SCINOPHARM TAIWAN, LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2015 AND 2014

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of ScinoPharm Taiwan, Ltd.

We have audited the accompanying parent company only balance sheets of ScinoPharm Taiwan, Ltd. as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of ScinoPharm Taiwan, Ltd. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers".

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers, Taiwan

Republic of China

March 25, 2016

The accompanying 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 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.

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,981,296	19	$ 1,382,159	14
1150	Notes receivable, net		-	-	27	-
1170	Accounts receivable, net	6(2) and 7	840,479	8	522,964	5
1200	Other receivables		16,235	-	15,181	-
1210	Other receivables - related parties	7	5,268	-	11,071	-
130X	Inventories	5(2) and 6(3)	1,942,181	19	2,247,555	23
1410	Prepayments		143,031	1	132,685	1
11XX	**Total current assets**		4,928,490	47	4,311,642	43
	Non-current assets					
1543	Financial assets measured at cost - non-current	6(4)(24)	338,907	3	167,673	2
1550	Investments accounted for under equity method	6(4)(5)(24)	1,146,016	11	1,538,831	16
1600	Property, plant and equipment	6(6)(7)(24) and 7	3,718,257	36	3,736,412	37
1780	Intangible assets		12,656	-	7,013	-
1840	Deferred income tax assets	5(2) and 6(22)	238,020	3	198,719	2
1915	Prepayments for equipment	6(6)(24)	17,438	-	9,186	-
1920	Guarantee deposits paid		1,113	-	1,564	-
1980	Other financial assets - non-current	8	24,734	-	24,734	-
15XX	**Total non-current assets**		5,497,141	53	5,684,132	57
1XXX	**Total assets**		$ 10,425,631	100	$ 9,995,774	100

(Continued)

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss - current	6(8)	$ 145	-	$ 3,669	-
2150	Notes payable		995	-	1,153	-
2170	Accounts payable		32,639	-	44,268	1
2200	Other payables	6(9)(24) and 7	314,035	3	427,203	4
2230	Current income tax liabilities	6(22)	100,009	1	27,738	-
2310	Advance receipts		31,196	-	37,956	-
21XX	**Total current liabilities**		479,019	4	541,987	5
	Non-current liabilities					
2570	Deferred income tax liabilities	6(22)	3,368	-	3,156	-
2640	Net defined benefit liabilities	6(10)	62,854	1	68,704	1
2645	Guarentee deposits received		23,397	-	1,656	-
25XX	**Total non-current liabilities**		89,619	1	73,516	1
2XXX	**Total Liabilities**		568,638	5	615,503	6
	Equity					
	Share capital					
3110	Share capital - common stock	6(11)(14)	7,310,829	70	7,029,643	70
3200	**Capital surplus**	6(12)(13)	1,265,544	12	1,257,277	13
	Retained earnings	6(11)(14)(21)(22)				
3310	Legal reserve		396,699	4	348,285	4
3320	Special reserve		22,829	-	22,829	-
3350	Undistributed earnings		791,997	8	621,563	6
3400	**Other equity interest**	6(15)	69,095	1	100,674	1
3XXX	**Total equity**		9,856,993	95	9,380,271	94
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	**Total liabilities and equity**		$ 10,425,631	100	$ 9,995,774	100

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

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2015		2014	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(16) and 7	$ 3,897,137	100	$ 4,092,478	100
5000	**Operating costs**	6(3)(10)(20)(21), 7 and 9	(2,231,449)	(57)	(2,428,110)	(59)
5900	**Net operating margin**		1,665,688	43	1,664,368	41
	Operating expenses	6(10)(20)(21), 7 and 9				
6100	Selling expenses		(164,464)	(4)	(172,955)	(4)
6200	General and administrative expenses		(346,991)	(9)	(356,189)	(9)
6300	Research and development expenses		(233,502)	(6)	(297,663)	(7)
6000	**Total operating expenses**		(744,957)	(19)	(826,807)	(20)
6900	**Operating profit**		920,731	24	837,561	21
	Non-operating income and expenses					
7010	Other income	6(17) and 7	38,972	1	65,136	2
7020	Other gains and losses	6(4)(7)(8)(18) and 12	96,240	2	8,932	-
7050	Finance costs	6(19)	(28)	-	(2)	-
7070	Share of profit/(loss) of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	(285,806)	(7)	(306,279)	(8)
7000	**Total non-operating income and expenses**		(150,622)	(4)	(232,213)	(6)
7900	**Profit before income tax**		770,109	20	605,348	15
7950	Income tax expense	6(22)	(135,144)	(4)	(121,205)	(3)
8200	**Profit for the year**		$ 634,965	16	$ 484,143	12
	Other comprehensive income					
	Items that may not be reclassified subsequently to profit or loss					
8311	Other comprehensive income, before tax, actuarial gain (loss) on defined benefit plan	6(10)	$ 6,821	-	($ 2,184)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(1,160)	-	371	-
	Items that may be reclassified subsequently to profit or loss					
8361	Financial statements translation differences of foreign operations	6(15)	(31,579)	-	56,319	1
8300	**Other comprehensive (loss) income for the year**		($ 25,918)	-	$ 54,506	1
8500	**Total comprehensive income for the year**		$ 609,047	16	$ 538,649	13
	Basic earnings per share (in dollars)					
9750	**Net income**	6(23)	$	0.87	$	0.66
	Diluted earnings per share (in dollars)					
9850	**Net income**	6(23)	$	0.87	$	0.66

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

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital Reserves: Capital surplus	Capital Reserves: Legal reserve	Capital Reserves: Special reserve	Retained earnings	Financial statements translation differences of foreign operations	Total
For the year ended December 31, 2014								
Balance at January 1, 2014		$ 6,759,272	$ 1,247,796	$ 220,944	$ 22,829	$ 1,348,058	$ 44,355	$ 9,643,254
Distribution of 2013 net income (Note):								
Legal reserve		-	-	127,341	-	(127,341)	-	-
Cash dividends	6(14)	-	-	-	-	(811,113)	-	(811,113)
Stock dividends	6(11)(14)	270,371	-	-	-	(270,371)	-	-
Employee stock option compensation cost	6(12)(13)	-	9,481	-	-	-	-	9,481
Net income for the year ended December 31, 2014		-	-	-	-	484,143	-	484,143
Other comprehensive income for the year ended December 31, 2014	6(15)	-	-	-	-	(1,813)	56,319	54,506
Balance at December 31, 2014		$ 7,029,643	$ 1,257,277	$ 348,285	$ 22,829	$ 621,563	$ 100,674	$ 9,380,271
For the year ended December 31, 2015								
Balance at January 1, 2015		$ 7,029,643	$ 1,257,277	$ 348,285	$ 22,829	$ 621,563	$ 100,674	$ 9,380,271
Distribution of 2014 net income (Note):								
Legal reserve		-	-	48,414	-	(48,414)	-	-
Cash dividends	6(14)	-	-	-	-	(140,592)	-	(140,592)
Stock dividends	6(11)(14)	281,186	-	-	-	(281,186)	-	-
Employee stock option compensation cost	6(12)(13)	-	8,267	-	-	-	-	8,267
Net income for the year ended December 31, 2015		-	-	-	-	634,965	-	634,965
Other comprehensive loss for the year ended December 31, 2015	6(15)	-	-	-	-	5,661	(31,579)	(25,918)
Balance at December 31, 2015		$ 7,310,829	$ 1,265,544	$ 396,699	$ 22,829	$ 791,997	$ 69,095	$ 9,856,993

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

SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2015	For the years ended December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 770,109	$ 605,348
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain)/loss on valuation of financial assets and liabilities		(3,524)	2,531
(Reversal)/provision for doubtful accounts	6(2)	(43)	66
Loss on inventory market price decline	6(3)	48,270	53,231
Provision for obsolescence of supplies		9,119	4,113
Share of loss of associates and joint ventures accounted for under equity method	6(5)	285,806	306,279
Gain on disposal of long-term investments	6(4)(18)	(95,381)	-
Depreciation	6(6)(20)	395,861	385,861
Loss on disposal of property, plant and equipment	6(18)	503	1,392
Gain on reversal of impairment loss	6(6)(7)(18)	(4,193)	(140)
Amortizaton	6(20)	4,624	3,715
Employee stock option compensation costs	6(12)(13)	7,844	8,842
Interest income	6(17)	(11,067)	(13,269)
Interest expense	6(19)	28	2
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		27	203
Accounts receivable		(317,472)	447,205
Other receivables		(904)	3,388
Other receivables–related parties		5,803	15,049
Inventories		257,104	(9,173)
Prepayment		(19,465)	54,297
Changes in operating liabilities			
Notes payable		(158)	73
Accounts payable		(11,629)	(116,111)
Accounts payable–related parties		-	(53,868)
Other payables		9,343	(198,725)
Advance receipts		(6,760)	(36,606)
Net defined benefit liabilities		971	972
Cash inflow generated from operations		1,324,816	1,464,675
Interest received		10,917	13,392
Interest paid		(28)	(2)
Income tax paid		(103,122)	(287,647)
Net cash flows from operating activities		1,232,583	1,190,418

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SCINOPHARM TAIWAN, LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in pledged deposits		$ -	$ 15,485
Acquisition of investments accounted for under the equity method - subsidiaries		-	(105,437)
Cash paid for acquisition of property, plant and equipment	6(24)	(479,227)	(630,241)
Proceeds from disposal of property, plant and equipment		300	730
Cash paid for acquisition of intangible assets		(10,267)	(2,822)
Increase in prepayment for equipment		(25,852)	(141,533)
Decrease in guarantee deposits paid		451	664
Net cash flows used in investing activities		(514,595)	(863,154)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in guarantee deposits received		21,741	1,656
Payment of cash dividends	6(14)	(140,592)	(811,113)
Net cash flows used in financing activities		(118,851)	(809,457)
Net increase (decrease) in cash and cash equivalents		599,137	(482,193)
Cash and cash equivalents at beginning of year	6(1)	1,382,159	1,864,352
Cash and cash equivalents at end of year	6(1)	$ 1,981,296	$ 1,382,159

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

SCINOPHARM TAIWAN, LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) ScinoPharm Taiwan, Ltd. (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.) on November 11, 1997. The Company is primarily engaged in the manufacture of western medicines and other chemical materials, biological technology services, intellectual property rights, international trade and research, development and manufacture of API (Active Pharmaceutical Ingredients), albumin medicines, oligonucleotide medicines, peptide medicines, injections and new small molecule drugs, as well as the provision of related consulting and technical services. The Company's investment plan for the manufacturing of API was approved by the Industrial Development Bureau of MOEA on May 13, 1998 and complies with the standards of important technical industry application.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since September 2011.

(3) Uni-President Enterprises Corp., the Company's ultimate parent company, holds 37.94% equity interest in the Company.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 25, 2016.

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")

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as "the 2013 version of IFRS") in preparing the parent Company only financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Company will adjust its presentation of the statement of comprehensive income.

B. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Company will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

C. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants' perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Company's assessment, the adoption of the standard has no significant impact on its parent Company only financial statements, and the Company will disclose additional information about fair value measurements accordingly.

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

None.

(3) IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective date by IASB
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
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
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 IASB
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Improvements to IFRSs 2012-2014	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	January 1, 2017
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
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 IASB

The Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the parent Company only financial statements will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, these parent Company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in NTD, which is the Company's functional and presentation currency.

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 premeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized 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 recognized in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

(4) 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 realized, 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 realized 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.

(5) Cash equivalents

A. Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

B. Time deposits and bills under repurchase agreements that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(6) 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 that bear no interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(8) Impairment of financial assets

A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

a) Significant financial difficulty of the issuer or debtor;

b) The disappearance of an active market for that financial asset because of financial difficulties;

c) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

d) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

e) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

a) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(9) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows from the financial asset have been transferred, and the Company has not retained control of the financial asset.

(10) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for under the equity method / subsidiaries and associates

A. A subsidiary is an entity where the Company has the right to dominate its finance and operating policies (including special purpose entities), normally the Company owns more than 50% of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's non-consolidated financial statements.

B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

E. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

F. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in "capital reserves" in proportion to its ownership.

G. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

I. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss. On the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

K. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", 'profit for the year' and 'other comprehensive income for the year' reported in an entity's parent Company only statement of comprehensive income, shall equal to 'profit for the year' and 'other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(12) Property, plant and equipment

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

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

C. Except for land, 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. If each component of property, plant and equipment is significant, it is depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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:

Assets	Estimated useful lives
Buildings	2 ~ 35 years
Machinery and equipment	2 ~ 12 years
Transportation equipment	2 ~ 6 years
Office equipment	1 ~ 9 years
Other equipment	2 ~ 19 years

(13) <u>Intangible assets</u>

Professional skills, computer software, etc. are stated at cost and amortized on a straight-line basis over its estimated useful life of 3 ~ 10 years.

(14) <u>Leased assets/ lessee</u>

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(15) <u>Impairment of non-financial assets</u>

The Company 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 recognized 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 shall be reversed to the extent of the loss previously recognized in profit or loss. The increased carrying amount due to reversal should not exceed the depreciated or amortized historical cost if the impairment had not been recognized.

(16) <u>Financial liabilities at fair value through profit or loss</u>

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

a) Hybrid (combined) contracts; or

b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(17) 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable that bear no interest are subsequently measured at initial invoice amount as the effect of discounting is insignificant.

(18) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(20) 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 recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the Company pays fixed contributions to an independent, publicly or privately administered pension fund. The Company has no further legal or constructive obligations once the contributions have been paid. The contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i.Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in such corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise, and presented in retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

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. If employees' compensation is distributed by shares, the Company calculates the number of shares based on the closing market price at the previous day of the board meeting resolution.

(21) Employee share-based payment

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 recognized 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 recognized is based on the number of equity instruments that eventually vest.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 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 income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.
Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. Deferred tax asset shall be recognized for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(23) Share capital

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.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved 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.

(25) Revenue recognition

A. Sales of goods

The Company manufactures and sells Active Pharmaceutical Ingredients (API), intermediates, etc. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company activities. Revenue arising from the sales of goods is recognized when the Company 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 Company 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

The Company provides biochemical technology development consultation and processing services. Revenue from rendering services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed by surveys of work performed.

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

The preparation of these parent company only financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

Financial assets — impairment of equity investments. The Company follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

a) As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material change to the evaluation.

b) As of December 31, 2015, the carrying amount of inventories was $1,942,181.

B. Realizability of deferred income tax assets

a) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realiability of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

b) As of December 31, 2015, the Company recognized deferred income tax assets amounting to $238,020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	December 31, 2015	December 31, 2014
Cash:		
Cash on hand	$ 180	$ 166
Checking accounts and demand deposits	117,201	19,514
	117,381	19,680
Cash Equivalents:		
Time deposits	1,564,003	1,075,432
Bill under repurchase agreements	299,912	287,047
	1,863,915	1,362,479
	$ 1,981,296	$ 1,382,159

A. The Company 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. Details of the Company's time deposits pledged to others as collateral (listed as "Other financial assets - non-current") as of December 31, 2015 and 2014 are provided in Note 8.

(2) ACCOUNTS RECEIVABLE, NET

	December 31, 2015	December 31, 2014
Accounts receivable	$ 840,532	$ 523,060
Less: Allowance for doubtful accounts	(53)	(96)
	$ 840,479	$ 522,964

A. As of December 31, 2015 and 2014, the Company had no accounts receivable classified as "past due but not impaired".

B. Movements on the provision for impairment of accounts receivable are as follows:

	2015	2014
	Individual provision	Individual provision
At January 1	$ 96	$ 30
(Reversal)/ provision for impairment	(43)	66
At December 31	$ 53	$ 96

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

D. The Company does not hold any collateral as security for accounts receivable as of December 31, 2015 and 2014.

(3) INVENTORIES, NET

	December 31, 2015		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 214,680	($ 52,413)	$ 162,267
Supplies	11,213	(603)	10,610
Work in process	992,976	(56,161)	936,815
Finished goods	1,071,717	(239,228)	832,489
	$ 2,290,586	($ 348,405)	$ 1,942,181

	December 31, 2014		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 401,527	($ 30,020)	$ 371,507
Supplies	18,082	(1,105)	16,977
Work in process	911,853	(72,733)	839,120
Finished goods	1,216,228	(196,277)	1,019,951
	$ 2,547,690	($ 300,135)	$ 2,247,555

The Company recognized expense and losses of inventories for the year:

	2015	2014
Cost of goods sold	$ 1,964,054	$ 2,189,284
Provision for inventory market price decline	48,270	53,231
Loss on inventory scrap	15,956	48,063
Loss on physical inventory	6,724	11,893
Loss on production stoppages	46,700	65,905
Under applied manufacturing overhead	127,065	47,324
	$ 2,208,769	$ 2,415,700

(4) FINANCIAL ASSETS MEASURED AT COST－NON－CURRENT

	December 31, 2015	December 31, 2014
Unlisted stocks		
Tanvex Biologics, Inc.	$ 167,673	$ 167,673
Syngen, Inc.	4,620	4,620
Foresee Pharmaceuticals Co., Ltd.	171,234	-
	343,527	172,293
	(4,620)	(4,620)
Less: Accumulated impairment	$ 338,907	$ 167,673

A. Based on the Company's intension, its investment in Tanvex Biologics, Inc. and Syngen, Inc. should be classified as available-for-sale financial assets. However, as Tanvex Biologics, Inc. and Syngen, Inc. are not traded in an active market and no sufficient industry information and financial information of similar companies can be obtained, the fair value of the investments in Tanvex Biologics, Inc. and Syngen, Inc. cannot be measured reliably. Accordingly, the Company classified those stocks as 'financial assets measured at cost'.

B. Foreseeacer Pharmaceuticals, Inc. (hereafter, "Foreseeacer"), an associate of the Company accounted for under the equity method, entered into a share swap transaction with its controlling shareholder, Foresee Pharmaceuticals, Inc. (hereafter, "Foresee Cayman") during the fourth quarter of 2014, whereby Foresee Cayman issued new shares to swap and recall the outstanding shares of Foreseeacer. The Company obtained approval of such transaction during the board of directors' meeting on November 7, 2014, and the related share swap was completed on January 15, 2015. After the swap, the Company obtained 5,400 thousand preferred shares of Foresee Cayman, consisting of 6.12% of its outstanding preferred shares. However, Foresee Cayman announced its second phase of re-organization plan (the Phase II Plan), in which, one of its fully owned subsidiaries, Foresee Pharmaceuticals Co., Ltd. (hereafter, "Foresee") will issue new shares to swap and recall all outstanding shares of Foresee Cayman. After engaging in the swap, the Company obtained 4,072 thousand common shares, comprise 6.12% of its outstanding common shares. Based on the guidance and accounting policies of the Company, such share swap transaction should be deemed as disposal of associates accounted for under the equity method, and the new investment will be measured at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. Any amounts previously recognized as capital surplus or as other comprehensive income in relation to the associate are transferred to profit or loss. However, as the Phase II Plan was completed as of June 30, 2015, the uncertainties regarding the fair value of the final share interests received in the swap has been eliminated. The related gain of $95,381 from the share swap transaction has been recognized upon completion of the Phase II Plan. After a comprehensive assessment, the Company does not have the right to exercise significant influence on the investee company, Foresee Cayman, and accordingly, the related share of interest is classified as "available-for-sale financial assets". In addition, the shares of Foresee Cayman are not publicly traded in an active market and its fair value cannot be measured reliably. Thus, the Company classified those shares as "financial assets measured at cost-non-current".

C. As of December 31, 2015 and 2014, no financial assets measured at cost held by the Company were pledged to others.

(5) INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

	December 31, 2015	December 31, 2014
SPT International, Ltd.	$ 1,145,966	$ 1,458,873
ScinoPharm Singapore Pte Ltd.	50	35
Foreseeacer Pharmaceuticals, Inc.	-	79,923
	$ 1,146,016	$ 1,538,831

A. Subsidiaries

For information relating to the Company's subsidiaries, please refer to Note 4(3), 'Basis of consolidation' of the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2015.

B. Associates

For the years ended December 31, 2015 and 2014, the company has no significant associate investments, other relevant investment which has effect on Financial performance is as follows:

	2015	2014
Profit (loss) for the year from continuing operations	$ 754	($ 15,498)
Total comprehensive income (loss)	$ 754	($ 15,498)

C. The company involved in swap exchange with controlling shareholders of an investment accounted for under the equity method. Consequently, the Company lost the significant influence over the investee. For relevant information, please refer to Note 6(4).

D. The share of loss of subsidiaries, associates and joint ventures accounted for under the equity method amounted to ($285,806) and ($306,279) for the years ended December 31, 2015 and 2014, respectively.

E. The Company does not hold any investment accounted for under the equity method as collateral for the years ended December 31, 2015 and 2014.

(6) PROPERTY, PLANT AND EQUIPMENT

January 1, 2015	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Others	Construction in progress	Total
Cost	$ 1,959,937	$ 4,305,887	$ 19,962	$ 136,667	$ 7,693	$ 919,307	$ 7,349,453
Accumulated depreciation	(604,736)	(2,903,815)	(11,440)	(69,952)	(5,154)	-	(3,595,097)
Accumulated impairment	-	(17,944)	-	-	-	-	(17,944)
	$ 1,355,201	$ 1,384,128	$ 8,522	$ 66,715	$ 2,539	$ 919,307	$ 3,736,412
Year ended December 31, 2015							
January 1, 2015	$ 1,355,201	$ 1,384,128	$ 8,522	$ 66,715	$ 2,539	$ 919,307	$ 3,736,412
Additions	-	-	-	-	-	356,716	356,716
Reclassified from prepayment for equipment	-	-	-	-	-	17,600	17,600
Reclassified upon completion	23,600	61,918	-	13,269	226	(99,013)	-
Depreciation charge	(75,605)	(296,450)	(2,342)	(21,277)	(187)	-	(395,861)
Disposals—Cost	-	(52,883)	-	(4,568)	(3,087)	-	(60,538)
—Accumulated depreciation	-	52,080	-	4,568	3,087	-	59,735
Reversal of impairment loss	-	4,193	-	-	-	-	4,193
December 31, 2015	$ 1,303,196	$ 1,152,986	$ 6,180	$ 58,707	$ 2,578	$ 1,194,610	$ 3,718,257
December 31, 2015							
Cost	$ 1,983,537	$ 4,314,922	$ 19,962	$ 145,368	$ 4,832	$ 1,194,610	$ 7,663,231
Accumulated depreciation	(680,341)	(3,148,185)	(13,782)	(86,661)	(2,254)	-	(3,931,223)
Accumulated impairment	-	(13,751)	-	-	-	-	(13,751)
	$ 1,303,196	$ 1,152,986	$ 6,180	$ 58,707	$ 2,578	$ 1,194,610	$ 3,718,257

January 1, 2014	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Others	Construction in progress	Total
Cost	$ 1,920,338	$ 4,043,188	$ 20,239	$ 93,633	$ 5,410	$ 347,685	$ 6,430,493
Accumulated depreciation	(530,034)	(2,660,043)	(9,168)	(54,810)	(5,062)	-	(3,259,117)
Accumulated impairment	-	(18,084)	-	-	-	-	(18,084)
	$ 1,390,304	$ 1,365,061	$ 11,071	$ 38,823	$ 348	$ 347,685	$ 3,153,292
Year ended December 31, 2014							
January 1, 2014	$ 1,390,304	$ 1,365,061	$ 11,071	$ 38,823	$ 348	$ 347,685	$ 3,153,292
Additions	-	-	-	-	-	698,202	698,202
Reclassified from prepayment for equipment	-	-	-	-	-	272,761	272,761
Reclassified upon completion	39,599	313,608	-	43,851	2,283	(399,341)	-
Depreciation charge	(74,702)	(292,559)	(2,549)	(15,959)	(92)	-	(385,861)
Disposals—Cost	-	(50,909)	(277)	(817)	-	-	(52,003)
—Accumulated depreciation	-	48,787	277	817	-	-	49,881
Reversal of impairment loss	-	140	-	-	-	-	140
December 31, 2014	$ 1,355,201	$ 1,384,128	$ 8,522	$ 66,715	$ 2,539	$ 919,307	$ 3,736,412
December 31, 2014							
Cost	$ 1,959,937	$ 4,305,887	$ 19,962	$ 136,667	$ 7,693	$ 919,307	$ 7,349,453
Accumulated depreciation	(604,736)	(2,903,815)	(11,440)	(69,952)	(5,154)	-	(3,595,097)
Accumulated impairment	-	(17,944)	-	-	-	-	(17,944)
	$ 1,355,201	$ 1,384,128	$ 8,522	$ 66,715	$ 2,539	$ 919,307	$ 3,736,412

A. As of and for the years ended December 31, 2015 and 2014, the Company has not capitalized any interest.

B. Please refer to Note 6 (7) for details of prior years' impairment provision and reversal of impairment on property, plant and equipment.

C. As of December 31, 2015 and 2014, no property, plant and equipment were pledged to others as collateral.

(7) IMPAIRMENT OF NON-FINANCIAL ASSETS

A. The Company reversed the impairment loss recognized in prior period amounting to $4,193 and $140 for the years ended December 31, 2015 and 2014, respectively, (listed as "other gains and losses") as some of the idle machineries were again utilized in production. For details of accumulated impairment, please refer to Note 6(6) Property, plant and equipment.

B. The impairment loss reported by operating segments is as follows:

	For the year ended December 31, 2015		For the year ended December 31, 2014	
Department	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in profit or loss	Recognized in other comprehensive income
Company	$ 4,193	$ -	$ 140	$ -

(8) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Liabilities	December 31, 2015	December 31, 2014
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	$ 145	$ 3,669

A. The Company recognized net loss on financial liabilities held for trading amounting to $14,941 and $21,248 for the years ended December 31, 2015 and 2014, respectively (listed as "other gains and losses").

B. The contract information of non-hedging derivative instrument transactions is as follows:

	December 31, 2015		December 31, 2014	
Derivative Instruments	Contract amount	Contract period	Contract amount	Contract period
Forward exchange contracts	USD5,400,000	11.2015~2.2016	USD4,950,000	11.2014~2.2015

The Company entered into forward foreign exchange contracts to hedge exchange rate risk of operations. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(9) OTHER PAYABLES

	December 31, 2015	December 31, 2014
Accrued salaries and bonuses	$ 114,164	$ 101,791
Payables on equipment	44,817	167,328
Others	155,054	158,084
	$ 314,035	$ 427,203

(10) PENSIONS

A.(a) The Company has set up a defined benefit pension plan in accordance with the Labor Standards Law, which applies to all regular employees' service years prior to the enforcement of the Labor Pension Act (the "Act") on July 1, 2005 and service years thereafter of employees who chose to continue to be covered under the pension scheme of the Labor Standards Law after the enforcement of the Act. In accordance with the Company's retirement plan, an employee may retire when the employee either (i) attains the age of 55 with 15 years of service, (ii) has more than 25 years of service, (iii) has reached the age of 65, or (iv) is incapacitated to work (compulsory retirement). The employees earn two units for each year of service for the first 15 years, and one unit for each additional year thereafter up to a maximum of 45 units. Any fraction of a year equal to or more than six months shall be counted as one year of service, and any fraction of a year less than six months shall be counted as half a year. According to the provisions, employees who retired due to their duties shall get additional 20%. Pension payments are based on the number of units earned and the average salary of the last six months prior to retirement. Calculation of average salary is in accordance with the Labor Standards Law of the R.O.C. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned methods to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by the end of March next year.

(b) The amounts recognized in the balance sheets are determined as follows:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	$ 111,292	$ 113,369
Fair value of plan assets	(48,438)	(44,665)
Net liability in the balance sheets	$ 62,854	$ 68,704

(c) Changes in present value of funded obligations are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
At January 1	$ 113,369	($ 44,665)	$ 68,704
Current service cost	2,634	-	2,634
Interest expense (income)	2,267	(893)	1,374
	118,270	(45,558)	72,712
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(283)	(283)
Change in financial assumptions	3,764	-	3,764
Experience adjustments	(10,302)	-	(10,302)
	(6,538)	(283)	(6,821)
Pension fund contribution	-	(3,037)	(3,037)
Paid pension	(440)	440	-
At December 31	$ 111,292	($ 48,438)	$ 62,854

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2014			
At January 1	$ 107,309	($ 40,966)	$ 66,343
Current service cost	2,006	-	2,006
Interest expense (income)	2,146	(819)	1,327
	111,461	(41,785)	69,676
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(373)	(373)
Experience adjustments	2,557	-	2,557
	2,557	(373)	2,184
Pension fund contribution	-	(3,156)	(3,156)
Paid pension	(649)	649	-
At December 31	$ 113,369	($ 44,665)	$ 68,704

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	1.70%	2.00%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance industry 5th Mortality Table for the years ended December 31, 2015 and 2014.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 11,881)	$ 13,971	$ 12,435	($ 10,874)
December 31, 2014				
Effect on present value of defined benefit obligation	($ 12,971)	$ 15,388	$ 13,862	($ 12,019)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contribution to the defined benefit pension plans of the Company within 2016 is $2,994.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 13 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	4, 852
2～5 years		21, 953
Over 6 years		135, 304
	$	162, 109

B.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. The net pension costs recognized under the defined contribution plan were $21,849 and $26,032 for the years ended December 31, 2015 and 2014, respectively.

(11) SHARE CAPITAL

A. Movements in the number of the Company's ordinary shares outstanding are as follows

	For the years ended December 31,	
	2015	2014
At January 1	702, 964	675, 927
Issuance of shares through capitalisation of retained earnings	28, 119	27, 037
At December 31	731, 083	702, 964

B. On June 18, 2014, the Company's shareholders adopted a resolution to issue shares of common stock due to capitalization of retained earnings of $270,371 and obtained approval from the SFC. The effective date of capitalization was set on August 15, 2014. After the event of capitalization mentioned above, the Company's total authorized capital was $10,000,000, and the paid-in capital was $7,029,643 (702,964 thousand shares) with a par value of $10 (in dollars) per share.

C. On June 23, 2015, the Company's shareholders adopted a resolution to issue shares of common stock due to capitalization of retained earnings of $281,186 and obtained approval from the SFC. The effective date of capitalization was set on August 14, 2015. After the event of capitalization mentioned above, the Company's total authorized capital was $10,000,000, and the paid-in capital was $7,310,829 (731,083 thousand shares) with a par value of $10 (in dollars) per share.

D. On December 31, 2015, the Company's authorized capital was $10,000,000 and the paid-in capital was $7,310,829 (731,083 thousand shares) with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(12) CAPITAL RESERVE

A. Pursuant to the R.O.C. Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stock and donations shall be exclusively used to cover accumulated deficit or, distribute cash or stocks in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Movements on the Company's capital reserve are as follows:

	For the year ended December 31, 2015		
	Share premium	Stock options	Total
At January 1	$ 1,233,286	$ 23,991	$ 1,257,277
Employee Stock Options			
—Company	-	7,844	7,844
—Subsidiaries	-	423	423
At December 31	$ 1,233,286	$ 32,258	$ 1,265,544

	For the year ended December 31, 2014		
	Share premium	Stock options	Total
At January 1	$ 1,233,286	$ 14,510	$ 1,247,796
Employee Stock Options			
—Company	-	8,842	8,842
—Subsidiaries	-	639	639
At December 31	$ 1,233,286	$ 23,991	$ 1,257,277

(13) SHARE-BASED PAYMENT

A. The Company issued 1 million units and 1.5 million units of employee stock options on December 3, 2013 and November 6, 2015, respectively (the Grant Date). The exercise prices of the options were set at $91.7 dollars and 41.65 dollars, respectively, which was based on the closing market price of the Company's common shares on the Grant Date. Each option was granted the right to purchase one share of the Company's common stocks. The exercise price is subject to further adjustments when there is change in share numbers of the Company's common stocks after the Grant Date. Contract period of the employee stock option plans is 10 years, and options are exercisable in 2 years after the Grant Date. The Company recognized compensation cost relating to the employee stock options plan of $7,844 and $8,842 for the years ended December 31, 2015 and 2014, respectively.

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

	For the year ended December 31, 2015	
	No. of options (unit in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	1,000	$ 91.7
Options granted	1,500	41.65
Options forfeited	(152)	80.4
Options outstanding at end of the year	2,348	56.92
Options exercisable at end of the year	430	83.4

	For the year ended December 31, 2014	
	No. of options (unit in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	1,000	$ 91.7
Options granted	-	-
Options outstanding at end of the year	1,000	91.7
Options exercisable at end of the year	-	-

C. The exercise prices of the employee stock options outstanding on the balance sheet date is as follows:

		December 31, 2015		December 31, 2014	
Grant date	Expiry date	No. of stocks (unit in thousands)	Exercise price (in dollars)	No. of stocks (unit in thousands)	Exercise price (in dollars)
12.3.2013	12.2.2023	859	$ 83.4	1,000	91.70
11.6.2015	11.5.2025	1,489	41.65	-	-

D. The fair value of the Company's employee stock option on Grant Date was evaluated using the combination of Hull & White and the Ritchken trinomial option valuation model. Related information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Price volatility	Option life	Dividends	Interest rate	Fair value per unit (in dollars)
Employee stock options	12. 3. 2013	$ 91.7	$ 91.7	28.50% (Note)	10 years	1.5%	1.7145%	$26.045
Employee stock options	11. 6. 2015	$ 41.65	$ 41.65	37.63% (Note)	10 years	1.5%	1.2936%	$13.799

Note: According to daily returns of the Company's stock for the previous year, the annualized volatility is 28.5% and 37.63%, respectively.

(14) RETAINED EARNINGS

A. Pursuant to the amended R.O.C. Company Act, the current year's after-tax earnings should be used initially to cover any accumulated deficit; thereafter 10% of the remaining earnings should be set aside as legal reserve until the balance of legal reserve is equal to that of paid-in capital. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. Since the Company is in a changeable industry environment and the life cycle of the Company is in a stable growth, the appropriation of earnings should consider fund requirements and capital budget to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise 50% to 100% of the unappropriated retained earnings, and the percentage of cash dividends shall not be less than 30% of dividends distributed.

C. In accordance with the regulations, the Company shall set aside special reserve for 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. The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognized cash dividends and stock dividends distributed to owners amounting to $140,592 ($0.20 (in dollars) per share), $281,186 ($0.40 (in dollars) per share) for the year ended December 31, 2015 and $811,113 ($1.20 (in dollars)), $270,371 ($0.40 (in dollars) per share) for the year ended December 31, 2014, respectively. On March 25, 2016, the Board of Directors during its meeting proposed cash dividends and stock dividends for 2015 constituting $219,325 ($0.30 (in dollars) per share) and $292,433 ($0.40 (in dollars) per share), respectively.

E. For the employees' bonus and directors' and supervisors' remuneration, please refer to Note 6(21) for details.

(15) OTHER EQUITY ITEMS

	For the years ended December 31,	
	2015	2014
At January 1	$ 100,674	$ 44,355
Currency translation differences-group	(26,755)	56,319
Disposal transfer (Note)	(4,824)	-
At December 31	$ 69,095	$ 100,674

Note: The Company has lost significant influence due to adaption of equity evaluation of investees and stock swap transactions between the controlling shareholders, treated as disposal adapts investment under equity method and be removed original stake holding percentage be listed as other related equity item, please refer to 6(4) Financial assets measured at cost-non-current.

(16) OPERATING REVENUE

	For the years ended December 31,	
	2015	2014
Sales revenue	$ 3,865,958	$ 4,102,871
Less: Sales returns	(18,348)	(41,570)
Sales discounts	(31,549)	(9,802)
Technical service revenue	81,076	40,979
	$ 3,897,137	$ 4,092,478

(17) OTHER INCOME

	For the years ended December 31,	
	2015	2014
Interest income from bank deposits	$ 11,067	$ 13,269
Management service revenue	11,843	28,886
Compensation revenue	9,741	13,537
Others	6,321	9,444
	$ 38,972	$ 65,136

(18) OTHER GAINS AND LOSSES

	For the years ended December 31,	
	2015	2014
Net gain on disposal of investments	$ 95, 381	$ -
Reversal of impairment loss	4, 193	140
Net currency exchange gain	32, 161	46, 269
Loss on disposal of property, plant, and equipment	(503)	(1, 392)
Net loss on financial assets/liabilities at fair value through profit or loss	(14, 941)	(21, 248)
Miscellaneous	(20, 051)	(14, 837)
	$ 96, 240	$ 8, 932

(19) FINANCE COSTS

	For the years ended December 31,	
	2015	2014
Interest expense:		
Bank loans	$ 28	$ 2

(20) EXPENSES BY NATURE

	For the year ended December 31, 2015		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 371, 090	$ 264, 618	$ 635, 708
Depreciation	319, 960	75, 901	395, 861
Amortization	1, 749	2, 875	4, 624
	$ 692, 799	$ 343, 394	$ 1, 036, 193

	For the year ended December 31, 2014		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 434, 938	$ 285, 554	$ 720, 492
Depreciation	312, 113	73, 748	385, 861
Amortization	907	2, 808	3, 715
	$ 747, 958	$ 362, 110	$ 1, 110, 068

(21) EMPLOYEE BENEFIT EXPENSE

	For the year ended December 31, 2015		
	Operating cost	Operating expense	Total
Salaries and wages	$ 319, 585	$ 227, 250	$ 546, 835
Labor and health insurance expenses	26, 783	15, 066	41, 849
Pension costs	15, 424	10, 433	25, 857
Other personnel expenses	9, 298	11, 869	21, 167
	$ 371, 090	$ 264, 618	$ 635, 708

	For the year ended December 31, 2014		
	Operating cost	Operating expense	Total
Salaries and wages	$ 370, 058	$ 252, 650	$ 622, 708
Labor and health insurance expenses	34, 964	17, 064	52, 028
Pension costs	18, 051	11, 314	29, 365
Other personnel expenses	11, 070	4, 526	15, 596
	$ 434, 143	$ 285, 554	$ 719, 697

A. As of December 31, 2015 and 2014, the Company had 602 and 674 employees, respectively.

B. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors that account for 0.2% and 2%, respectively, of the total distributed amount. However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported during the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The board of directors of the Company has approved the amended Articles of Incorporation of the Company on December 18, 2015. According to the amended articles, 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 not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.

C. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at $67,511 and $871, respectively, while the directors' remuneration was accrued at

$11,429 and $8,715 for the years ended December 31, 2015 and 2014, respectively. The aforementioned amounts were recognized in salary expenses. The expenses recognized for 2015 were accrued based on the earnings of current year; the expenses recognized for 2014 were accrued based on the net income for 2014 and the percentage specified in the Articles of Incorporation of the Company, taking into account other factors such as legal reserve. The employees' compensation and directors' remuneration resolved by the board of directors were $77,011 and $11,543, and the employees' compensation will be distributed in the form of cash. The actual amount approved at the shareholders' meeting for employees' bonus and directors' remuneration for 2014 was $9,546, which was different from the estimated amount of $9,586 recognized in the 2014 financial statements by ($40). Such difference was recognized in profit or loss for the year ended December 31, 2015. Information about the appropriation of employees' bonus and directors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) INCOME TAX

A. Income tax expense

(a)Components of income tax expense:

	For the years ended December 31,	
	2015	2014
Current income tax:		
Current tax on profits for the year	$ 176,862	$ 155,698
10% tax on unappropriated retained earnings	1,214	6,499
(Over) under provision of prior year's income tax	(2,683)	5,453
Total current tax	175,393	167,650
Deferred income tax:		
Origination and reversal of temporary differences	(40,249)	(46,445)
Income tax expense	$ 135,144	$ 121,205

(b)The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2015	2014
Actuarial gain/loss on defined benefit obligation	$ 1,160	($ 371)

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31, 2015	2014
Income tax at statutory tax rate	$ 130,919	$ 102,909
Effect of items disallowed by tax regulation	6,058	10,020
Effect of tax-exempt income	-	(3,176)
Effect of investment tax credits	(364)	(500)
10% tax on unappropriated retained earnings	1,214	6,499
(Over) under provision of prior year's income tax	(2,683)	5,453
Income tax expense	$ 135,144	$ 121,205

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

	For the year ended December 31, 2015			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Investment loss	$ 155,012	$ 45,503	$ -	$ 200,515
Technology know-how	25,268	(3,698)	-	21,570
Pensions	11,680	165	(1,160)	10,685
Impairment of assets	3,050	(713)	-	2,337
Employee benefits-unused compensated absences	3,085	(197)	-	2,888
Unrealized loss on financial assets	624	(599)	-	25
	$ 198,719	$ 40,461	($ 1,160)	$ 238,020
Deferred tax liabilities:				
Unrealized gain on currency exchange	($ 3,156)	($ 212)	$ -	($ 3,368)
	$ 195,563	$ 40,249	($ 1,160)	$ 234,652

	For the year ended December 31, 2014			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Investment loss	$ 102,844	$ 52,168	$ -	$ 155,012
Technology know-how	28,966	(3,698)	-	25,268
Pensions	11,143	166	371	11,680
Impairment of assets	3,074	(24)	-	3,050
Employee benefits-unused compensated absences	3,165	(80)	-	3,085
Unrealized loss on financial assets	194	430	-	624
	$ 149,386	$ 48,962	$ 371	$ 198,719
Deferred tax liabilities				
Unrealized gain on currency exchange	($ 639)	($ 2,517)	$ -	($ 3,156)
	$ 148,747	$ 46,445	$ 371	$ 195,563

D. The Company's raw materials for medicine and API qualified the definition in "Regulations for Encouraging Manufacturing Enterprises and Technical Service Enterprises in the Newly Emerging, Important and Strategic Industries" and is entitled to a tax exemption period of 5 years (expired in December 2014).

E. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority, and there were no disputes existing between the Company and the Authority as of March 25, 2016.

F. The Company's unappropriated retained earnings listed on the balance sheet as of December 31, 2015 and 2014 were all generated after the year 1998.

G. As of December 31, 2015 and 2014, the balance of the Company's imputation tax credit account was $180,052 and $187,332, respectively. The earnings distribution for 2014 and 2013 were approved at the stockholders' meeting on June 23, 2015 and June 18, 2014, respectively, and the date of dividend distribution were set on August 14, 2015 and August 15, 2014, respectively, by the Board of Directors. The creditable tax rate were 23.48% and 21.15%, respectively. The creditable tax rate for 2015 is expected to be 23.13%. The creditable tax rate will be based on the actual imputation tax credit account on the distribution date for the earnings of 2015, thus, the credit account may be subject to appropriate adjustments according to tax regulations.

(23) EARNINGS PER SHARE ("EPS")

	For the year ended December 31, 2015		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary stockholders	$ 634, 965	731, 083	$ 0. 87
Diluted earnings per share			
Profit attributable to ordinary stockholders	$ 634, 965	731, 083	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock option	-	1, 322	
Employees' bonus	-	20	
Profit attributable to ordinary stockholders plus assumed conversion of all dilutive potential ordinary shares	$ 634, 965	732, 425	$ 0. 87

	For the year ended December 31, 2014		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary stockholders	$ 484, 143	731, 083	$ 0. 66
Diluted earnings per share			
Profit attributable to ordinary stockholders	$ 484, 143	731, 083	
Assumed conversion of all dilutive potential ordinary shares	-	-	
Employees' bonus	-	6	
Profit attributable to ordinary stockholders plus assumed conversion of all dilutive potential ordinary shares	$ 484, 143	731, 089	$ 0. 66

A. The abovementioned stock options issued in 2013 are anti-dilutive, and were not included in the EPS calculation.

B. As employees' bonus (compensation) could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock bonus (compensation) issuance in the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effects of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year that include the shares of employees' stock bonus (compensation) for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year. Since capitalization of employees' bonus (compensation) no longer belongs to distribution of stock dividends (or retained earnings and capital reserve capitalized), the calculation of basic EPS and diluted EPS for all years presented shall not be adjusted retrospectively.

C. The abovementioned weighted average number of ordinary shares outstanding are of anti-dilutive; therefore will not affect the EPS calculation for the year ended December 31, 2014.

(24) SUPPLEMENTAL CASH FLOW INFORMATION

A. Investing activities with partial cash payments

	For the years ended December 31, 2015	For the years ended December 31, 2014
Purchase of property, plant and equipment	$ 356,716	$ 698,202
Add : Beginning balance of payable on equipment	167,328	99,367
Less : Ending balance of payable on equipment	(44,817)	(167,328)
Cash paid for purchase of property, plant and equipment	$ 479,227	$ 630,241

B. Investing activities with no cash flow effects

	For the years ended December 31, 2015	For the years ended December 31, 2014
Investment for accounted for under the equity method reclassified to financial assets measured at cost	$ 171,234	$ -
Prepayment for equipment reclassified to property, plant and equipment	$ 17,600	$ 272,761

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate parent and the ultimate controlling party of the Company is Uni-President Enterprises Corp. Names and relationship of other related parties with substantive controls, please refer to Note 13.B

(2) Significant transactions and balances with related parties

A. Sales

	For the years ended December 31,	
	2015	2014
Sales of goods:		
— Subsidiaries	$ -	$ 6,862
Sales of services:		
— Associates	-	3,153
	$ -	$ 10,015

(a) The terms of sales to and receivables from related parties were the same as regular customers. The above related parties close its accounts 90 days from the end of each month and make payment by telegraphic transfer.

(b) The terms of providing technical services to and receivables from related parties were the same with regular customers, remittances are made in 60 days.

B. Purchases

	For the years ended December 31,	
	2015	2014
Purchase of goods:		
— Subsidiaries	$ 234,851	$ 177,820

Purchase prices and terms for related parties are the same as that of regular suppliers. Payments are made in 90 days after receipt of goods.

C. Property transactions

Purchase of property:

	For the years ended December 31,	
	2015	2014
Purchase of property, plant and equipment:		
— An entity controlled by key management individuals	$ 1,656	$ -

D. Other expenses

	For the years ended December 31,	
	2015	2014
Rental expenses:		
—Entities controlled by key management	$ 1,663	$ 774
Repairs and maintenance fees:		
—Entities controlled by key management individuals	$ 3,697	$ 3,114
Management service fees:		
—Subsidiaries	$ 10,945	$ 2,598
—Ultimate parent company	4,755	5,480
—Associates of ultimate parent company	2,040	1,809
	$ 17,740	$ 9,887

E. Management consultancy revenue

	For the years ended December 31,	
	2015	2014
Technical consultancy revenue:		
—Subsidiaries	$ 11,843	$ 28,886

F. Accounts receivable

	December 31, 2015	December 31, 2014
Receivables from related parties:		
—Associates	$ -	$ 1,187

G. Other receivables

	December 31, 2015	December 31, 2014
Other receivables from related parties:		
—Subsidiaries	$ 5,268	$ 11,071

H. Other payables

	December 31, 2015	December 31, 2014
Other payables to related parties:		
—Subsidiaries	$ 5,563	$ 1,195
—Entities controlled by key management	2,231	65
	$ 7,794	$ 1,260

(3) Key management compensation

	For the years ended December 31,	
	2015	2014
Salaries and other short-term employee benefits	$ 59,808	$ 77,368

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	December 31, 2015	December 31, 2014	Purpose
Time deposits (Note)	$ 24, 734	$ 24, 734	Customs duty and performance guarantee

Note: Shown as "other financial assets - non-current."

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2015 and 2014, the Company's unused letters of credit amounted to $7,508 and $ —, respectively.

(2) As of December 31, 2015 and 2014, the Company's remaining balance due for construction in progress and prepayments for equipment was $463,663 and $954, respectively.

(3) The Company entered into a non-cancellable operating lease agreement from June 1, 2011 to February 28, 2018 for the land in Tainan Science Park, with a lease term of less than twenty years. The lease agreement is renewable at the end of the lease term. The Company pays monthly rent. If the announced land values, state-owned land rent rate, or other factors change, the monthly rent paid by the Company will be adjusted accordingly on the following month. The Company may have to pay additional rent or get a refund on its last rental payment because of such adjustment. The rent expense of $21,291 (recorded as "operating cost" and "operating expense") was recognized in profit or loss for the years ended December 31, 2015 and 2014. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014
Within one year	$ 21, 291	$ 21, 291
Later than one year but not exceeding five years	24, 840	46, 131
	$ 46, 131	$ 67, 422

10. SIGNIFICANT DISASTER LOSS: None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE: None.

12. OTHERS

(1) Capital risk management

The Company's objectives on managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, to maintain an optimal capital structure, to reduce the cost of capital and to maintain an adequate capital structure to enable the expansion and enhancement of equipment. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return of capital to shareholders, and issue new shares or sell assets to reduce debts.

(2) Financial instruments

A. Fair value information of financial instruments

The Company's financial instruments which are not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), notes payable, accounts payable (including related parties) and other payables) is approximate to their fair value. Please refer to Note 12 (3) for details of fair value information of financial instruments measured at fair value.

B. Financial risk management policies

(a)The Company'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 Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(b)Company treasury identifies, evaluates and hedges financial risks closely 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 investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange rate risk

(i)The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

(ii)To manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Company is required to hedge the foreign exchange risk exposure using forward foreign exchange contracts. However, hedge accounting is not applied as transactions did not meet all criteria of hedge accounting. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

(iii)The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). 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, 2015		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 35,002	32.83	$1,148,941
EUR:NTD	1,664	35.88	59,704
CNY:NTD	2,723	4.995	13,601
Financial liabilities			
Monetary items			
USD:NTD	732	32.83	24,028
CNY:NTD	562	4.995	2,807
EUR:NTD	16	35.88	574

	December 31, 2014		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 19,480	31.65	$ 616,542
CNY:NTD	4,848	5.092	24,686
EUR:NTD	103	38.47	3,962
Investments accounted for under the equity method			
USD:NTD	2,527	31.65	79,980
Financial liabilities			
Monetary items			
USD:NTD	1,426	31.65	45,133
EUR:NTD	337	38.47	12,964
CNY:NTD	235	5.092	1,197

(iv)As of December 31, 2015 and 2014, if the USD:NTD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Company's net profit after tax for the years ended December 31, 2015 and 2014 would increase/decrease by $56,254 and $32,569, respectively. If the EUR:NTD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Company's net profit after tax for the years ended December 31, 2015 and 2014 would increase/decrease by $2,957 and $450, respectively. If the CNY:NTD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Company's net profit after tax for the years ended December 31, 2015 and 2014 would increase/decrease by $540 and $1,175, respectively.

(v) Total exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2015 and 2014 amounted $32,161 and $46,269, respectively.

II. Price risk

The Company has investments classified as financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets (shown in 'financial assets measured at cost-non current'). Therefore, the Company is exposed to price risk on equity instruments investments. To manage this risk, the Company has set stop-loss amounts for these instruments. The Company expects no significant market risk.

III. Interest rate risk

For the years ended December 31, 2015 and 2014, the Company's liabilities bear little significance and a small range of interest rate, thus, the Company does not bear significant interest rate risk.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing 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 with limits set by the board of directors. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, and outstanding receivables. The Company also transacts with many different banks and financial institutions to diversify risk.

II. No credit limits were exceeded during the years ended December 31, 2015 and 2014.

III. For more information regarding the Company's credit ratings on its financial assets, please refer to detailed explanation on financial assets in Note 6.

(c). Liquidity risk

I. Cash flow forecasting is performed by the Company's treasury department which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. The following table comprises the Company's non-derivative financial liabilities and derivative financial liabilities with gross-amount settlement that are grouped by their maturity. Non-derivative financial liabilities are analyzed from the balance sheet date to the contract maturity date, and derivative financial liabilities are analyzed from the balance sheet date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Notes payable	$ 995	$ -	$ -	$ -
Accounts payable	32,639	-	-	-
Other payables	314,035	-	-	-
Guarentee deposits	23,397			
Derivative financial liabilities:				
Forward exchange contracts	145	-	-	-

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Notes payable	$ 1,153	$ -	$ -	$ -
Accounts payable	44,268	-	-	-
Other payables	427,203	-	-	-
Guarentee deposits	1,656			
Derivative financial liabilities:				
Forward exchange contracts	3,669	-	-	-

(3) Fair value estimation

A. Details of the fair value of the Group's financial liabilities not measured at fair value are provided in Note 12(2)A.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: Inputs for the asset or liability that are not based on observable market data.

C. The following table presents the Company's financial assets and liabilities that are measured at fair value at December 31, 2015 and 2014.

December 31, 2015	Level 1	Level 2	Level 3	Total
Liabilities:				
Financial liabilities at fair value through profit or loss – forward foreign exchange contracts	$ -	$ 145	$ -	$ 145

December 31, 2014	Level 1	Level 2	Level 3	Total
Liabilities:				
Financial liabilities at fair value through profit or loss – forward foreign exchange contracts	$ -	$ 3,669	$ -	$ 3,669

D. The methods and assumptions the Company used to measure fair value are as follows:

a) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent Company only balance sheet date.

b) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

c) Forward exchange contracts are usually valued based on the current forward exchange rate.

E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. The Company did not have financial instruments that meet the definition of level 3 instruments as of and for the years ended December 31, 2015 and 2014.

13. SUPPLEMENTARY DISCLOSURES

(According to the policies, only the financial information of the investee for 2015 is supposed to be disclosed based on the financial statements prepared by the same-period auditors. Instead of the adjustments taking into account the consolidation, the financial information is presented in every consolidated entity.)

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

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): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 3.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 4.

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

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

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(8).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2)Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3)Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

ScinoPharm Taiwan, Ltd.

Loans to others

For the year ended December 31, 2015

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Name	Name of counterparty	Account	Related parties	Maximum balance	Ending balance	Actual amount drawn down	Interest rate	Nature of financial activity (Note 1)	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged Item	Assets pledged Value	Loan limit per entity	Maximum amount available for loan	Footnote
1	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	ScinoPharm (Changshu) Pharmaceuticals, Ltd.	Other receivables	Y	$ 94,905	$ 94,905	$ -	—	2	$ -	Additional operating capital	$ -	—	$ -	$ 94,928	$ 189,856	(Note 2)

Note 1: The code represents the nature of financing activities as follows:
1. Trading partner.
2. Short-term financing.

Note 2: The maximum amount for total loan is 40% of its net worth; the maximum amount of individual enterprise is as follows: (1) For trading partner: higher of the purchase or sales amount of the most recent year or the current year. (2) For short-term financing: the maximum amount for total loan is 20% of its net worth.

Note 3: The maximum amount for total loan is 40% of its net worth; the maximum amount for short-term financing is 20% of its net worth.

Note 4: The numbers in the table that involves foreign currencies are expressed in New Taiwan Dollars according to the exchange rate posted on the date of the consolidated financial statements (RMB:NTD 1:4.995).

ScinoPharm Taiwan, Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2015

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015 Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
ScinoPharm Taiwan, Ltd.	Bill under repurchase agreements:							
	International Bills Finance Co.	—	Cash equivalents	-	$ 209,936	-	$ 209,936	—
	China Bills Finance Co.	—	Cash equivalents	-	89,976	-	89,976	—
	Stocks:							
	Tanvex Biologics, Inc.	The Company is a director of Tanvex Biologics, Inc.	Financial assets measured at cost-non-current	28,800	167,673	17.00%	-	—
	Syngen, Inc.	—	Financial assets measured at cost-non-current	245	-	7.40%	-	—
	Foresee Pharmaceuticals Co., Ltd.	—	Financial assets measured at cost-non-current	4,072	171,234	6.12%	-	—

ScinoPharm Taiwan, Ltd.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2015

Table 3

Expressed in thousands of NTD

					Balance as at January 1, 2015		Addition		Disposal				Balance as at December 31, 2015	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ScinoPharm Taiwan, Ltd.	Bill under repurchase agreement:													
	International Bills Finance Co.	Cash equivalents	-	-	-	$ 99, 734	-	$6, 438, 066	-	$6, 328, 536	($6, 327, 864)	$ 672	-	$ 209, 936
	Mega Bills Finance Co.	Cash equivalents	-	-	-	-	-	3, 614, 867	-	3, 615, 241	(3, 614, 867)	374	-	-
	China Bills Finance Co.	Cash equivalents	-	-	-	187, 313	-	3, 016, 259	-	3, 113, 927	(3, 113, 596)	331	-	89, 976

ScinoPharm Taiwan, Ltd.

Acquisition of real estate reaching $300 million or 20% of paid-in capital or more

For the year ended December 31, 2015

Table 4

Expressed in thousands of NTD

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount (Note)	Status of payment (Note)	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
ScinoPharm Taiwan, Ltd.	Plant	2012. 6～2015. 12	Approximately $ 739, 323	$ 613, 953	China Ecoteck Co., Ltd. etc.	—	—	—	—	$ -	Negotiation	Building for operation use	—
ScinoPharm (Changshu) Pharmaceuticals, Ltd.	Plant (Phase II)	2012. 11～2015. 12	649, 717	593, 895	Jiangsu Qian Construction Group Co., Ltd. etc.	—	—	—	—	-	Negotiation	For operation use	—

Note: The numbers in the table that involves foreign currencies are expressed in New Taiwan Dollars according to the exchange rate posted on the date of the financial statements (RMB:NTD 1:4.995).

ScinoPharm Taiwan, Ltd.

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

For the year ended December 31, 2015

Table 5

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
ScinoPharm Taiwan, Ltd.	ScinoPharm (Changshu) Pharmaceuticals, Ltd.	Subsidary (SPT International, Ltd.)	Purchases	$ 167,718	16%	Closes its accounts 90 days from the end of each month after acceptance	$ -	—	($ 142)	-	—
ScinoPharm (Changshu) Pharmaceuticals, Ltd.	ScinoPharm Taiwan, Ltd.	The Company	(Sales)	(167,718)	(69%)	Closes its accounts 90 days from the end of each month after acceptance	-	—	142	-	—

ScinoPharm Taiwan, Ltd.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2015

Table 6

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	ScinoPharm Taiwan, Ltd.	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	1	Purchases	$ 67,133	Closes its accounts 90 days from the end of each month after acceptance	2%
		ScinoPharm (Changshu) Pharmaceuticals, Ltd.	1	Purchases	167,718	Closes its accounts 90 days from the end of each month after acceptance	4%
				Technical service revenue	(11,843)	–	–
				Other receivables	5,268	–	–
				Accounts payable	(142)	–	–
				Other payables	(2,757)	–	–
		ScinoPharm (Shanghai) Biochemical Technology, Ltd.	1	Management consultancy fees	10,945	–	–
				Other payables	(2,806)	–	–

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

ScinoPharm Taiwan, Ltd.

Information on investees

For the year ended December 31, 2015

Table 7

Expressed in thousands of NTD

				Initial investment amount		Shares held as at December 31, 2015					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognized by the Company for the year ended December 31, 2015	Footnote
ScinoPharm Taiwan, Ltd.	SPT International, Ltd.	Tortola, British Virgin Islands	Professional investment	$ 1, 833, 304	$ 1, 833, 304	60, 524, 644	100. 00	$ 1, 145, 966	($ 269, 541)	($ 286, 575)	Subsidary
ScinoPharm Taiwan, Ltd.	ScinoPharm Singapore Pte Ltd.	Singapore	Professional investment	-	-	2	100. 00	50	15	15	Subsidary
ScinoPharm Taiwan, Ltd.	Foreseeacer Pharmaceuticals, Inc.	Grand Cayman, Cayman Islands	Research and development of peptide injectable drugs	-	107, 388	-	-	-	4, 128	754	(Note)

Note: The Company lost the right to exercise signigicant influence over the investee company due to share swap transaction with the investee company's controlling shareholder, and reclassified the investment as "Financial assets measured at cost-non-current".

ScinoPharm Taiwan, Ltd.

Information on investments in Mainland China

For the year ended December 31, 2015

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2015 (Note 2)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	Research, development, and manufacture of API and new drug, etc.	$ 131, 300	(Note 1)	$ 131, 300	$ -	$ -	$ 131, 300	$ 13, 387	100	$ 13, 387	$ 474, 642	$ -	Subsidary
ScinoPharm (Changshu) Pharmaceuticals, Ltd.	Research, development, and manufacture of API and new drug, etc.	1, 788, 963	(Note 1)	1, 788, 963	-	-	1, 788, 963	(282, 814)	100	(282, 814)	700, 231	-	Subsidary
ScinoPharm (Shanghai) Biochemical Technology, Ltd.	Import, export and sales of API and intermediates, etc.	39, 390	(Note 1)	39, 390	-	-	39, 390	(235)	100	(235)	21, 356	-	Subsidary

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
ScinoPharm Taiwan, Ltd.	$ 1, 990, 787	$ 1, 990, 787	$ 5, 914, 196

Note 1: Indirect investment in Mainland China through a company set up in a third region, SPT International, Ltd.

Note 2: The Investment income (loss) recognized by the Company for the year ended December 31, 2015 was based on audited financial statements of investee companies as of and for the year ended December 31, 2015.

Note 3: The ceiling amount is 60% of the higher of net worth or consolidated net worth.

Note 4: The numbers in the table that involves foreign currencies are expressed in New Taiwan Dollars according to the exchange rate posted on the date of the financial statements (USD:NTD 1:32.825).

ScinoPharm Taiwan, Ltd.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the year ended December 31, 2015

Table 9

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2015	%	Balance at December 31, 2015	Purpose	Maximum balance during the year ended December 31, 2015	Balance at December 31, 2015	Interest rate	Interest during the year ended December 31, 2015	
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	($ 67,133)	(6%)	$ -	-	$ -	-	$ -	-	$ -	$ -	-	$ -	$ -
ScinoPharm (Changshu) Pharmaceuticals, Ltd.	(167,718)	(17%)	-	-	-	0	-	-	-	-	-	-	Management consultancy revenue $ 11,843 Other receivables $ 5,268 Other payables $ 2,757
ScinoPharm (Shanghai) Biochemical Technology, Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	Management consultancy fee $ 10,945 Other payables $ 2,806