dividends		203,122	-	-	-	-	-	(203,122)	-	-	-
Cash dividends from capital surplus		-	-	(101,561)	-	-	-	-	-	-	(101,561)
Profit after income tax for 2016	6(12)	-	-	-	-	-	-	689,625	-	-	689,625
Other comprehensive loss for 2016		-	-	-	-	-	-	-	(253)	-	(253)
Balance at December 31, 2016		$1,224,592	$ -	$1,682,975	$ 26,197	$ 64,698	$ 51,761	$ 748,850	($ 295)	$ -	$3,798,778

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

PHARMAENGINE, INC. AND ITS SUBISIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 837,907	$ 406,992
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(17)	2,690	1,371
Amortisation	6(17)	305	263
Loss on disposal of property, plant and equipment	6(16)	-	161
Amortisation of compensation cost of employees stock option	6(9)	61,517	19,904
Interest income	6(15)	(28,700)	(30,363)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(283)	1,437
Other receivables		(1,061)	1,832
Inventories		(10,185)	-
Current income tax assets		-	(1,557)
Prepayments		(387)	33
Other current assets		(292)	255
Changes in operating liabilities			
Notes payable		(3,615)	2,186
Notes payable - related parties		-	(201)
Other payables		41,631	17,562
Other current liabilities		176	7
Cash inflow generated from operations		899,703	419,882
Interest received		25,310	28,111
Income tax paid		(54,628)	-
Net cash flows from operating activities		870,385	447,993
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in other financial assets		652,054	(2,719,785)
Acquisition of property, plant and equipment	6(5)	(678)	(11,111)
Increase in computer software cost		(468)	(691)
Increase in other non-current assets		(1,164)	(1,017)
Net cash flows from (used in) investing activities		649,744	(2,732,604)
CASH FLOWS FROM FINANCING ACTIVITIES			
Employees stock options exercised		19,158	7,959
Cash dividends from capital surplus		(101,561)	-
Cash dividends distributed to shareholders		(101,561)	(101,945)
Transfer of treasury shares		72,682	-
Repurchase of treasury shares		-	(87,255)
Net cash flows used in financing activities		(111,282)	(181,241)
Effect of exchange rate changes		(246)	(42)
Net increase (decrease) in cash and cash equivalents		1,408,601	(2,465,894)
Cash and cash equivalents at beginning of year		432,516	2,898,410
Cash and cash equivalents at end of year		$ 1,841,117	$ 432,516

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

PHARMAENGINE, INC. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars,
except as otherwise indicated)

1. HISTORY AND ORGANIZATION

PharmaEngine, Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in August 2002. On September 18, 2012, the Company's common stock was officially listed on the GreTai Securities Market. The Company and its subsidiary (collectively referred herein as the "Group") are primarily engaged in the development of new medicine and therapeutic drugs for Asian rare disorders. The Company focuses on building effective corporate governance structure to enhance the Board of Directors' function, to display supervisors' function and improve management's principles and communication. Information transparency, stakeholders' interest and social responsibility area are enhanced to ensure the shareholders' equity interest. The Company has received a Certificate of Corporate Governance System CG6009 General Assessment issued by T5iwan Corporate Governance Association on September 30, 2014.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 7, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

None.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments as endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and operating results based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. Annual improvements to IFRSs 2010-2012 cycle

IFRS 2, 'Share-based payment'

The amendment clarifies that the definition of a 'vesting condition' includes only service condition and performance condition. The amendment revises the definition of 'service condition', 'performance condition' and 'market condition'.

B. Annual improvements to IFRSs 2012-2014 cycle

IAS 34, 'Interim financial reporting'

The amendment clarifies what is meant by the reference in the standard to "information disclosed elsewhere in the interim financial report". The amendment further amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and operating results based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'

The amendment clarifies that the fair value of a cash-settled award is determined on a basis consistent with that used for equity-settled awards. The amendment also clarifies the accounting for modifications that change an award from cash-settled to equity-settled. Besides, the amendment introduces an exception that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

B. IFRS 15, 'Revenue from contracts with customers'

IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Cost of obtaining contract

IFRS 15 requires that an entity capitalises the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Contract cost assets are amortised on a systematic basis consistent with the expected pattern of transfer of the related goods or services under the contract.

Licenses

Under IFRS 15, depending on the nature of licences, they are either (1) a promise to provide a right to access to an entity’s intellectual property as it exists throughout the licence period, or (2) a promise to provide a right to use an entity’s intellectual property as it exists at the point in time when the licence is granted.

Licences that meet all of the following criteria provide access to an entity’s intellectual property, and revenue is recognised based on the performance obligation's progress towards completion:

1. the contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights;
2. the rights granted by the licence directly expose the customer to any positive or negative effects of the entity’s activities identified above; and
3. those activities do not result in the transfer of a good or service to the customer as those activities occur.

If licences cannot meet all criteria listed above, the entity provides a right to use the entity's intellectual property. Revenue shall be recognised at the point in time at which the licence is granted to the customer.

Contract modification

A contract modification could change the scope of the contract, the price of the contract, or both. IFRS 15 states that an entity accounts for a contract modification as a separate contract if the scope of the contract increases because of the addition of distinct goods or services, and the price of the contract increases by an amount of consideration that reflects the entity’s standalone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

If a modification does not meet the above criteria, an entity should determine whether the remaining goods or services (including the increase of scope from the contract modification) are distinct from the goods or services transferred before the modification. If they are distinct, an entity shall account for the modification prospectively. If the remaining goods or services in the modification are not distinct, an entity accounts for a modification through a cumulative catch-up adjustment. The effect that the modification has on the transaction price, and the measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue at the date of modification.

C. Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from Contracts with Customers'

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

D. Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'

These amendments clarify the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, and they clarify several of the general principles underlying the accounting for deferred tax assets. The amendments clarify that a deductible temporary difference exists whenever an asset is measured at fair value and that fair value is below the asset's tax base. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers a deductible temporary difference in combination with all of its other deductible temporary differences unless there are tax law restrictions, and the tax deduction resulting from temporary differences is excluded from estimated future taxable profits.

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company significant transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2016	Ownership (%) December 31, 2015	Description
PharmaEngine, Inc.	PharmaEngine Europe SARL	Development and promotion of new drugs	100	100	

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains or losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the moving-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(9) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Computer and communication equipment	3 ~5 years
Testing equipment	5 years
Office equipment	5 years
Leasehold improvements	3 ~5 years

(10) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(11) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(12) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(13) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(14) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. The grant date of the above share-based payment arrangements is the date when the acquisition price and share amount are assured.

(15) <u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(16) <u>Share capital</u>

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

(17) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(18) Revenue recognition

A. Sales of goods

Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods to customers on the balance sheet date when the outcome of sales provided can be estimated reliably. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Sales of services are recognised as follows:

(a) Sales is recognised based on the percentage of actual services performed when the outcome of services provided can be estimated reliably.

(b) When the outcome of services cannot be estimated reliably, recoverability of costs incurred is considered for revenue recognition. If the costs are likely to be recoverable, revenue is recognised to the extent of costs incurred. If the costs are unlikely to be recoverable, revenue is not recognised and costs incurred are recognised as expense.

(c) When the outcome of services result in a loss, loss is immediately recognised. However, if loss is estimated to decrease in the following years, the decrease is reversed and recognised as revenue for the year.

C. Revenue is recognised when the license agreements meet all of the following criteria for revenue recognition:

(a) Royalties are fixed or cannot be refunded;

(b) Contracts are irrevocable;

(c) Licensee has the latitude in dealing with the related license; and

(d) Licensor has no other obligation after giving the license.

If license agreements do not meet the above conditions, royalties are recognized as revenue using a reasonable and systematic method. The recognition should not be a one-time recognition. In certain circumstances, the probability of receivables in license fee or royalties depend on the occurance of future events. In this case, only when the fee or royalty is likely to be received, generally referred to as the event occurs, revenue is recognized.

(19) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. There are no significant changes in accounting judgments, estimations and assumptions of uncertainties during the year.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2016		December 31, 2015	
Cash on hand and revolving funds	$	200	$	200
Checking accounts and demand deposits (including foreign currency)		289,208		128,385
Time deposits (including foreign currency)		1,551,709		303,931
	$	1,841,117	$	432,516

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Accounts receivable

	December 31, 2016		December 31, 2015	
Accounts receivable	$	4,464	$	4,181
Less: allowance for bad debts		-		-
	$	4,464	$	4,181

A. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	December 31, 2016		December 31, 2015	
Group 1 (Note)	$	3,804	$	1,459

Note: The only counterparty who has optimal credit.

B. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2016		December 31, 2015	
31 to 90 days	$	660	$	2,722

The above ageing analysis was based on past due date.

(3) Inventories

	December 31, 2016	December 31, 2015
Finished goods	$ 10,185	$ -

The cost of inventories recognised as expense for the year:

	Year ended December 31, 2016	Year ended December 31, 2015
Cost of goods sold	$ 463	$ -
Cost of services	1,540	6,836
	$ 2,003	$ 6,836

(4) Other financial assets

Item	December 31, 2016	December 31, 2015
Current item		
Other current financial assets-time deposits	$ 2,067,731	$ 2,719,785

The Group has no other current financial assets pledged to others.

(5) Property, plant and equipment

	Computer and communication equipment	Testing equipment	Office equipment	Leasehold improvements	Total
At January 1, 2016					
Cost	$ 1,113	$ 180	$ 3,046	$ 9,138	$ 13,477
Accumulated depreciation	(219)	(3)	(411)	(813)	(1,446)
	$ 894	$ 177	$ 2,635	$ 8,325	$ 12,031
2016					
Opening net book amount	$ 894	$ 177	$ 2,635	$ 8,325	$ 12,031
Additions	217	-	-	461	678
Depreciation charge	(219)	(30)	(507)	(1,934)	(2,690)
Net exchange difference	-	-	-	(90)	(90)
Closing net book amount	$ 892	$ 147	$ 2,128	$ 6,762	$ 9,929
At December 31, 2016					
Cost	$ 1,330	$ 180	$ 3,046	$ 9,599	$ 14,155
Accumulated depreciation	(438)	(33)	(918)	(2,837)	(4,226)
	$ 892	$ 147	$ 2,128	$ 6,762	$ 9,929

	Computer and communication equipment	Testing equipment	Office equipment	Leasehold improvements	Total	Prepayments for equipment (Note)
At January 1, 2015						
Cost	$ 178	$ 216	$ 88	$ 460	$ 942	$ 2,100
Accumulated depreciation	(70)	(189)	(48)	(283)	(590)	-
	$ 108	$ 27	$ 40	$ 177	$ 352	$ 2,100
2015						
Opening net book amount	$ 108	$ 27	$ 40	$ 177	$ 352	$ 2,100
Additions	935	180	2,958	7,038	11,111	-
Disposals	-	-	-	(161)	(161)	-
Transfers	-	-	-	2,100	2,100	(2,100)
Depreciation charge	(149)	(30)	(363)	(829)	(1,371)	-
Closing net book amount	$ 894	$ 177	$ 2,635	$ 8,325	$ 12,031	$ -
At December 31, 2015						
Cost	$ 1,113	$ 180	$ 3,046	$ 9,138	$ 13,477	$ -
Accumulated depreciation	(219)	(3)	(411)	(813)	(1,446)	-
	$ 894	$ 177	$ 2,635	$ 8,325	$ 12,031	$ -

Note: Shown as ‘Other non-current assets’.

(6) Other non-current assets

	December 31, 2016	December 31, 2015
Refundable deposits	$ 4,661	$ 3,793
Others	296	-
	$ 4,957	$ 3,793

(7) Other payables

	December 31, 2016	December 31, 2015
Accrued directors' and supervisors' remuneration and employees'	$ 53,478	$ 16,958
Employees' salary and compensation payable	13,039	10,584
Payables for commissioned research	239	2,717
Others	7,711	2,577
	$ 74,467	$ 32,836

(8) Pensions

A. Defined contribution plans

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2016 and 2015 were $1,793 and $1,488, respectively.

(c) The subsidiary, PharmaEngine Europe SARL, was established on November 13, 2015 and had no employee as of December 31, 2016.

(9) Share-based payment

A. For the years ended December 31, 2016 and 2015, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Third employee stock options plan	2011.05.27	680	8 years	1.59~3.59 years' service
Fourth employee stock options plan	2012.09.17	1,150	8 years	2~4 years' service
Fifth employee stock options plan	2014.06.18	450	8 years	2~4 years' service
Fifth employee stock options plan	2014.12.26	60	8 years	2~4 years' service
Fifth employee stock options plan	2015.03.19	490	8 years	2~4 years' service
Sixth employee stock options plan	2016.8.11	1,000	8 years	2~4 years' service
Treasury stock transferred to employees	2016.8.11	540	N/A	Vested immediately

The abovementioned share-based payment arrangements are equity-settled.

B. Details of the share-based payment arrangements are as follows:

	2016		2015	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,708	$ 173.76	1,413	$ 143.20
Options granted	1,000	210.50	490	237.50
Options exercised	(182)	88.16	(144)	69.76
Options forfeited	-	-	(51)	233.28
Options outstanding at December 31	2,526	194.47	1,708	173.76
Options exercisable at December 31	814		536	

Due to capitalization of earnings in 2016, weighted-average exercise price above had been adjusted.

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2016 and 2015 was $221.28 and $218.82, respectively.

D. As of December 31, 2016 and 2015, the range of exercise prices of stock options outstanding was $12.5～$262.5 (in dollars) for all periods; and the weighted-average remaining contractual period was 2~7.61 years and 3.01~6.87 years, respectively. Exercise prices of stock option had been adjusted due to capitalization of earnings in 2016.

E. The fair value of the Company's stock options are all measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars) (Note)	Exercise price (in dollars) (Note)	Expected price volatility	Expected option life	Expected dividends (in dollars)	Risk-free interest rate	Fair value per unit (in dollars) (Note)
Third employee stock options plan	2011.05.27	16.72	12.5	48.8%	8 years	0	0.32%	6.06~ 7.73
Fourth employee stock options plan	2012.09.17	97.08	97.5	39.7%	8 years	0	1.08%	15.26~ 26.82
Fifth employee stock options plan	2014.06.18	262.5	262.5	33.9%	8 years	0	1.43%	42.73
Fifth employee stock options plan	2014.12.26	229.6	229.6	40.9%	8 years	0	1.43%	44.63
Fifth employee stock options plan	2015.03.19	237.5	237.5	30.1%	8 years	0	1.35%	34.58
Sixth employee stock options plan	2016.08.11	210.5	210.5	31.6%	8 years	0	0.62%	31.75
Treasury stock transferred to employees	2016.08.11	210.5	135	N/A	N/A	N/A	N/A	N/A

Note: Due to capitalization of earnings in 2016, exercise price had been adjusted.

F. Expenses incurred on share-based payment transactions are shown below:

For the years ended December 31, 2016 and 2015, expenses incurred on share-based payment transactions were accrued at $61,517 and $19,904, respectively.

(10) Share capital

A. As of December 31, 2016, the Company's authorized capital was $1,500,000, consisting of 150 million shares of ordinary stock (including 15 million shares reserved for employee stock options), and the paid-in capital was $1,224,592, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.Movements in the number of the Company's ordinary shares outstanding are as follows (in thousand shares):

	2016	2015
At January 1	$ 101,425	$ 101,821
Employee stock options exercised	182	144
Repurchase of treasury shares	-	(540)
Stock dividends	20,312	-
At December 31	$ 121,919	$ 101,425

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2015	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Carrying amount
The Company	To be reissued to employees	540	$ 87,255

December 31, 2016: None.

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired.

(11) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Movements in capital reserve – additional paid-in capital and employee stock options are provided in the statements of changes in equity.

(12) Unappropriated retained earnings

	2016	2015
At January 1	$ 403,310	$ 123,592
Legal reserve appropriated	(39,402)	(12,359)
Cash dividends distributed to shareholders	(101,561)	(101,945)
Stock dividends distributed to shareholders	(203,122)	-
Profit after income tax for the year	689,625	394,022
At December 31	$ 748,850	$ 403,310

A. Under the Company's Articles of Incorporation prior to the Board of Directors' resolution on December 23, 2015, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The Board of Directors' authorised to propose the appropriation of the remainder, if any, which shall be approved by the stockholders at the stockholders' meeting, after taking into consideration point C below.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriation of earnings for 2015 was resolved by the stockholders during their meeting on June 15, 2016. Details are summarized below:

	2015	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 39,402	$ -
Cash dividends	101,561	1
Stock dividends	203,122	2
	$ 344,085	$ 3

The appropriation of 2015 earnings as resolved by the shareholders was in agreement with the appropriation as resolved by the Board of Directors.

E. The appropriation of 2016 earnings and legal reserve has yet to be resolved by the Board of Directors as of March 7, 2017.

F. For information about employees' compensation (bonus) and directors' and supervisors' remuneration, please refer to Note 6(18).

(13) Operating revenue

	Year ended December 31, 2016		Year ended December 31, 2015	
Licensing revenue based on milestones achieved	$	1,126,107	$	493,940
Sales revenue		6,724		-
Service revenue		1,951		13,304
	$	1,134,782	$	507,244

A. Licensing revenue for 2016 based on milestones achieved is revenue based on the supplementary agreement of collaboration contract signed in 2011, whereby Merrimack shall pay licensing revenue of USD35,500,000 totally to the Company when Merrimack submitted a new drug application to the Ministry of Food and Drug Safety(MFDS) in Korea, acquired the listing license of European Medicines Agency (EMA) and started to sale drug in Europe. The Company has recognised USD35,500,000 as licensing revenue in 2016. Payments for licensing revenue were all collected.

B. Licensing revenue for 2015 based on milestones achieved is revenue based on the supplementary agreement of collaboration contract signed in 2011, whereby Merrimack shall pay licensing revenue of USD5,000,000 and USD11,000,000 to the Company when Food and Drug Administration (FDA) and European Medicines Agency (EMA) accept Merrimack's application for drug permit license. The Company has recognised USD16,000,000 as licensing revenue in 2015. Payments for licensing revenue were all collected.

C. Service revenue is revenue received from research conducted by the Company and commissioned by Merrimack Pharmaceuticals Inc.

(14) Operating costs

	Year ended December 31, 2016		Year ended December 31, 2015	
Cost of services	$	1,540	$	6,836
Cost of sales				
- Cost of goods sold		463		-
	$	2,003	$	6,836

(15) Other income

	Year ended December 31, 2016		Year ended December 31, 2015	
Interest income from bank deposits	$	28,700	$	30,363
Other income		1,507		8
	$	30,207	$	30,371

(16) Other gains and losses

	Year ended December 31, 2016	Year ended December 31, 2015
Net currency exchange (loss) gain	($ 407)	$ 49,472
Loss on disposal of property, plant and equipment	-	(161)
Others	(16)	(16)
	($ 423)	$ 49,295

(17) Expenses by nature

	Year ended December 31, 2016	Year ended December 31, 2015
Employee benefit expense	$ 184,456	$ 92,170
Depreciation charges on property, plant and equipment	$ 2,690	$ 1,371
Amortisation charges on intangible assets	$ 305	$ 263

(18) Employee benefit expense

	Year ended December 31, 2016	Year ended December 31, 2015
Wages and salaries	$ 95,003	$ 55,669
Employee stock options	61,517	19,904
Labour and health insurance fees	3,026	2,384
Pension costs	1,793	1,488
Other personnel expenses	23,117	12,725
	$ 184,456	$ 92,170

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 2%~8% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2016 and 2015, employees' compensation was accrued at $35,652 and $8,479, respectively; while directors' and supervisors' remuneration was accrued at $17,826 and $8,479, respectively. The aforementioned amounts were recognised in salary expenses and other expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 4% and 2% of profit of current year distributable for the year ended December 31, 2016. The actual amounts for employees' compensation and directors' and supervisors' remuneration for the year ended December 31, 2016 as resolved by Board of Directors were $35,652 and $17,826, respectively, and employees' compensation was distributed in the form of cash.

Employees’ compensation and directors’ and supervisors’ remuneration for the year ended December 31, 2015 as resolved by the shareholders were in agreement with those amounts recognised in the 2015 financial statements. Employees’ compensation for 2015 was distributed in the form of cash.

Information about the appropriation of employees’ compensation and directors’ and supervisors’ remuneration by the Company as proposed by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(19) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31, 2016	Year ended December 31, 2015
Current tax:		
Current tax on profits for the year	$ 95,122	$ 33,341
Additional 10% income tax imposed on unappropriated earnings	4,993	929
Prior year income tax underestimate	102	-
Total current tax	100,217	34,270
Deferred tax:		
Origination and reversal of temporary differences	48,065	(21,300)
Income tax expense	$ 148,282	$ 12,970

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2016	Year ended December 31, 2015
Tax calculated based on profit before tax and statutory tax rate	$ 142,513	$ 69,189
Expense disallowed by tax regulation	347	274
Prior year income tax underestimate	429	-
Additional 10% income tax imposed on unappropriated earnings	4,993	929
Effect from investment tax credits	-	(13,977)
Effect from loss carryforward	-	(43,445)
Tax expense	$ 148,282	$ 12,970

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	2016				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
Temporary differences					
Amortisation of patents	$ 9,404	($ 1,422)	$ -	$ -	$ 7,982
Share-based payments	508	(508)	-	-	-
Unused compensated absences	9	-	-	-	9
Unused loss carryforward	48,761	(48,761)	-	-	-
	58,682	(50,691)	-	-	7,991
Deferred tax liabilities:					
Temporary difference					
Unrealised exchange gain	(13,071)	2,626	-	-	(10,445)
	$ 45,611	($ 48,065)	$ -	$ -	($ 2,454)

	2015				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
Temporary differences					
Amortisation of patents	$ 1,049	$ 8,355	$ -	$ -	$ 9,404
Share-based payments	508	-	-	-	508
Unused compensated absences	10	(1)	-	-	9
Unused loss carryforward	22,744	26,017	-	-	48,761
	24,311	34,371	-	-	58,682
Deferred tax liabilities:					
Temporary difference					
Unrealised exchange gain	-	(13,071)	-	-	(13,071)
	$ 24,311	$ 21,300	$ -	$ -	$ 45,611

D. Expiration dates of unused loss carryforward and amounts of unrecognised deferred tax assets are as follows:

The Company

December 31, 2015				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2006	$ 92,434	$ -	$ -	2016
2007	112,203	-	-	2017
2008	70,418	7,625	-	2018
2009	102,009	102,009	-	2019
2010	52,255	52,256	-	2020
2013	124,943	124,943	-	2023
	$ 554,262	$ 286,833	$ -	

Subsidiary - PharmaEngine Europe

December 31, 2015				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2015	$ 1,934	$ 1,934	$ 1,934	No such restriction in France

December 31, 2016: None.

E. The Company’s income tax returns through 2014 have been assessed and approved by the Tax Authority.

F. Unappropriated retained earnings:

	December 31, 2016	December 31, 2015
Earnings generated in and after 1998	$ 748,850	$ 403,310

G. The details of imputation tax credit account and creditable tax rate are as follows:

	December 31, 2016	December 31, 2015
Imputation tax credit account	$ 30,814	$ 3,099
	2016 (Estimate)	2015 (Actual)
Creditable tax rate	14.03%	8.54%

(20) Earnings per share

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net profit	$ 689,625	122,098	$ 5.65
Diluted earnings per share			
Net profit	$ 689,625	122,098	
Assumed conversion of all dilutive potential ordinary shares:			
Employee stock options	-	458	
Employees' compensation	-	286	
	$ 689,625	122,842	$ 5.61

	Year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net profit	$ 394,022	122,095	$ 3.23
Diluted earnings per share			
Net profit	$ 394,022	122,095	
Assumed conversion of all dilutive potential ordinary shares:			
Employee stock options	-	990	
Employees' compensation	-	42	
	$ 394,022	123,127	$ 3.20

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

A. Other income

	Year ended December 31, 2016	Year ended December 31, 2015
Other income		
-Entities with significant influence to the Company	$ 193	$ -

Other income arise from sales of testing equipment in the first quarter of 2016. The carrying amount was $0 and the gain (loss) on disposal was recorded as 'other income'.

B. Operating expenses:

	Year ended December 31, 2016	Year ended December 31, 2015
Rental expenses		
-Entities with significant influence to the Company	$ -	$ 128

Rental expense arose from lease of offices in Taipei City from the above entities. Rents are determined in accordance with mutual agreement, and payment term is prepaid notes to be cashed over installments. The lease has terms expiring between April 1 and March 31 of the following year. The Company terminated the lease of the offices from the above entities by the end of February, 2015. As of December 31, 2016 and 2015, the refundable deposits for the lease was $0.

(2) Key management compensation

	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and other short-term employee benefits	$ 67,471	$ 33,288
Post-employment benefits	310	216
Share-based payments	19,375	2,170
	$ 87,156	$ 35,674

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

The Company's significant commitments as of December 31, 2016 were as follows:

(1) The Company has signed a licensing and collaboration contract for NBTXR3 in Asia-Pacific region with Nanobiotix S.A. on August 6, 2012, and promised to pay license fee and a certain percentage of royalties based on the stage of completion and sales of products. The maximum license fees payable is USD56 million. The Company has paid upfront payment of approximately USD1 million, the first milestone payment of USD1 million and the second milestone payment of USD1 million in the third quarter of 2012, fourth quarter of 2014 and second quarter of 2016.

(2) The Company signed a drug research commissioned contract with Company A and B in 2015. Company A and B are responsible for clinical research. The total amount of contract was $37,430,000, of which $18,750,000 had already been paid as of December 31, 2016.

(3) The Company signed a drug research commissioned contract with Company A in 2016. Company A is responsible for clinical research. The total amount of contract was $11,300,000, of which $3,160,000 had already been paid as of December 31, 2016.

(4) Operating lease agreements

The future aggregate minimum lease payments payable under operating leases are as follows:

	December 31, 2016	December 31, 2015
Not later than one year	$ 11,147	$ 13,517
Later than one year but not later than five years	21,076	41,122
	$ 32,223	$ 54,639

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables, refundable deposits, notes payable, other payables and other current liabilities) approximate to their fair values.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the use of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

(i)The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; overseas subsidiaries' functional currency: local currencies).

The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 65,394	32.24	$ 2,107,971

	December 31, 2015		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 31,507	32.83	$ 1,034,197

As of December 31, 2016 and 2015, there was no significant monetary financial liability denominated in foreign currency.

(ii)The unrealised exchange (loss) gain arising from foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2016 and 2015 amounted to ($15,443) and $47,969, respectively.

(iii)Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 21,080	$ -

	Year ended December 31, 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 10,342	$ -

(b) Credit risk

(i) Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

(ii)No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(iii) The Group's accounts receivable that are neither past due nor impaired are fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.

(c) Liquidity risk

(i)Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury along with Administrative Management Department. Group treasury along with Administrative Management Department monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

(ii)The Group's notes payable and other payables are due within 12 months, therefore, the Group expects no significant liquidity risk.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Please refer to table 1.

(3) Information on investments in Mainland China

None.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Company and its subsidiary are mainly engaged in the research of new medicine. The Company and its subsidiary operate business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Segment information

The Group has one reportable operating segment, thus, the reportable information was in agreement with the financial statements.

(3) Reconciliation for segment income (loss)

Consolidated segment operating income reported to the chief operating decision-maker is measured in a manner consistent with revenue and expense in the statement of comprehensive income. The Group did not provide total assets and liabilities to operating decision-maker, thus, the report provided to operating decision-maker for deciding management of segments is in agreement with the statements of comprehensive income. No reconciliation is needed.

(4) Information on product and service

Please refer to Note 6 (13) for the related information.

(5) Geographical information

Geographical information for the years ended December 31, 2016 and 2015 is as follows:

	Year ended December 31, 2016		Year ended December 31, 2015	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	$ 1,134,782	$ 9,085	$ 507,244	$ 10,831
Europe	-	1,791	-	1,688
Total	$ 1,134,782	$ 10,876	$ 507,244	$ 12,519

Note: Disclosed based on the location of products or services provider.

(6) Major customer information

Details of sales to individual customers reaching 10% of the Group’s revenue for the years ended December 31, 2016 and 2015 are as follows:

	Year ended December 31, 2016		Year ended December 31, 2015	
	Revenue	Segment	Revenue	Segment
A	$ 1,126,107	Note	$ 493,940	Note

Note: The Group has one reportable operating segment.

Company Name

Information on investees

For the year ended December 31, 2016

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2016			Net profit (loss) of the investee for the year ended December 31, 2016	Investment income(loss) recognised by the Company for the year ended December 31, 2016	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value			Footnote
PharmaEngine, Inc.	PharnaEngine Europe SARL	France	Development and Promotion of new drugs	$ 3,699	$ 3,699	-	100.00	$ 3,547	$ 2,077	$ 2,077	Note1,2

Note 1: The Company's subsidiary, PharmaEmgine Europe, is a limited company and thus has no shares.
Note 2: The transaction was eliminated when preparing the consolidated financial statements.