TWi PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
JUNE 30, 2016 AND 2017

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To TWi Pharmaceuticals, Inc.

We have reviewed the accompanying consolidated balance sheets of TWi Pharmaceuticals, Inc. and its subsidiaries as of June 30, 2016 and 2017, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the related statements of changes in equity and of cash flows for the six months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As explained in Note 4(3), we did not review the financial statements of certain insignificant consolidated subsidiaries, which statements reflect total assets of $19,074 thousand, constituting 0.3% of the consolidated total assets, and total liabilities of $2,758 thousand, constituting 0.6% of the consolidated total liabilities as of June 30, 2016, and total comprehensive loss of $1,483 thousand and $2,871 thousand, constituting 0.7% and 0.6% of the consolidated total comprehensive income for the three months and six months ended June 30, 2016, respectively. These amounts were based solely on the unreviewed financial statements of these companies.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules

Governing the Preparation of Financial Statements by Securities Issuers", and IAS 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC).

Teng, Sheng-Wei　　　　　　Liang, Hua-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

August 11, 2017

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

TWi PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2016, DECEMBER 31, 2016 AND JUNE 30, 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2016 AND 2017 WERE REVIEWED, NOT AUDITED)

	Assets	Notes	June 30, 2016 AMOUNT	%	December 31, 2016 AMOUNT	%	June 30, 2017 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,767,356	25	$ 2,445,038	35	$ 1,709,724	27
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	-	-	5,940	-
1150	Notes receivable, net		884	-	521	-	644	-
1170	Accounts receivable, net	6(3)	177,144	3	114,170	2	142,730	2
1180	Accounts receivable - related parties, net	7	43	-	1	-	-	-
1200	Other receivables		33,920	-	16,145	-	28,957	-
1210	Other receivables - related parties	7	630	-	-	-	-	-
1220	Current income tax assets		-	-	85	-	696	-
130X	Inventories	6(4)	127,019	2	91,813	1	124,502	2
1410	Prepayments		47,239	1	74,222	1	62,138	1
1460	Non-current assets held for sale - net	6(5)	-	-	901,960	13	-	-
1476	Other current financial assets	6(6)	2,672,500	38	2,195,560	31	2,824,615	45
11XX	**Total current assets**		4,826,735	69	5,839,515	83	4,899,946	77
	Non-current assets							
1527	Held-to-maturity financial assets - non-current	6(7)	-	-	-	-	152,515	2
1600	Property, plant and equipment	6(8), 7 and 8	1,275,970	18	925,154	13	916,037	15
1780	Intangible assets	6(9)	767,185	11	136,612	2	209,082	3
1900	Other non-current assets	6(10)	110,618	2	113,246	2	156,589	3
15XX	**Total non-current assets**		2,153,773	31	1,175,012	17	1,434,223	23
1XXX	**Total assets**		$ 6,980,508	100	$ 7,014,527	100	$ 6,334,169	100

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TWi PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2016, DECEMBER 31, 2016 AND JUNE 30, 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2016 AND 2017 WERE REVIEWED, NOT AUDITED)

	Liabilities and Equity	Notes	June 30, 2016 AMOUNT	%	December 31, 2016 AMOUNT	%	June 30, 2017 AMOUNT	%
	Current liabilities							
2150	Notes payable		$ -	-	$ -	-	$ 64	-
2170	Accounts payable		93,603	1	55,176	1	76,970	1
2200	Other payables	6(11)	135,076	2	139,531	2	111,160	2
2220	Other payables - related parties	7	904	-	-	-	-	-
2230	Current income tax liabilities		-	-	9,827	-	1,508	-
2260	Liabilities directly related to non-current assets held for sale	6(5)	-	-	178,346	3	-	-
2399	Other current liabilities	6(14)	26,055	1	5,665	-	6,540	-
21XX	**Total current liabilities**		255,638	4	388,545	6	196,242	3
	Non-current liabilities							
2570	Deferred income tax liabilities	6(24)	140,255	2	4,933	-	4,933	-
2600	Other non-current liabilities	6(14)	33,572	-	11,219	-	32,748	1
25XX	**Total non-current liabilities**		173,827	2	16,152	-	37,681	1
2XXX	**Total liabilities**		429,465	6	404,697	6	233,923	4
	Equity attributable to owners of the parent							
	Share capital							
3110	Common stock	6(15)	1,274,043	18	1,273,274	18	1,251,016	20
3140	Advance receipts for share capital	6(13)	454	-	2,038	-	1,487	-
	Capital surplus	6(13)(16)						
3200	Capital surplus		8,113,610	116	8,280,915	118	8,168,620	129
	Retained earnings (accumulated deficit)	6(17)(24)						
3310	Legal reserve		1,199	-	1,199	-	1,199	-
3350	Accumulated deficit		(3,094,386)	(44)	(2,931,067)	(42)	(3,034,986)	(48)
	Other equity interest							
3400	Other equity interest		(65,346)	(1)	(89,913)	(1)	(103,301)	(2)
3500	**Treasury shares**	6(15)	-	-	(212,112)	(3)	(262,387)	(4)
31XX	**Total equity attributable to owners of the parent**		6,229,574	89	6,324,334	90	6,021,648	95
36XX	**Non-controlling interest**		321,469	5	285,496	4	78,598	1
3XXX	**Total equity**		6,551,043	94	6,609,830	94	6,100,246	96
	Commitments and contingent liabilities	9						
	Significant events after the reporting period	11						
3X2X	**Total liabilities and equity**		$ 6,980,508	100	$ 7,014,527	100	$ 6,334,169	100

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

TWi PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2016 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)
(THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME WERE REVIEWED, NOT AUDITED)

			Three months ended June 30				Six months ended June 30			
			2016		2017		2016		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Operating revenues**	6(18) and 7	$ 178,817	100	$ 175,189	100	$ 361,969	100	$ 347,332	100
5000	**Operating costs**	6(4)(12)(13)(22)(23)	(132,866)	(74)	(102,025)	(58)	(224,437)	(62)	(203,417)	(59)
5900	**Gross Profit**		45,951	26	73,164	42	137,532	38	143,915	41
	Operating expenses	6(12)(13)(22)(23)								
6100	Selling and marketing		(16,310)	(9)	(13,532)	(8)	(31,487)	(9)	(29,735)	(9)
6200	General and administrative		(46,021)	(26)	(37,350)	(21)	(84,160)	(23)	(81,508)	(23)
6300	Research and development		(189,927)	(106)	(122,876)	(70)	(392,420)	(108)	(289,759)	(83)
6000	**Total operating expenses**		(252,258)	(141)	(173,758)	(99)	(508,067)	(140)	(401,002)	(115)
6900	**Operating loss**		(206,307)	(115)	(100,594)	(57)	(370,535)	(102)	(257,087)	(74)
	Non-operating income and expenses									
7010	Other income	6(7)(19)(25) and 7	7,846	4	17,495	10	13,138	3	31,121	9
7020	Other gains and losses	6(2)(20) and 7	13,641	8	478,629	273	(69,648)	(19)	229,582	66
7050	Finance costs	6(21)	(128)	-	(185)	-	(200)	-	(186)	-
7000	**Total non-operating income and expenses**		21,359	12	495,939	283	(56,710)	(16)	260,517	75
7900	**Profit (loss) before income tax**		(184,948)	(103)	395,345	226	(427,245)	(118)	3,430	1
7950	Income tax benefit (loss)	6(24)	4,205	2	(46,519)	(27)	8,474	2	(41,253)	(12)
8200	**Profit (loss) for the period**		($ 180,743)	(101)	$ 348,826	199	($ 418,771)	(116)	($ 37,823)	(11)
	Other comprehensive income (loss)									
	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign financial statements		($ 19,763)	(11)	$ 33,135	19	($ 24,933)	(7)	($ 12,382)	(3)
8300	**Other comprehensive income (loss), net**		($ 19,763)	(11)	$ 33,135	19	($ 24,933)	(7)	($ 12,382)	(3)
8500	**Total comprehensive income (loss) for the period**		($ 200,506)	(112)	$ 381,961	218	($ 443,704)	(123)	($ 50,205)	(14)
	Profit (loss) attributable to:									
8610	Owners of the parent		($ 159,874)	(89)	$ 351,048	200	($ 382,977)	(106)	($ 16,143)	(5)
8620	Non-controlling interest		(20,869)	(12)	(2,222)	(1)	(35,794)	(10)	(21,680)	(6)
			($ 180,743)	(101)	$ 348,826	199	($ 418,771)	(116)	($ 37,823)	(11)
	Comprehensive income (loss) attributable to:									
8710	Owners of the parent		($ 174,305)	(97)	$ 357,519	204	($ 401,346)	(111)	($ 31,484)	(9)
8720	Non-controlling interest		(26,201)	(15)	24,442	14	(42,358)	(12)	(18,721)	(5)
			($ 200,506)	(112)	$ 381,961	218	($ 443,704)	(123)	($ 50,205)	(14)
	Earnings (Loss) Per Share (in dollars)	6(26)								
9750	**Basic Earnings (Loss) Per Share**		($ 1.26)		$ 2.82		($ 3.02)		($ 0.13)	
9850	**Diluted Earnings (Loss) Per Share**		($ 1.26)		$ 2.82		($ 3.02)		($ 0.13)	

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

TWi PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2016 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY WERE REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent										
		Capital			Retained Earnings		Other Equity Interest					
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Legal reserve	Accumulated deficit	Exchange differences on translation of foreign financial statements	Other equity - others	Treasury shares	Total	Non-controlling interest	Total equity
Six months ended June 30, 2016												
Balance at January 1, 2016		$ 1,274,091	$ 981	$ 7,790,456	$1,199	($ 2,711,177)	$ 13,534	($ 66,790)	$ -	$ 6,302,294	$ 327,620	$ 6,629,914
Compensation costs of employee stock options	6(13)(16)	-	-	15,192	-	-	-	-	-	15,192	-	15,192
Compensation costs of employee stock options from subsidiaries	6(13)(16)	-	-	3,271	-	-	-	-	-	3,271	-	3,271
Employee stock options exercised	6(13)(16)	-	1,213	-	-	-	-	-	-	1,213	-	1,213
Issuance of restricted stocks	6(13)(16)	500	-	5,544	-	-	-	(5,544)	-	500	-	500
Compensation costs of restricted stocks		-	-	-	-	-	-	(972)	-	(972)	-	(972)
Advance receipts for share capital transferred		362	(1,740)	1,378	-	-	-	-	-	-	-	-
Retirement of restricted stocks		(910)	-	(12,795)	-	-	-	12,795	-	(910)	-	(910)
Transactions with non-controlling interests	6(27)	-	-	310,564	-	(232)	-	-	-	310,332	36,168	346,500
Loss for the period		-	-	-	-	(382,977)	-	-	-	(382,977)	(35,794)	(418,771)
Other comprehensive loss for the period		-	-	-	-	-	(18,369)	-	-	(18,369)	(6,564)	(24,933)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	39	39
Balance at June 30, 2016		$ 1,274,043	$ 454	$ 8,113,610	$1,199	($ 3,094,386)	($ 4,835)	($ 60,511)	$ -	$ 6,229,574	$ 321,469	$ 6,551,043
Six months ended June 30, 2017												
Balance at January 1, 2017		$ 1,273,274	$ 2,038	$ 8,280,915	$1,199	($ 2,931,067)	($ 33,143)	($ 56,770)	($ 212,112)	$ 6,324,334	$ 285,496	$ 6,609,830
Compensation costs of employee stock options	6(13)(16)	-	-	14,628	-	-	-	-	-	14,628	-	14,628
Compensation costs of employee stock options from subsidiaries	6(13)(16)	-	-	1,571	-	-	-	-	-	1,571	1,125	2,696
Compensation costs of restricted stocks	6(13)(16)	-	-	-	-	-	-	1,953	-	1,953	-	1,953
Employee stock options exercised	6(16)	-	1,958	-	-	-	-	-	-	1,958	-	1,958
Advance receipts for share capital transferred		522	(2,509)	1,987	-	-	-	-	-	-	-	-
Reaquisition of treasury shares	6(15)	-	-	-	-	-	-	-	(290,677)	(290,677)	-	(290,677)
Retirement of treasury shares	6(15)	(22,780)	-	(129,846)	-	(87,776)	-	-	240,402	-	-	-
Recognition of changes in equity of subsidiaries in proportion to ownership percentage		-	-	(635)	-	-	-	-	-	(635)	635	-
Disposal of subsidiary		-	-	-	-	-	-	-	-	-	(189,937)	(189,937)
Loss for the period		-	-	-	-	(16,143)	-	-	-	(16,143)	(21,680)	(37,823)
Other comprehensive loss for the period		-	-	-	-	-	(15,341)	-	-	(15,341)	2,959	(12,382)
Balance at June 30, 2017		$ 1,251,016	$ 1,487	$ 8,168,620	$1,199	($ 3,034,986)	($ 48,484)	($ 54,817)	($ 262,387)	$ 6,021,648	$ 78,598	$ 6,100,246

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

TWi PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2016 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED STATEMENTS OF CASH FLOWS WERE REVIEWED, NOT AUDITED)

	Notes	Six months ended June 30, 2016	Six months ended June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) income before tax		($ 427,245)	$ 3,430
Adjustments to reconcile consolidated (loss) income before income tax to net cash used in operating activities			
Non-cash flows from income and expenses			
Net loss on financial assets at fair value through profit or loss-current	6(20)	-	8,039
Compensation costs of employee stock options and restricted stocks	6(13)	17,491	19,277
Long-term deferred revenue (including current portion) transferred to revenue	6(14)	(2,456)	(2,456)
Gain from reversal of bad debts	6(3)	(2)	(204)
Depreciation	6(8)(22)	64,901	50,746
Amortisation	6(9)(22)	45,736	34,374
Interest income		(8,843)	(28,920)
Interest expense	6(21)	200	186
Gain on disposal of property, plant and equipment	6(20)	(430)	1
Gain on disposal of investment	6(20)	-	(456,946)
Changes in assets and liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss-current		-	(13,979)
Notes receivable, net		(723)	(123)
Accounts receivable, net		(75,038)	(28,356)
Accounts receivable - related parties, net		(43)	1
Other receivables		9,778	(18,515)
Other receivables - related parties		(630)	-
Inventories		(14,462)	(32,476)
Prepayments		14,201	(6,860)
Changes in liabilities relating to operating activities			
Notes payable		-	64
Accounts payable		58,121	21,794
Other payables		(19,389)	28,831
Other payables-related parties		(239)	-
Other current liabilities		(5,227)	8,700
Accrued pension liabilities		(181)	(190)
Cash outflow used in operations		(344,480)	(413,582)
Interest received		8,843	18,472
Interest paid		(200)	(186)
Income tax paid		-	(47,957)
Net cash used in operating activities		(335,837)	(443,253)

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TWi PHARMACEUTICALS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2016 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED STATEMENTS OF CASH FLOWS WERE REVIEWED, NOT AUDITED)

	Notes	Six months ended June 30, 2016	Six months ended June 30, 2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other current financial assets		($ 785,762)	($ 629,055)
Acquisition of property, plant and equipment	6(8)(28)	(77,438)	(38,736)
Proceeds from disposal of property, plant and equipment		19,022	-
Increase in intangible assets	6(9)(28)	(2,398)	(64,322)
Proceeds from disposal of subsidiary (including impact of cash due to changes in consolidated entities)	6(28)	-	870,493
Acquisition of held-to-maturity financial assets	6(7)	-	(153,990)
Increase in other non-current assets		(7,125)	(25,726)
Net cash flows used in investing activities		(853,701)	(41,336)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		-	30,898
Repayment of short-term borrowings		(16,415)	-
Employee stock options exercised	6(13)	1,213	1,958
Issuance of restricted stocks	6(13)	500	-
Retirement of restricted stocks	6(15)	(910)	-
Reaquisition of treasury shares	6(15)	-	(290,677)
Proceeds from sales of partial interests in subsidiaries	6(27)	346,500	-
Net cash flows provided by (used in) financing activities		330,888	(257,821)
Effect of exchange rate changes on cash and cash equivalents		394	7,096
Net decrease in cash and cash equivalents		(858,256)	(735,314)
Cash and cash equivalents at beginning of period		2,625,612	2,445,038
Cash and cash equivalents at end of period		$ 1,767,356	$ 1,709,724

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

TWi PHARMACEUTICALS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)
(THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2017 WERE REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

(1) TWi Pharmaceuticals Inc. (the Company), formerly Empax Pharma, Inc., was incorporated as a company limited by shares on Decemeber 1, 1997 with the approval of the Ministry of Economic Affairs, R.O.C. and began operations on the same day. The Company and its subsidiaries (collectively referred herein as the "Group") are mainly engaged in the research and development, contract manufacturing, and contract research of generic drugs.

(2) The Company, with September 1, 2006 as the acquisition date, absorbed Anchen International Pharmaceuticals Co., Ltd. and changed its name to Anchen Pharmaceuticals (Taiwan), Inc. after the merger. During April 2010, due to the Group's organizational restructuring, the Company's parent company was changed from Anchen Incorporated to TWi Pharmaceuticals Holding Inc. and the Company changed its name to TWi Pharmaceuticals, Inc. Because of the Group's decision to use the Company as the main entity for public exchange listing, TWi Pharmaceuticals Holding Inc. gradually transferred its shares of the Company to its stockholders during July and August 2012. After the transfer, the Company no longer has an ultimate parent company. Also, during February and March 2013, the Company gradually acquired 100% ownership of U-Liang Co., Ltd., with March 28, 2013 as the acquisition date.

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

These consolidated financial statements were reported to the Board of Directors on August 10, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

Based on the Group's assessment, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, ‘Investments in associates and joint ventures’	January 1, 2018

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

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

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

B. IFRS 15, ‘Revenue from contracts with customers’

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

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

Step 1: Identify contracts with customer

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

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when the performance obligation is satisfied

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

IFRS 15 requires that, when products are sold with a right of return, the entity will recognise revenue in the amount of consideration to which the entity expects to be entitled. Revenue would not be recognised for products that the entity expects to be returned. The entity raises a refund liability and an asset representing its right to recover the products from the customer. The asset is presented separately from the refund liability.

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

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

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

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

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

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

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

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

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

D. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019

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

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2016, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by the FSC.

B. These consolidated financial statements should be read along with the consolidated financial statements for the year ended December 31, 2016.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

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

(b) Financial assets at fair value through profit or loss.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "Taiwan-IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for preparation of the consolidated financial statements as of and for the year ended December 31, 2016.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) June 30, 2016	Note
TWi Pharmaceuticals, Inc.	TWi Biotechnology, Inc.	New drug R&D	76.81	(1)
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA Inc.	Consulting services and generic drug sales	100	
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals Europe Limited	Consulting services and generic drug sales	100	(3)
TWi Pharmaceuticals, Inc.	TWi Pharmaceutical Ltd.	Investment	100	
TWi Pharmaceutical, Ltd.	TWi Pharmaceutical Cayman Ltd.	Investment	99.88	
TWi Pharmaceutical Cayman Ltd.	Visum Pharmaceutical Co., Ltd.	Formulation and development of oral solid dosage forms	65.58	
Visum Pharmaceutical Co., Ltd.	eGen Pharmaceutical Co., Ltd.	Formulation and development of oral solid dosage forms	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2016	Ownership (%) June 30, 2017	Note
TWi Pharmaceuticals, Inc.	TWi Biotechnology, Inc.	New drug R&D	73.07	73.07	(1)
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA Inc.	Consulting services and generic drug sales	100	100	
TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals Europe Limited	Consulting services and generic drug sales	100	100	(4)
TWi Pharmaceuticals, Inc.	TWi Pharmaceutical Ltd.	Investment	100	100	
TWi Pharmaceutical, Ltd.	TWi Pharmaceutical Cayman Ltd.	Investment	99.88	100	
TWi Pharmaceutical Cayman Ltd.	Visum Pharmaceutical Co., Ltd.	Formulation and development of oral solid dosage forms	65.58	-	(2)
Visum Pharmaceutical Co., Ltd.	eGen Pharmaceutical Co., Ltd.	Formulation and development of oral solid dosage forms	100	-	(2)

Note 1: As TWi Biotechnology, Inc. plans to apply for securities listing, in order to comply with TWSE and TPEx Securities Listing Rules on equity distribution and to comply with TPEx Rules Governing the Review of Emerging Stocks for Trading, the Company repeatedly sold equity interests to non-related parties during the year 2016.

Note 2: During the November 2016 meeting, the Board of Directors resolved to sell all of equity interest in Visum Pharmaceutical Co., Ltd. The disposal transaction was completed on April 18, 2017.

Note 3: The financial statements of the entity as of and for the six months ended June 30, 2016 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 4: During the April 26, 2016 meeting, the Board of Directors resolved to liquidate the subsidiary– TWi Pharmaceuticals Europe Limited. The subsidiary has officially entered the liquidation stage on July 27, 2017.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of June 30, 2016, December 31, 2016 and June 30, 2017, non-controlling interest amounted to $321,469, $285,496 and $78,598, respectively. The information on non-controlling interest and respective subsidiary is as follows:

		Non-controlling interest		
		June 30, 2016		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Description
Visum Pharmaceutical Co., Ltd.	China	$ 230,796	34.42%	

		Non-controlling interest				
		December 31, 2016		June 30, 2017		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Description
Visum Pharmaceutical Co., Ltd.	China	$ 199,142	34.42%	$ -	-	

Summarised financial information of the subsidiary:

Balance sheets

	Visum Pharmaceutical Co., Ltd.		
	June 30, 2016	December 31, 2016	June 30, 2017
Current assets	$ 29,530	$ 26,874	$ -
Non-current assets	960,440	875,086	-
Current liabilities	(46,646)	(41,398)	-
Deferred tax liabilities	(135,296)	(120,990)	-
Non-current liabilities	(18,305)	(15,958)	-
Total net assets	$ 789,723	$ 723,614	$ -

Statements of comprehensive income

	Visum Pharmaceutical Co., Ltd.	
	Three months ended June 30, 2016	From April 1, 2017 to April 18, 2017
Revenue	($ 2,120)	$ 48
Loss before income tax	(45,219)	(5,440)
Income tax benefit	4,184	707
Loss for the period	(41,035)	(4,733)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 41,035)	($ 4,733)
Comprehensive loss attributable to non-controlling interest	($ 14,149)	($ 1,630)
Dividends paid to non-controlling interest	$ -	$ -

	Visum Pharmaceutical Co., Ltd.	
	Six months ended June 30, 2016	From January 1, 2017 to April 18, 2017
Revenue	$ 389	$ 812
Loss before income tax	(81,701)	(41,630)
Income tax benefit	8,453	4,530
Loss for the period	(73,248)	(37,100)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 73,248)	($ 37,100)
Comprehensive loss attributable to non-controlling interest	($ 25,224)	($ 12,770)
Dividends paid to non-controlling interest	$ -	$ -

Statements of cash flows

	Visum Pharmaceutical Co., Ltd.	
	Six months ended June 30,	
	2016	2017
Net cash used in operating activities	($ 36,161)	$ -
Net cash used in investing activities	(74,311)	-
Net cash provided by financing activities	-	-
Effect of exchange rates on cash and cash equivalents	(367)	-
Decrease in cash and cash equivalents	(110,839)	-
Cash and cash equivalents, beginning of period	130,580	-
Cash and cash equivalents, end of period	$ 19,741	$ -

(4) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

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

(5) Held-to-maturity financial assets

A. Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.

B. If the Group has sold or reclassified more than an insignificant amount of held-to-maturity investments before the maturity date during the current or the two preceding financial years, then any financial assets should not be classified as held-to-maturity financial assets and all of its remaining held-to-maturity investments must be reclassified as available-for-sale.

C. On a regular way purchase or sale basis, held-to-maturity financial assets are recognised and derecognised using trade date accounting.

D. Held-to-maturity financial assets are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(6) Employee benefits

Pensions

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(7) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

No significant changes during the period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2016.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2016	December 31, 2016	June 30, 2017
Cash on hand and petty cash	$ 245	$ 247	$ 238
Checking accounts	28,111	32,009	21,638
Demand deposits	405,700	558,015	1,143,198
Time deposits	1,333,300	1,866,225	544,650
Less: Listed under "Non-current assets held for sale - net"	-	(11,458)	-
	$ 1,767,356	$ 2,445,038	$ 1,709,724

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

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

(2) Financial assets at fair value through profit or loss

Items	June 30, 2017
Current items:	
Financial assets held for trading	
Monetary Fund	$ 5,940

A. The Group's financial asset held for trading is valued using US Dollars. The Group recognized net loss (including currency exchange loss) of $8,039 on financial assets held for trading for the six months ended June 30, 2017.

B. The Group has no financial assets at fair value through profit or loss as of June 30, 2016 and December 31, 2016.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Accounts receivable - net

	June 30, 2016	December 31, 2016	June 30, 2017
Accounts receivable	$ 177,144	$ 114,380	$ 142,736
Less: Allowance for bad debts	-	(210)	(6)
	$ 177,144	$ 114,170	$ 142,730

A. The credit quality of accounts receivable that were not past due was in the following categories based on the Group's Credit Quality Control Policy (Note):

	June 30, 2016	December 31, 2016	June 30, 2017
Group A	$ -	$ -	$ -
Group B	133,252	112,836	142,316
Group C	743	520	414
	$ 133,995	$ 113,356	$ 142,730

Note:

Group A: Rating of customer's credit limit is above 90 points.

Group B: Rating of customer's credit limit stands between 70~89 points.

Group C: Rating of customer's credit limit is below 69 points.

Group D: The customer has been dissolved, has incurred bad debt before or no more transactions have occurred.

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

	June 30, 2016	December 31, 2016	June 30, 2017
Up to 30 days	$ 31,136	$ -	$ -
31 to 60 days	12,013	-	-
61 to 90 days	-	-	-
91 to 120 days	-	-	-
Over 121 days	-	814	-
	$ 43,149	$ 814	$ -

The above ageing analysis was based on past due date.

C. Movement analysis of accounts receivable that were impaired is as follows:

	2016		
	Individual provision	Group provision	Total
At January 1	$ -	$ 2	$ 2
Provision for impairment	-	(2)	(2)
At June 30	$ -	$ -	$ -

	2017		
	Individual provision	Group provision	Total
At January 1	$ -	$ 210	$ 210
Provision for impairment	-	(204)	(204)
At June 30	$ -	$ 6	$ 6

D. The Group does not hold any collateral as security for accounts receivable.

(4) Inventories

	June 30, 2016		
	Cost	Allowance for valuation loss and loss on obsolescence	Book value
Raw materials	$ 25,593	($ 1,638)	$ 23,955
Supplies	31,572	(1,307)	30,265
Work in process	25,425	(12,900)	12,525
Finished goods	56,162	(359)	55,803
Inventory in transit	4,471	-	4,471
	$ 143,223	($ 16,204)	$ 127,019

December 31, 2016			
	Cost	Allowance for valuation loss and loss on obsolescence	Book value
Raw materials	$ 22,911	($ 1,922)	$ 20,989
Supplies	20,854	(1,172)	19,682
Work in process	1,135	(15)	1,120
Finished goods	54,807	(4,785)	50,022
	$ 99,707	($ 7,894)	$ 91,813

June 30, 2017			
	Cost	Allowance for valuation loss and loss on obsolescence	Book value
Raw materials	$ 25,711	($ 2,635)	$ 23,076
Supplies	25,669	(3,789)	21,880
Work in process	8,779	(15)	8,764
Finished goods	90,353	(20,034)	70,319
Inventory in transit	463	-	463
	$ 150,975	($ 26,473)	$ 124,502

The cost of inventories recognised as expense for the period:

	Three months ended June 30,	
	2016	2017
Cost of goods sold and service costs	$ 142,509	$ 94,511
(Gain from reversal of) loss on obsolescence and market value decline (Note)	(9,635)	7,419
(Gain) loss on physical inventory	(8)	95
Operating costs	$ 132,866	$ 102,025

	Six months ended June 30,	
	2016	2017
Cost of goods sold and service costs	$ 227,086	$ 183,340
(Gain from reversal of) loss on obsolescence and market value decline (Note)	(2,647)	20,104
Gain on physical inventory	(2)	(27)
Operating costs	$ 224,437	$ 203,417

Note: Gain from reversal arose from sale of obsolete inventory in the second quarter of 2015 and 2016.

(5) Non-current assets held for sale

The Group readjusted its strategy in the China investment business and on November 30, 2016, the Board of Directors resolved to sell all of equity interest in Visum Pharmaceutical Co., Ltd. (Visum Co.) to Tianjin Taike Investment Partnership (Limited Partnership) and Hainan Haixinkang Pharmaceutical Technology Development Partnership (Limited Partnership). The total proceeds is RMB 197 million and the transaction was completed on April 18, 2017. Regardng the gain on disposal of RMB 103.5 million (NTD 456,946 thousand), please refer to Note 6(20). Also in consideration of the Group's past contribution in managing Visum Co., the parties agreed that Visum Co. will pay the Group an additional RMB 8 million after the transfer of equity interest. The Group recorded this amount as "Other non-current assets" and credited "Investment accounted for under the equity method". Before the disposal, the Group reclassified the related assets and liabilities to disposal group held for sale as shown below:

A. Assets of disposal group held for sale:

	December 31, 2016	June 30, 2017
Cash and cash equivalents	$ 11,458	$ -
Current assets	15,416	-
Property, plant and equipment	292,729	-
Intangible assets	568,216	-
Other non-current assets	14,141	-
	$ 901,960	$ -

B. Liabilities directly relating to non-current assets held for sale:

	December 31, 2016	June 30, 2017
Short-term borrowings	$ -	$ -
Payable on equipment	12,984	-
Other payables	10,370	-
Advance receipts	5,849	-
Other current liabilities	12,195	-
Deferred tax liabilities	120,990	-
Other non-current liabilities	15,958	-
	$ 178,346	$ -

(6) Other current financial assets

Items	June 30, 2016	December 31, 2016	June 30, 2017
Current items:			
Other current financial assets- time deposits	$ 2,672,500	$ 2,195,560	$ 2,824,615

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

(7) Held-to-maturity financial assets – non-current

Items		June 30, 2017
Corporate bonds	$	152,515

A. The Group recognised interest income of $0 and $579 for amortised cost in profit or loss for the six months ended June 30, 2016 and 2017, respectively.

B. The counterparties of the Group's investments have good credit quality.

C. The Group has no held-to-maturity financial assets as of June 30, 2016 and December 31, 2016.

D. As of June 30, 2017, no held-to-maturity financial assets held by the Group were pledged to others. The Group has no held-to-maturity financial assets as of June 30, 2016 and December 31, 2016.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Leased asset	Transportation equipment	Office equipment	Leasehold improvements	Equipment to be inspected	Total
At January 1, 2016									
Cost	$ 386,542	$ 469,265	$ 721,133	$ 20,202	$ 5,247	$ 33,899	$ 19,359	$ 34,473	$ 1,690,120
Accumulated depreciation	-	(144,167)	(258,821)	(631)	(2,463)	(9,117)	(9,000)	-	(424,199)
	$ 386,542	$ 325,098	$ 462,312	$ 19,571	$ 2,784	$ 24,782	$ 10,359	$ 34,473	$ 1,265,921
2016									
Opening net book amount as at January 1	$ 386,542	$ 325,098	$ 462,312	$ 19,571	$ 2,784	$ 24,782	$ 10,359	$ 34,473	$ 1,265,921
Additions	-	-	2,100	-	-	1,031	-	-	3,131
Disposals	-	-	(8)	(18,720)	-	(484)	-	-	(19,212)
Transfers	-	(94)	2,894	-	-	1,886	(284)	96,163	100,565
Depreciation charge	-	(16,732)	(42,994)	(851)	(362)	(2,580)	(1,382)	-	(64,901)
Transferred to operating expenses	-	(173)	-	-	-	-	-	(19)	(192)
Net exchange differences	-	(3,930)	(2,364)	-	(41)	255	-	(3,262)	(9,342)
Closing net book amount as at June 30	$ 386,542	$ 304,169	$ 421,940	$ -	$ 2,381	$ 24,890	$ 8,693	$ 127,355	$ 1,275,970
At June 30, 2016									
Cost	$ 386,542	$ 465,068	$ 723,755	$ 1,482	$ 5,206	$ 36,587	$ 19,075	$ 127,355	$ 1,765,070
Accumulated depreciation	-	(160,899)	(301,815)	(1,482)	(2,825)	(11,697)	(10,382)	-	(489,100)
	$ 386,542	$ 304,169	$ 421,940	$ -	$ 2,381	$ 24,890	$ 8,693	$ 127,355	$ 1,275,970

	Land	Buildings and structures	Machinery	Transporation equipment	Office equipment	Leasehold improvements	Equipment to be inspected	Total
At January 1, 2017								
Cost	$ 386,542	$ 307,522	$ 505,746	$ 1,815	$ 25,494	$ 16,739	$ -	$ 1,243,858
Accumulated depreciation	-	(117,067)	(184,049)	(695)	(7,759)	(9,134)	-	(318,704)
	$ 386,542	$ 190,455	$ 321,697	$ 1,120	$ 17,735	$ 7,605	$ -	$ 925,154
2017								
Opening net book amount as at January 1	$ 386,542	$ 190,455	$ 321,697	$ 1,120	$ 17,735	$ 7,605	$ -	$ 925,154
Add: Listed under "Non-current assets held for sale - net", beginning of period	-	116,323	68,123	1,374	4,736	-	102,173	292,729
Additions	-	-	4,856	-	2,007	191	21,547	28,601
Disposals	-	-	-	-	(1)	-	-	(1)
Transfers	-	-	513	-	-	-	7,796	8,309
Effect of consolidated entity's movement	-	(108,269)	(62,155)	(1,184)	(4,084)	-	(99,399)	(275,091)
Depreciation charge	-	(13,198)	(33,485)	(282)	(2,444)	(1,337)	-	(50,746)
Net exchange differences	-	(5,080)	(2,961)	(58)	(306)	-	(4,513)	(12,918)
Closing net book amount as at June 30	$ 386,542	$ 180,231	$ 296,588	$ 970	$ 17,643	$ 6,459	$ 27,604	$ 916,037
At June 30, 2017								
Cost	$ 386,542	$ 268,272	$ 510,036	$ 1,816	$ 27,077	$ 16,930	$ 27,604	$ 1,238,277
Accumulated depreciation	-	(88,042)	(213,448)	(846)	(9,433)	(10,471)	-	(322,240)
	$ 386,542	$ 180,230	$ 296,588	$ 970	$ 17,644	$ 6,459	$ 27,604	$ 916,037

Information about the property, plant and equipment pledged to others as collaterial is provided in Note 8.

(9) Intangible assets

	January 1, 2016		
	Cost	Accumulated amortisation	Total
Patent-			
Diabetic new drug (Note 1)	$ 51,578	($ 27,508)	$ 24,070
Software cost	6,829	(2,986)	3,843
Other intangible assets – use right			
New drug A technology and right (Note 2)	7,121	(2,314)	4,807
Generic A technology and right (Note 3)	18,292	(11,814)	6,478
Generic B technology and right (Note 4)	160,425	(76,260)	84,165
Generic C technology and right (Note 5)	29,964	(17,348)	12,616
Generic D technology and right (Note 6)	15,145	(1,989)	13,156
Drug application approvals (Note 7)	651,345	(84,534)	566,811
Goodwill	115,009	-	115,009
	$ 1,055,708	($ 224,753)	$ 830,955

	Patent	Software cost	Other intangible assets	Goodwill	Total
2016					
At January 1	$ 24,070	$ 3,843	$ 688,033	$ 115,009	$ 830,955
Additions - acquired separately	-	2,398	-	-	2,398
Amortisation charge	(2,579)	(1,023)	(42,073)	-	(45,675)
Reclassifications	-	(1,028)	-	-	(1,028)
Net exchange differences	-	(27)	(15,988)	(3,450)	(19,465)
At June 30	$ 21,491	$ 4,163	$ 629,972	$ 111,559	$ 767,185

	June 30, 2016		
	Cost	Accumulated amortisation	Total
Patent-			
Diabetic new drug (Note 1)	$ 51,578	($ 30,087)	$ 21,491
Software cost	6,829	(2,666)	4,163
Other intangible assets – use right			
New drug A technology and right (Note 2)	7,121	(2,671)	4,450
Generic A technology and right (Note 3)	18,292	(12,893)	5,399
Generic B technology and right (Note 4)	160,424	(81,520)	78,904
Generic C technology and right (Note 5)	29,965	(18,137)	11,828
Generic D technology and right (Note 6)	15,145	(2,763)	12,382
Drug application approvals (Note 7)	631,805	(114,796)	517,009
Goodwill	111,559	-	111,559
	$ 1,032,718	($ 265,533)	$ 767,185

	January 1, 2017		
	Cost	Accumulated amortisation	Total
Patent-			
Diabetic new drug (Note 1)	$ 51,578	($ 32,666)	$ 18,912
Software cost	14,323	(2,562)	11,761
Other intangible assets – use right			
New drug A technology and right (Note 2)	7,121	(3,027)	4,094
Generic A technology and right (Note 3)	18,292	(12,739)	5,553
Generic B technology and right (Note 4)	160,425	(86,780)	73,645
Generic C technology and right (Note 5)	29,964	(18,925)	11,039
Generic D technology and right (Note 6)	15,145	(3,537)	11,608
	$ 296,848	($ 160,236)	$ 136,612

	Patent	Software cost	Other intangible assets	Goodwill	Total
2017					
At January 1	$ 18,912	$ 11,761	$ 105,939	$ -	$ 136,612
Add: Listed under "Non-current assets held for sale - net", beginning of period	-	1,069	460,947	106,200	568,216
Additions - acquired separately	-	6,436	82,443	-	88,879
Amortisation charge	(2,579)	(2,128)	(29,667)	-	(34,374)
Transfers	-	150	-	-	150
Effect of decrease in consolidated entities	-	(957)	(422,770)	(101,530)	(525,257)
Net exchange differences	-	(418)	(20,056)	(4,670)	(25,144)
At June 30	$ 16,333	$ 15,913	$ 176,836	$ -	$ 209,082

	June 30, 2017		
	Cost	Accumulated amortisation	Total
Patent-			
Diabetic new drug (Note 1)	$ 51,578	($ 35,245)	$ 16,333
Software cost	20,106	(4,193)	15,913
Other intangible assets – use right			
New drug A technology and right (Note 2)	7,121	(3,383)	3,738
Generic A technology and right (Note 3)	18,292	(13,202)	5,090
Generic B technology and right (Note 4)	160,425	(92,040)	68,385
Generic C technology and right (Note 5)	29,964	(19,714)	10,250
Generic D technology and right (Note 6)	15,145	(4,311)	10,834
Generic E technology and right (Note 8)	76,975	(3,849)	73,126
Generic F technology and right	2,601	(31)	2,570
Generic G technology and right	2,867	(24)	2,843
	$ 385,074	($ 175,992)	$ 209,082

A. Details of amortisation on intangible assets are as follows:

	Three months ended June 30, 2016	Three months ended June 30, 2017
Operating costs	$ 104	$ 3,903
Administrative expenses	329	973
Research and development expenses	22,246	8,098
	$ 22,679	$ 12,974

	Six months ended June 30, 2016	Six months ended June 30, 2017
Operating costs	$ 173	$ 3,948
Administrative expenses	602	1,870
Research and development expenses	44,900	28,556
	$ 45,675	$ 34,374

B. Goodwill is allocated as follows to the Group’s cash-generating units identified according to operating segment:

	June 30, 2016	December 31, 2016	June 30, 2017
Generic Drug Department	$ 111,559	$ 106,200	$ -
New Drug Department	-	-	-
Less: Listed under "Non-current assets held for sale - net"	-	(106,200)	-
	$ 111,559	$ -	$ -

C. Goodwill is allocated to the Group’s cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, thus goodwill was not impaired. The key assumptions used for value-in-use calculations are gross margin rate, growth rate and discount rate. Management determined budgeted gross margin rate and growth rate based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

Note 1: In August 2010, TWi Biotechnology, Inc., a subsidiary, paid $51,578 to purchase the patent rights of diabetic new drug. These payments have been executed.

Note 2: TWi Biotechnology, Inc., a subsidiary, signed a Skin Disease New Drug Technology License Agreement with Company V in July 2012. TWi Biotechnology, Inc. is the only global licensee for this new drug, and TWi Biotechnology, Inc. is responsible for the development, clinical trial and the US FDA registration of this new drug. TWi Biotechnology, Inc. will pay milestone payment to Company V up to US$11,600 thousand on the occurrence of agreed R&D achievements and product approval of the new drug. TWi Biotechnology, Inc. will also pay a certain percentage of sales as royalty to Company V after the drug is launched. As of June 30, 2016, December 31, 2016 and June 30, 2017, TWi Biotechnology, Inc. has paid license fee of $7,121 to Company V (listed under “Other intangible assets - use right”).

Note 3: The Company purchased a psychology drug-related asset from Anchen Incorporated in October 2011 for a purchase price of $18,292. The asset includes drug-related research and development technology and rights of production and distribution. The full amount had been paid.

Note 4: (1) The Company has entered into a collaboration and development agreement with Company Z for an undisclosed generic drug. Company Z is responsible for product development and technology transfer. The Company is responsible for submitting an ANDA to the US FDA. Company Z grants the Company an exclusive license to use, manufacture and distribute the generic product in the United States. The Company should pay Company Z milestone fees on the occurrence of agreed R&D achievements and product approval. The Company will also share a certain percentage of profit to Company Z after the product is launched.

(2) In March 2012, the Company, Company Z and Company A signed a tripartite agreement for the above generic drug. The Company grants the rights received from Company Z to Company A. Company A will be responsible for submitting an ANDA for the generic product to the US FDA. According to the agreement, Company A will pay the Company and Company Z milestone fees based on completion of development work and technology transfer. The Company will also pay Company Z additional milestone fees. Company A will share a certain percentage of profit to the Company and Company Z after the product is launched. The Company and Company Z may also receive an additional bonus if the product sales reach a certain level.

(3) The Company received a termination notice from Company A for the tripartite agreement in the third quarter of 2013. On November 11, 2013, the Company and Company Z signed a new collaboration and development agreement for the generic drug and has received an upfront payment of US$824 thousand. The Company grants rights of manufacturing and distribution in the United States to Company Z. The Company will receive milestone fees from Company Z on occurrence of certain R&D achievements and drug license approval. Company Z will also share a certain percentage of profit to the Company until the aggregate amount reaches US$6,500 thousand.

(4) The Company has paid royalty fees (shown as “Other intangible asset-use right”) to Company Z in the amount of $160,425 as of June 30, 2016, December 31, 2016 and June 30, 2017.

Note 5: The Company and Anchen Incorporated signed a transfer agreement for the generic product's technology and related rights in November 2011. Anchen Incorporated grants the Company exclusive right and license to register, manufacture and distribute the product in the United States. The Company has paid a total purchase price of $29,964.

Note 6: The Company entered into a Generic Technology and Rights Licensing Agreement with Company U in June 2014, under which Company U will be responsible for the research and development, testing, and documentation preparation of the generic drug while the Company seeks approval for the new drug application from the US regulatory body. Under the terms of the agreement, the Company has the exclusive right in the US for the development, production and sale of the generic drug intended for sale in the US market. Pursuant to the agreement, Company U is eligible to receive, based on agreed upon milestones in the application process, license fees to be paid in installments. When the product is commercialised, the Company will also pay Company U royalties based on a fixed percentage of net sales. As of June 30, 2016, December 31, 2016 and June 30, 2017, license fees paid by the Company to Company U were $15,145.

Note 7: The Group acquired Visum Pharmaceuitcal Co. Ltd. on October 1, 2014; the fair value of its various regulatory body approved drug applications at acquisition date is RMB 135,254 thousand. On November 30, 2016, the Board of Directors resolved to sell all of equity interest in the abovementioned subsidiary, and reclassified the related assets to "Non-current assets held for sale - net".

Note 8: The Company and Company E signed a transfer agreement for the generic product's technology and related rights in March 2017. Company E grants the Company exclusive right and license to manufacture and distribute the product in the United States. The total price amounts to US$2,500 thousand. As of June 30, 2017, the Company has paid US$1,700 thousand.

(10) Other non-current assets

	June 30, 2016	December 31, 2016	June 30, 2017
Prepayment for equipment	$ 28,666	$ 42,506	$ 37,384
Prepayment for inventory	78,413	78,413	78,413
Investment return receivable	-	-	35,888
Others	3,539	6,468	4,904
Less: Listed under "Non-current assets held for sale - net"	-	(14,141)	-
	$ 110,618	$ 113,246	$ 156,589

(11) Other payables

	June 30, 2016	December 31, 2016	June 30, 2017
Salary payable and annual bonus	$ 25,100	$ 31,924	$ 18,127
Service expenses	16,879	16,064	17,247
Payable for CRO expenses	39,618	20,080	17,123
Payable on equipment	13,770	19,092	1,340
Payable on intangible assets	-	-	213
Royalty payable	-	15,466	15,466
Payable for withholding tax	-	4,918	11,411
Others	39,709	55,341	30,233
Less: Listed under "Liabilities directly relating to non-current assets held for sale"	-	(23,354)	-
	$ 135,076	$ 139,531	$ 111,160

(12) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act (the “Act”), covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. 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, the trustee, 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 method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The pension cost under the defined benefit pension plan of the Company for the three months ended June 30, 2016 and 2017, and six months ended June 30, 2016 and 2017 were $14, $1, $33 and $3, respectively.

(c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2017 are $392.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with the R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute 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 retirement payment may be paid monthly or in a lump sum from the employees’ individual pension accounts.

(b) For overseas subsidiaries, except for a periodic contribution based on a certain percentage of the employees' monthly salaries and wages in accordance with the local pension regulations, there is no further pension obligation.

(c) The pension costs under the defined contribution pension plans of the Group for the three months ended June 30, 2016 and 2017, and six months ended June 30, 2016 and 2017 were $3,079, $2,495, $6,459 and $5,713, respectively.

(13) Share-based payment

A. As of June 30, 2017, the Group's share-based payment arrangements were as follows:

Type of arrangement	Description	Grant date	Quantity granted (number of shares) Before conversion	After conversion	Contract period	Vesting conditions
The company:						
Employee stock options-A	Note 1	2011.4.1	2,410,000	1,507,613	10 years	1~5 years' service
Employee stock options-B	"	2011.4.1	152,000	95,085	10 years	4 years' service
Employee stock options-C	"	2012.4.1	3,527,200	2,206,495	10 years	1~5 years' service
Employee stock options-D	"	2012.4.1	8,800	5,505	10 years	1~5 years' service
Employee stock options-E	"	2012.4.1	13,200	8,257	10 years	1~5 years' service

Type of arrangement	Description	Grant date	Quantity granted (number of shares)	Contract period	Vesting conditions
Employee stock options-F		2013.5.1	187,231	8.75 years	2~3.75 years' service
Employee stock options-G		2013.5.1	1,693,800	10 years	2~3 years' service
Employee stock options-H		2014.4.1	962,500	10 years	2~3 years' service
Employee stock options-I		2014.8.1	122,200	10 years	2~3 years' service
Employee stock options-J		2014.9.1	3,800	10 years	2~3 years' service
Employee stock options-K		2014.12.1	13,500	10 years	2~3 years' service
Employee stock options-L		2015.6.1	1,402,600	10 years	2~5 years' service
Employee stock options-O		2015.9.1	140,000	10 years	2~5 years' service
Employee stock options-P		2015.11.17	205,000	10 years	2~5 years' service
Employee stock options-Q		2016.4.26	5,000	10 years	2~5 years' service

Type of arrangement	Description	Grant date	Quantity granted (number of shares)	Contract period	Vesting conditions
Employee stock options-S		2017.1.12	1,472,000	10 years	2~5 years' service
Restricted stocks to employees-A	Note 2	2013.4.25 and 2013.4.26	600,000	3 years	Achievement of performance condition
Restricted stocks to employees-B	"	2013.12.4, 2013.12.5 and 2013.12.6	600,000	2 years	10 days' to 2 years' service
Restricted stocks to employees-C	"	2014.8.1	12,000	1 year	1 year's service
Restricted stocks to employees-D	"	2014.9.1	7,000	1 year	1 year's service
Restricted stocks to employees-E	"	2015.2.3	10,000	1 year	1 year's service
Restricted stocks to employees-F	"	2015.3.9	3,500	1 year	1 year's service
Restricted stocks to employees-G	"	2015.9.1	50,000	5 years	1~5 years' service
Restricted stocks to employees-H	"	2016.3.22	50,000	5 years	1~5 years' service
Subsidiary:					
Employee stock options-M		2014.10.1	97,000	3.5 years	0.25~3.5 years' service
Employee stock options-N		2015.2.5	1,534,400	10 years	1~5 years' service
Employee stock options-R		2016.6.1	500,000	10 years	1~2 years' service

Note 1: The Company’s former ultimate company, TWi Pharmaceuticals Holding, Inc., has granted employee stock options to employees of the Company during April 2011 and April 2012. Each unit of options may acquire l share of TWi Pharmaceuticals Holding, Inc. In 2012, because the Group decided to use the Company as the main entity for public exchange listing, through a Board of Directors’ resolution on July l, 2012, TWi Pharmaceuticals Holding, Inc. converted the target of the abovementioned employee stock option into the Company’s stock using a ratio of 1:0.6255655.

Note 2: The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period.

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

The Company:

(a) Employee stock options-A~E

	Six months ended June 30, 2016		Six months ended June 30, 2017	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	188,441	$ 48	157,498	$ 48
Options exercised (Note)	(14,105)	48	(18,400)	48
Options forfeited	(500)	48	(302)	48
Options outstanding at end of the period	173,836	48	138,796	48
Options exercisable at end of the period	120,342	48	135,069	48

Note: The 14 and 18 thousand shares of employee stock options exercised during the six months ended June 30, 2016 and 2017, respectively, had been converted to common stocks. However, as of June 30, 2016 and 2017, the amendment of paid-in capital registration for 8 and 13 thousand shares amounting to $406 and $647, respectively, is still in progress, and is part of "Advance receipt for share capital".

(b) Employee stock options-F~L , O~Q & S

	Six months ended June 30, 2016		Six months ended June 30, 2017	
	No. of shares	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	3,358,030	$ 202	2,874,009	$ 212
Options granted	5,000	108	1,472,000	97
Options exercised (Note)	(11,150)	48	(22,400)	48
Options forfeited	(289,982)	212	(209,336)	168
Options outstanding at end of the period	3,061,898	210	4,114,273	174
Options exercisable at end of the period	1,505,893	281	1,962,079	225

Note: The 11 and 22 thousand shares of employee stock options exercised during the six months ended June 30, 2016 and 2017, respectively, had been converted to common stocks. However, as of June 30, 2016 and 2017, the amendment of paid-in capital registration for 1 and 18 thousand shares amounting to $48 and $840, respectively, is still in progress, and is part of "Advance receipt for share capital".

(c) Restricted stocks-A~H

	Six months ended June 30, 2016 Quantity (number of shares)	Six months ended June 30, 2017 Quantity (number of shares)
At January 1	172,500	90,000
Issued for the period	50,000	-
Retired for the period	(102,000)	-
Restrictions removed for the period	(15,500)	(10,000)
At June 30	105,000	80,000

Subsidiary:

Employee stock options-M~N

	Six months ended June 30, 2016			Six months ended June 30, 2017		
	No. of shares	Weighted-average exercise price (in dollars)		No. of shares	Weighted-average exercise price (in dollars)	
Options outstanding at beginning of the period	1,592,200	US$	0.48	281,880	US$	0.43
Options exercised	(19,400)	US$	0.01	-	US$	-
Options granted	-	US$	-	-	US$	-
Options recalled	(1,282,775)	US$	0.50	(281,880)	US$	0.43
Options outstanding at end of the period	290,025	US$	0.43	-	US$	-

Employee stock options-R

	Six months ended June 30, 2016			Six months ended June 30, 2017		
	No. of shares	Weighted-average exercise price (in dollars)		No. of shares	Weighted-average exercise price (in dollars)	
Options outstanding at beginning of the period	-	$	-	500,000	$	35
Options forfeited	-		-	(80,000)		35
Options granted	500,000		35	-		-
Options outstanding at end of the period	500,000	$	35	420,000	$	35

C. The weighted-average stock price of stock options at exercise dates for the six months ended June 30 , 2016 and 2017 was $149 (in dollars) and $94.24 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		June 30, 2016	
Issue date	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)
The Company:			
2012.4.1	2022.3.31	174	$ 48.0
2013.5.1	2022.1.31	71	48.0
2013.5.1	2023.4.30	1,201	218.5
2014.4.1	2024.3.31	638	240.0
2014.12.1	2024.11.30	-	-
2015.6.1	2025.5.31	906	201.0
2015.9.1	2025.8.31	36	203.0
2015.11.17	2025.11.16	205	165.0
2016.4.26	2026.4.25	5	108.0
Subsidiary:			
2014.10.1	2018.3.31	39	US$ 0.01
2015.2.5	2025.2.4	251	US$ 0.5

		December 31, 2016		June 30, 2017	
Issue date	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
The Company:					
2012.4.1	2022.3.31	157	$ 48.0	139	$ 48.0
2013.5.1	2022.1.31	30	48.0	7	48.0
2013.5.1	2023.4.30	1,113	218.5	1,062	218.5
2014.4.1	2024.3.31	613	240.0	595	240.0
2015.6.1	2025.5.31	872	201.0	830	201.0
2015.9.1	2025.8.31	36	203.0	34	203.0
2015.11.17	2025.11.16	205	165.0	185	165.0
2016.4.26	2026.4.25	5	108.0	5	108.0
2017.1.12	2027.1.11	-	-	1,396	97.4
Subsidiary:					
2014.10.1	2018.3.31	39	US$ 0.01	-	-
2015.2.5	2025.2.4	243	US$ 0.5	-	-
2016.6.1	2026.5.31	500	$ 35.0	420	$ 35.0

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

(a) Employee stock options A~E

Before conversion:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends yield rate	Risk-free interest rate	Fair value per unit (in dollars)
The company:								
Employee stock options-A	2011.4.1	Note	$ 10	26.67%	6.35 years	0%	1.17%	$1.16~ 1.53
Employee stock options-B	2011.4.1	"	"	26.67%	7 years	"	1.21%	1.44
Employee stock options-C	2012.4.1	"	30	30.11%	2.70 years	"	0.92%	10.53~ 11.56
Employee stock options-D	2012.4.1	"	"	30.11%	2.70 years	"	0.92%	10.53~ 11.56
Employee stock options-E	2012.4.1	"	"	30.11%	2.70 years	"	0.92%	10.53~ 11.56

After conversion:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends yield rate	Risk-free interest rate	Fair value per unit (in dollars)
The company:								
Employee stock options-A	2011.4.1	Note	$ 16	26.67%	6.35 years	0%	1.17%	$1.85~ 2.45
Employee stock options-B	2011.4.1	"	"	26.67%	7 years	"	1.21%	2.30
Employee stock options-C	2012.4.1	"	48	30.11%	2.70 years	"	0.92%	16.83~ 18.48
Employee stock options-D	2012.4.1	"	"	30.11%	2.70 years	"	0.92%	16.83~ 18.48
Employee stock options-E	2012.4.1	"	"	30.11%	2.70 years	"	0.92%	16.83~ 18.48

Note: Both the Company’s former parent company’s and the Company’s shares were not publicly traded when granting employee stock options, therefore the weighted-average price of $7.3~36.91 (in dollars) was estimated using industry stock price and capitalized cash flow method taking into account liquidity discount.

(b) Employee stock options F to S and restricted stocks:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends yield rate	Risk-free interest rate	Fair value per unit (in dollars)
The company:								
Employee stock options-F	2013.5.1	$ 153.74	$ 48	52.66%	2.5~4.25 years	2.9%	0.80%~ 0.89%	$96.20~ 98.62
Employee stock options-G	2013.5.1	153.74	218.5 (Note)	"	2.5~3.5 years	"	0.80%~ 0.85%	27.60~ 34.41
Employee stock options-H	2014.4.1	245.5	240 (Note)	30.22%~ 32.29%	2.5~3.5 years	0%	0.73%~ 0.93%	51.27~ 57.79
Employee stock options-I	2014.8.1	242	237 (Note)	30.45%~ 31.63%	2.5~3.5 years	"	0.81%~ 0.99%	49.77~ 57.56
Employee stock options-J	2014.9.1	247	241.5 (Note)	30.94%~ 31.38%	2.5~3.5 years	"	0.83%~ 1.01%	50.47~ 59.66
Employee stock options-K	2014.12.1	270	261.5 (Note)	30.82%~ 31.54%	2.5~3.5 years	"	0.79%~ 0.95%	54.15~ 66.13
Employee stock options-L	2015.6.1	201.5	201 (Note)	30.08%~ 35.57%	2.5~5.5 years	"	0.74%~ 1.15%	39.40~ 69.51
Employee stock options-O	2015.9.1	204	203 (Note)	30.94%~ 35.68%	2.5~5.5 years	"	0.61%~ 0.95%	40.68~ 69.79
Employee stock options-P	2015.11.17	165	165	31.51%~ 35.60%	2.5~5.5 years	"	0.52%~ 0.91%	33.33~ 56.21
Employee stock options-Q	2016.4.26	108	108	31.98%~ 36.40%	2.5~5.5 years	"	0.45%~ 0.67%	22.05~ 37.03
Employee stock options-S	2017.1.12	97.4	97.4	33.14%~ 36.15%	2.5~5.5 years	"	0.67%~ 0.97%	20.78~ 33.74
Restricted stocks -A	2013.4.25 and 2013.4.26	$ 153.74	$ 10	50.75%~ 54.87%	0.5~2.2 years	"	0.74%~ 0.84%	102.7~ 124.62
Restricted stocks -B	2013.12.4, 2013.12.5 and 2013.12.6	324	10	47.35%~ 51.23%	0.03~2 years	"	0.48%~ 0.67%	235.5~ 307.2
Restricted stocks -C	2014.8.1	242	10	31.27%	1 year	"	0.59%	206.96
Restricted stocks -D	2014.9.1	247	10	31.66%	1 year	"	0.56%	210.93
Restricted stocks -E	2015.2.3	233.5	10	32.00%	1 year	"	0.66%	198.9
Restricted stocks -F	2015.3.9	228	10	45.54%	1 year	"	0.61%	181.75
Restricted stocks -G	2015.9.1	204	10	30.34%~ 41.39%	1~5 years	"	0.50%~ 0.88%	140.89~ 165.17
Restricted stocks -H	2016.3.22	144.5	10	31.08%~ 35.70%	1~5 years	"	0.39%~ 0.57%	95.92~ 120.88

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends yield rate	Risk-free interest rate	Fair value per unit (in dollars)
Subsidiary:								
Employee stock options-M	2014.10.1	US$ 0.011	US$ 0.01	25.08%~ 28.51%	0.25~3.5 years	0%	0.50%~ 1.12%	US$0.001~ US$0.003
Employee stock options-N	2015.2.5	US$ 0.2	US$ 0.5	28.22%~ 34.77%	5.5~7.5 years	"	1.17%~ 1.41%	US$0.009~ US$0.029
Employee stock options-R	2016.6.1	$ 26.56	$ 35	49.60%	5.5~6 years	"	0.67%~ 0.71%	$9.90~ 10.45

Note: As resolved by the Board of Directors, the exercise prices of employee stock options were adjusted due to issuance of global depository receipts.

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

	Three months ended June 30, 2016	Three months ended June 30, 2017
Equity-settled	$ 8,776	$ 6,415

	Six months ended June 30, 2016	Six months ended June 30, 2017
Equity-settled	$ 17,491	$ 19,277

(14) Other non-current liabilities

	June 30, 2016	December 31, 2016	June 30, 2017
Long-term deferred revenue (Note 1~ 2)	$ 35,496	$ 30,693	$ 12,280
Less : Current portion of long-term deferred revenue (shown as “Other current liabilities”)	(4,912)	(4,912)	(4,912)
	30,584	25,781	7,368
Accrued pension liabilities	2,605	409	219
Payable on intangible assets (Note 3)	-	-	24,344
Others	383	987	817
Less: Listed under "Liabilities directly relating to non-current assets held for sale"	-	(15,958)	-
	$ 33,572	$ 11,219	$ 32,748

Note 1: As described in the generic drug development contract signed with Company A and Company Z as mentioned in Note 4 of Note 6 (8), the Company has received royalty of US$2 million in the second half of 2012 and has deferred recognition of the revenue over the development period. For the three months ended June 30, 2016 and 2017, and six

months ended June 30, 2016 and 2017, the Company has recognised $1,228, $1,228, $2,456 and $2,456 (shown as “Operating revenues”), respectively.

Note 2: Between 2012 and 2013, the subsidiary, Visum Pharmaceutical Co., Ltd., entered into R&D related grant programs with the Hainan Province government. As of June 30, 2016 and December 31, 2016, government grants amounting to $18,305 and $15,958 were deferred, respectively. For the three months ended June 30, 2016, and six months ended June 30, 2016, $666 and $1,821 was recognised (shown as “Other income”), respectively. From April 1, 2017 to April 18, 2017 and January 1, 2017 to April 18 2017, $0 and $541 was recognized (shown as “Other income”), respectively.

Note 3: It is payable for Generic E technology and right, please refer to Note 6(9).

(15) Common stock

A. As of June 30, 2017, the Company’s authorised capital was $2,000,000, consisting of 200 million shares of common stock, and the paid-in capital was $1,251,016 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company’s common stock outstanding are as follows (in thousands of shares):

	2016	2017
At January 1	127,409	125,320
Employee stock options exercised	36	52
Issuance of restricted stocks	50	-
Purchase of treasury share	-	(3,250)
Retirement of restricted stocks	(91)	-
At June 30	127,404	122,122

C. On June 29, 2015, the Board of Directors of the Company adopted a resolution to issue 14.4 million units of global depository receipts (GDRs), represented by 14.4 million new shares of common stock (deposited shares), with one unit of GDR representing 1 share of outstanding common stock. After obtaining approval from the Securities and Futures Bureau of the Financial Supervisory Commission, these GDRs were listed on the Securities Exchange of Luxembourg on September 22, 2015, with total proceeds of US$87,088 thousand. The main terms and conditions of the GDRs are as follows:

(a) Voting rights

Except as required by law, GDR holders may, pursuant to the depositary agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(b) Redemption of GDRs

For sales and redemption of the underlying common shares represented by the GDRs when the holders of the GDRs request the depositary to redeem the GDRs in accordance with the relevant R.O.C. regulations and the provisions in the depositary agreement, the depositary may deliver the underlying common shares represented by the GDRs to the GDR holders, or sell the underlying common shares represented by the GDRs in the R.O.C. stock market on behalf of the GDR holder. The payment of proceeds from such sale shall be made subject to the relevant R.O.C. laws and regulations and the provisions in the depositary agreement.

(c) Distribution of dividends, preemptive rights and other rights

Except as otherwise stated in the depositary agreement, distribution of dividends, preemptive rights and other rights and interests of GDR units bear the same rights as common shares.

(d) After considering cash capital increases, as of June 30, 2017, there were 167 thousand units outstanding, representing 167 thousand common shares of the Company’s common stock.

D. During its meetings on June 12, 2014 and June 2, 2015, the stockholders adopted a resolution to issue restricted stocks (please refer to Note 6 (13)) with the effective date set on February 3, 2015, March 9, 2015, September 1, 2015 and March 22, 2016. The subscription price is $10 (in dollars) per share. Restricted stocks issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these stocks issued are the same as other issued common stocks.

E. In 2016, employee restricted stocks of 102 thousand shares distributed to certain employees did not meet the vesting conditions in accordance with the terms of restricted shares, however, the Board of Directors has resolved to buy back the restricted shares as of August 12, 2016, thus those restricted shares are considered as shares yet to be retired.

F. Treasury shares

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

		December 31, 2016	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To enhance the Company's credit rating and the stockholders' equity	2,007,000	$ 212,112

		June 30, 2017	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To enhance the Company's credit rating and the stockholders' equity	2,979,000	$ 262,387

As of June 30, 2016: None.

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

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

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition. The Complany executed its first treasury share reaquisition from November 7, 2016 to January 6, 2017 and completed the registration of the retirement of 2,278 thousand shares on May 3, 2017. The Company executed its second treasury share reaquisition from May 15, 2017 to July 14, 2017. As of June 30, 2017 the Company has bought back 2,979 thousand shares.

(16) Capital reserve

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

B. Regarding Capital reserve - Employee stock option and Capital reserve - Restricted stock to employees, please refer to Note 6(13).

	Six months ended June 30, 2016					
	Additional paid-in capital	Employee stock options	Restricted stock to employees	Changes in ownership interests in subsidiaries	Premium from merger	Total
At January 1	$ 7,247,008	$ 71,241	$ 103,914	$ 361,770	$ 6,523	$ 7,790,456
Compensation costs of employee stock options	-	15,192	-	-	-	15,192
Compensation costs of employee stock options from subsidiaries	-	3,271	-	-	-	3,271
Employee stock options exercised	3,218	(3,218)	-	-	-	-
Issuance of restricted stocks	-	-	5,544	-	-	5,544
Advance receipts for share capital transferred	1,378	-	-	-	-	1,378
Retirement of restricted stock	-	-	(12,795)	-	-	(12,795)
Transactions with non-controlling interests	-	-	-	310,564	-	310,564
Restricted stock vested	40,481	-	(40,481)	-	-	-
At June 30	$ 7,292,085	$ 86,486	$ 56,182	$ 672,334	$ 6,523	$ 8,113,610

	Six months ended June 30, 2017						
	Additional paid-in capital	Employee stock options	Restricted stock to employees	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Premium from merger	Total
At January 1	$ 7,295,864	$ 98,564	$ 53,353	$ 464,841	$ 361,770	$ 6,523	$8,280,915
Compensation costs of employee stock options	-	14,628	-	-	-	-	14,628
Compensation costs of employee stock options from subsidiaries	-	1,571	-	-	-	-	1,571
Employee stock options exercised	3,231	(3,231)	-	-	-	-	-
Advance receipts for share capital transferred	1,987	-	-	-	-	-	1,987
Retirement of treasury share	(129,846)	-	-	-	-	-	(129,846)
Recognition of changes in equity of subsidiaries in proportion to ownership percentage	-	-	-	-	(635)	-	(635)
Restricted stock vested	1,209	-	(1,209)	-	-	-	-
At June 30	$ 7,172,445	$ 111,532	$ 52,144	$ 464,841	$ 361,135	$ 6,523	$8,168,620

(17) Retained earnings (accumulated deficit)

A. According to the amended Articles of Incorporation of the Company, when there is any profit for distribution for each financial year, the Company shall first pay all applicable taxes and offset losses from previous years, and then set aside no less than ten percent (10%) of the remaining profits of the Company for the relevant financial year as a legal reserve(s). Special reserve shall be set aside or reversed in accordance with related regulations or Competent Authority. The remaining amount, if any, along with the accumulated unappropriated earnings from prior years is accumulated distributable earnings. The appropriation of the accumulated distributable earnings, less an appropriate portion for the operational needs, shall be proposed by the Board of

Directors and resolved by the shareholders as bonus to shareholders.

B. The dividends to stockholders shall be no less than ten percent (10%) of the net profit after tax of the relevant financial year. The cash dividends shall comprise no less than ten percent (10%) of the aggregate of the cash and stock dividends declared in such year; provided that if the cash dividend per share is less than NT$0.1, the dividends shall be issued in the form of stock dividends in lieu of the cash dividend. The ratio of distribution may be adjusted by taking into consideration the Company's future revenues and cash flow. If there is any significant capital expenditure and R&D plan in the future, subject to the approval of the stockholders at the stockholders' meeting, the dividends may only be distributed in the form of stock dividends. The Company shall not pay any dividends or bonuses if it does not have earnings.

C. Under the R.O.C. Company Act, when the accumulated deficit exceeds 50% of the paid-in capital, the Board of Directors should convene a stockholders' meeting and report the situation.

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

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

F. For information on employees' compensation (bonus) and directors' and supervisors' remuneration, please see Note 6(23).

(18) Operating revenue

	Three months ended June 30, 2016	Three months ended June 30, 2017
Sales revenue	$ 179,646	$ 151,382
Service revenue	(2,250)	-
License revenue	1,421	23,807
	$ 178,817	$ 175,189

	Six months ended June 30, 2016	Six months ended June 30, 2017
Sales revenue	$ 351,511	$ 321,542
Service revenue	655	580
License revenue	9,803	25,210
	$ 361,969	$ 347,332

(19) Other income

	Three months ended June 30,	
	2016	2017
Government grants revenue	$ 666	$ -
Interest income:		
Interest income from bank deposits	5,934	4,611
Interest income from financial assets other than financial assets at fair value through profit or loss	-	12,291
Other income	1,246	593
	$ 7,846	$ 17,495

	Six months ended June 30,	
	2016	2017
Government grants revenue	$ 1,821	$ 541
Interest income:		
Interest income from bank deposits	8,843	7,416
Interest income from financial assets other than financial assets at fair value through profit or loss	-	21,504
Other income	2,474	1,660
	$ 13,138	$ 31,121

(20) Other gains and losses

	Three months ended June 30,	
	2016	2017
Net currency exchange gain	$ 13,217	$ 22,273
Gain on disposal of investment (Note)	-	456,946
Net loss on financial assets at fair value through profit or loss	-	(594)
Gain on disposal of property, plant and equipment	430	-
Others	(6)	4
	$ 13,641	$ 478,629

	Six months ended June 30,	
	2016	2017
Net currency exchange loss	($ 70,046)	($ 219,044)
Gain on disposal of investment (Note)	-	456,946
Net loss on financial assets at fair value through profit or loss	-	(8,039)
Gain (loss) on disposal of property, plant and equipment	430	(1)
Others	(32)	(280)
	($ 69,648)	$ 229,582

Note: Regarding gain on disposal of subsidiary, please refer to Note 6(5).

(21) Finance costs

	Three months ended June 30,	
	2016	2017
Interest expense - Bank borrowings	$ 128	$ 185

	Six months ended June 30,	
	2016	2017
Interest expense - Bank borrowings	$ 200	$ 186

(22) Expenses by nature

	Three months ended June 30,	
	2016	2017
Employee benefit expense	$ 78,003	$ 76,641
Depreciation on property, plant and equipment	$ 32,196	$ 23,175
Amortization expense	$ 22,694	$ 12,974

	Six months ended June 30,	
	2016	2017
Employee benefit expense	$ 162,543	$ 166,106
Depreciation on property, plant and equipment	$ 64,901	$ 50,746
Amortization expense	$ 45,736	$ 34,374

(23) Employee benefit expense

	Three months ended June 30,	
	2016	2017
Wages and salaries	$ 70,862	$ 69,678
Labour and health insurance fees	3,436	4,309
Pension costs	3,093	2,496
Other personnel expenses	612	158
	$ 78,003	$ 76,641

	Six months ended June 30,	
	2016	2017
Wages and salaries	$ 145,997	$ 148,214
Labour and health insurance fees	8,476	9,332
Pension costs	6,492	5,716
Other personnel expenses	1,578	2,844
	$ 162,543	$ 166,106

A. According to the amended Articles of Incorporation of the Company, a ratio of the pre-tax income before distribution of employees' compensation and directors' and supervisors' remuneration, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1%~10% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

B. The Company had an accumulated deficit as of December 31, 2016 and June 30, 2017, thus, the Company did not distribute employees' bonus and directors' and supervisors' remuneration.

C. The Company had an accumulated deficit as of June 30, 2016 and 2017, thus, the Company did not accrue employees' compensation and directors' and supervisors' remuneration for the three months ended June 30, 2016 and 2017, and six months ended June 30, 2016 and 2017.

D. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors during its meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Components of income tax benefit:

	Three months ended June 30,	
	2016	2017
Current tax:		
Current tax on profits for the period	$ -	$ 21,201
Foreign tax credit	-	6,789
Prior year income tax underestimation	-	19,236
Total current tax	-	47,226
Deferred tax:		
Effect of deferred income tax liabilities	(4,205)	(707)
Total deferred tax	(4,205)	(707)
Income tax (benefit) expense	($ 4,205)	$ 46,519

	Six months ended June 30,	
	2016	2017
Current tax:		
Current tax on profits for the period	$ -	$ 21,212
Foreign tax credit	-	6,853
Prior year income tax underestimation	-	17,718
Total current tax	-	45,783
Deferred tax:		
Effect of deferred income tax liabilities	(8,474)	(4,530)
Total deferred tax	(8,474)	(4,530)
Income tax (benefit) expense	($ 8,474)	$ 41,253

B. The Company's income tax returns through 2015 have been assessed and approved by the Tax Authority. The subsidiary-TWi Biotechnology, Inc.'s income tax returns through 2014 have been assessed and approved by the Tax Authority.

C. Accumulated deficit

	June 30, 2016	December 31, 2016	June 30, 2017
Generated in and after 1998	($ 3,094,386)	($ 2,931,067)	($ 3,034,986)

D. As of June 30, 2016, December 31, 2016 and June 30, 2017, the balance of the imputation tax credit account was $8,545, $11,117 and $30,335, respectively. As the Company had an accumulated deficit in 2015 and 2016, there was no estimated or actual creditable ratio of appropriated retained earnings.

(25) Government grants

A. The subsidiary, Visum Pharmaceutical Co., Ltd., entered into R&D-related grant programs with the Hainan Province government. Please refer to Note 2 of Note 6(14) for details.

B. The Company and its subsidiary recognised income from government grant of $666, $0, $1,821 and $541 (shown as "Other income") for the three months ended June 30, 2016 and 2017, and six months ended June 30, 2016 and 2017, respectively.

(26) Earnings (loss) per share

	Three months ended June 30, 2016		
	Amount after tax	Weighted average number of common stock outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (Note)			
Loss attributable to the parent	($ 159,874)	127,010	($ 1.26)

	Three months ended June 30, 2017		
	Amount after tax	Weighted average number of common stock outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share (Note)			
Profit attributable to the parent	$ 351,048	124,496	$ 2.82

	Six months ended June 30, 2016		
	Amount after tax	Weighted average number of common stock outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (Note)			
Loss attributable to the parent	($ 382,977)	127,000	($ 3.02)

	Six months ended June 30, 2017		
	Amount after tax	Weighted average number of common stock outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (Note)			
Loss attributable to the parent	($ 16,143)	124,805	($ 0.13)

Note: Options and restricted stocks issued to employees do not have dilutive effect.

(27) Transactions with non-controlling interests

Disposal of equity interest in a subsidiary (that did not result in a loss of control)

On May 20, 2016, May 30, 2016 and May 31, 2016, the Group disposed of 8.78% shares of its subsidiary-TWi Biotechnology, Inc. for a total cash consideration of $346,500. The carrying amount of non-controlling interest in TWi Biotechnology, Inc. was $35,936 at the disposal date. This transaction resulted in an increase in the non-controlling interest by $35,936 and an increase in the equity attributable to owners of the parent by $310,564. The effect of changes in interests in TWi Biotechnology, Inc. on the equity attributable to owners of the parent for the year ended December 31, 2016 is shown below:

	Year ended December 31, 2016
Increase in the carrying amount of non-controlling interest	$ 346,500
Less: Carrying amount of non-controlling interest disposed	(35,936)
Capital surplus- recognition of changes in ownership interest in subsidiaries	$ 310,564

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Six months ended June 30, 2016	Six months ended June 30, 2017
Acquisition of property, plant and equipment	$ 3,131	$ 28,601
Add: Opening balance of payable on equipment	88,077	19,092
Less: Ending balance of payable on equipment (including payable on equipment from subsidiary at the time of its disposal)	(13,770)	(8,957)
Cash paid during the period	$ 77,438	$ 38,736

	Six months ended June 30, 2016	Six months ended June 30, 2017
Acquisition of intangible assets	$ 2,398	$ 88,879
Add: Opening balance of payable on intangible assets	-	-
Less: Ending balance of payable on intangible assets (Including long-term and short-term payables)	-	(24,557)
Cash paid during the period	$ 2,398	$ 64,322

B. The Group sold all shares of Visum Pharmaceutical Co., Ltd. on April 18, 2017 and therefore lost control over the subsidiary (please refer to Note 4(3) B. (b)). The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

		April 18, 2017
Consideration received		
Cash	$	869,537
Carrying amount of the assets and liabilities of Visum Pharmaceutical Co., Ltd.		
Cash (Note)	$	10,502
Other receivables		17,626
Inventories		3,546
Prepayments		7,666
Other current assets		22,935
Property, plant and equipment		275,091
Intangible assets		525,257
Other non-current assets		23,952
Short-term borrowings	(	30,898)
Payable on equipment	(	7,617)
Other payables	(	69,774)
Advance receipts	(	15,869)
Other current liabilities	(	11,406)
Non-current liabilities	(	37,290)
Deferred income tax liabilities	(	111,193)
Non-controlling interests	(	189,937)
Total net assets	$	412,591

Note: The Cash balance of Visum Pharmaceutical Co. Ltd. as at December 31, 2016 is $11,458, recorded under Non-current assets held for sale, therefore the net cash flow effect of Non-current assets held for sale is $956.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Noratech Pharmaceuticals, Inc.	Same Chairman as the Company
Haikou Wanshengte Technology Co., Ltd.	Subsidiary's related party in substance (Note)
Nanjing Noratech Pharmaceutical Co., Ltd.	Related party in substance
HBT Labs Inc.	"

Note: As of April 18, 2017, after disposal of all equity interest in Visum Pharmaceutical Co., Ltd., it is no longer a related party.

(2) Significant related party transactions

A. Operating revenue

	Three months ended June 30,	
	2016	2017
Service revenue:		
Noratech Pharmaceuticals, Inc.	$ 63	$ -

	Six months ended June 30,	
	2016	2017
Service revenue:		
Noratech Pharmaceuticals, Inc.	$ 655	$ -

Service revenue arises from providing related parties with contract research and administration and management services. For the transaction price and payment terms, there are no other comparable transactions to be compared with, thus are executed at the terms that both parties agreed upon.

B. Other income

	Three months ended June 30,	
	2016	2017
Noratech Pharmaceuticals, Inc.	$ 180	$ -

	Six months ended June 30,	
	2016	2017
HBT Labs Inc.	$ 549	$ -
Noratech Pharmaceuticals, Inc.	180	25
	$ 729	$ 25

The above pertains to rent of machinery and laboratory for the three months ended June 30, 2016, and six months ended June 30, 2016. The leasing period is from August 1, 2015 to December 31, 2016. The contract price was negotiated by both parties and is paid monthly. For the six months ended June 30, 2017, it is for sale of R&D supplies.

C. Receivables from related parties

	June 30, 2016	December 31, 2016	June 30, 2017
Accounts receivable:			
Noratech Pharmaceuticals, Inc.	$ 43	$ 1	$ -
Other receivables:			
Noratech Pharmaceuticals, Inc.	630	-	-
	$ 673	$ 1	$ -

D. Payables to related parties

	June 30, 2016	December 31, 2016	June 30, 2017
Other payables - others:			
Haikou Wanshengte Technology Co., Ltd.	$ 904	$ -	$ -

The payables to related parties arise mainly from collections and payments made on behalf of others.

E. Property transactions

Disposal of machinery:

	Three months ended June 30,			
	2016		2017	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Nanjing Noratech Pharmaceutical Co., Ltd.	$ 13,037	$ 430	$ -	$ -

	Six months ended June 30,			
	2016		2017	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Nanjing Noratech Pharmaceutical Co., Ltd.	$ 13,037	$ 430	$ -	$ -
HBT Labs Inc.	$ 6,113	$ -	$ -	$ -

There is no disposal of machinery to related parties for the second quarter of 2017.

F. The subsidiary, TWi Biotechnology, Inc., entered into a cooperative development agreement with Noratech Pharmaceuticals, Inc. (Noratech) in 2016. Noratech will assist the Group in developing and researching pro-drugs, however the Group does not need to pay any consideration in exchange for the research and development. If pro-drugs are successfully developed, the Group will grant exclusive license to Noratech for further use in development of the research results and related rights of the pro-drugs in Mainland China (including Hong Kong and Macao). If Noratech sold any oral products which are made from the pro-drugs in China, they shall pay royalties at a certain percentage of net profit from sales of the oral products to the Group. However, if Noratech fails to meet the requirements within a certain period as stated in the agreement, the obligation to grant the license would be automatically terminated.

(3) Key management compensation

	Three months ended June 30,	
	2016	2017
Salaries and other short-term employee benefits	$ 14,928	$ 14,556
Post-employment benefits	229	244
Share-based payments	1,257	3,355
	$ 16,414	$ 18,155

	Six months ended June 30,	
	2016	2017
Salaries and other short-term employee benefits	$ 41,486	$ 36,437
Post-employment benefits	584	1,249
Termination benefits	928	-
Share-based payments	1,095	7,134
	$ 44,093	$ 44,820

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	June 30, 2016	December 31, 2016	June 30, 2017	Purpose
Land (including revaluation increment)	$ 386,542	$ 386,542	$ 386,542	Credit limit
Buildings	177,113	190,455	180,230	〃
	$ 563,655	$ 576,997	$ 566,772	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to the contingent license fees as explained in Note 6(9), the Group's other significant contingent liabilities and unrecognized contract commitments are as follows:

(1) Contingencies

When the Company submits ANDAs to the US FDA with Paragraph IV certifications claiming that the Company's generic products do not infringe the listed Orange Book patents or such patents are not valid, NDA holders and patent owners may sue the Company, requesting an order enjoining the Company from commercial sale of the generic products before the expiration date of the Orange Book patents. This is a common type of patent litigation in the pharmaceutical industry. Before launching generic products, there would be no concern about compensation for damages. The Company's lawsuits associated with Paragraph IV certifications are as follows:

A. Supernus Pharmaceuticals, Inc.: The Company submitted its ANDA for a generic version of Oxtellar XR to the US FDA with Paragraph IV certifications. Consequently, the NDA and patent holder (Supernus Pharmaceuticals,Inc.) sued the Company for alleged patent infringement in

January 2015. As the Company has not yet launched this product, there is no concern about compensation for damages at this stage.

B. Eli Lilly: The Company submitted its ANDA for a generic version of AXIRON to the US FDA with Paragraph IV certifications. Consequently, the NDA holder (Eli Lilly) and patent holder Acrux DDS PTY LTD. sued the Company for alleged patent infringement in February 2017. This is a common and typical Paragraph IV patent infringement litigation. As the Company has not yet launched this product, there is no concern about compensation for damages at this stage.

C. Biogen: The Company submitted its ANDA for a generic version of Tecfidera of Biogen to the US FDA with Paragraph IV certifications. Consequently, Biogen sued the Company for alleged patent infringement in July 2017. This is a common and typical Paragraph IV patent infringement litigation. As the Company has not yet launched this product, there is no concern about compensation for damages at this stage.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	June 30, 2016	December 31, 2016	June 30, 2017
Property, plant and equipment	$ 39,240	$ 44,534	$ 66,839

B. Operating lease arrangements

The Group leases offices and cars with lease terms of less than 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	June 30, 2016	December 31, 2016	June 30, 2017
Up to 12 months	$ 14,112	$ 19,240	$ 12,361
Later than one year but not later than five years	24,133	10,918	8,612
	$ 38,245	$ 30,158	$ 20,973

C. The Company and Company Y entered into a contract research agreement in 2010. Company Y is responsible for drug development and manufacturing. Depending on completion stages of drug license application and approval, the Company will pay up to $2,400 as milestone fees to Company Y. The Company will share profit with Company Y after the product is launched.

D. The Company and Company C entered into an agreement in July 2014. Under the agreement, the Company terminated Company C’s distribution right for a certain drug, and in exchange, the Company needs to pay Company C a certain percentage of net profit from sales of the drug once it begins to commercially distribute the drug.

E. During 2016 and 2017, the Company entered into various contract research agreements. In accordance with the payment schedules in the agreements, depending on the progress of the clinical studies, the highest amount that the Group will have to pay is $124,503.

F. In May 2015, the Company’s subsidiary, TWi Biotechnology, Inc., and Company O entered into several contract research agreements. Company O is responsible for clinical trials and license application services. In accordance with the payment schedules in the agreement, depending on the progress of the clinical trials and license application, the maximum amount that TWi Biotechnology, Inc. is obligated to pay is $9,798.

G. In May 2016, the Company's subsidiary, TWi Biotechnology, Inc., and Company D entered into a Master Contract agreement and signed specific work orders based on the subsidiary's needs. In accordance with the payment schedules in the work orders, depending on the progress of the clinical trials, the maximum amount that the Company is obligated to pay is $4,236.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 9(1) C. for details.

12. OTHERS

(1) Capital management

There is no significant changes during this period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2016 for the related information.

(2) Financial instruments

A. Fair value information of financial instruments

(a) Except those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets - current, notes payable, accounts payable and other payables) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3):

	June 30, 2017			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Held-to-maturity financial assets				
Corporate bonds	$ 152,515	$ 152,064	$ -	$ -

(b) The methods and assumptions of fair value measurement are as follows:

Held-to-maturity financial assets:

If there is a quoted price in an active market, the fair value is based on the market price; if there is no quoted market price available, the fair value is determined by using valuation techniques or counterparty quotes.

B. Financial risk management policies

There is no significant changes during this period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2016 for the related information.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, as well as recognised assets and liabilities.

ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; overseas subsidiaries' functional currencies: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 123,188	32.28	$ 3,976,509
RMB:NTD	79	4.85	383
Non-monetary items			
USD:NTD	(3,026)	32.28	(97,679)
RMB:NTD	115,243	4.85	558,929
Financial liabilities			
Monetary items			
USD:NTD	$ 2,407	32.28	$ 77,698

	December 31, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 132,268	32.250	$ 4,265,638
RMB:NTD	7,116	4.617	32,853
Non-monetary items			
USD:NTD (Note)	(1,239)	32.250	(39,943)
RMB:NTD	107,016	4.617	494,094
Financial liabilities			
Monetary items			
USD:NTD	$ 4,005	32.250	$ 129,147
RMB:NTD	509	4.617	2,349

	June 30, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 119,298	30.430	$ 3,630,238
RMB:NTD	185,120	4.486	830,448
JPY:NTD	17,600	0.272	4,780
Non-monetary items			
USD:NTD (Note)	(2,161)	30.430	(65,760)
RMB:NTD	8,343	4.486	37,425
Financial liabilities			
Monetary items			
USD:NTD	$ 3,539	30.430	$ 107,692
RMB:NTD	8,000	4.486	35,888

Note: This includes book value of investment accounted for under the equity method that are negative.

iii. The realized and unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group amounted to $13,217, $22,273, ($70,046) and ($219,044) for the three months ended June 30, 2016 and 2017, and six months ended June 30, 2016 and 2017, respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Six months ended June 30, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 39,765	$ -
RMB:NTD	1%	4	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 777	$ -

	Six months ended June 30, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 36,302	$ -
RMB:NTD	1%	8,304	-
JPY:NTD	1%	48	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 1,077	$ -
RMB:NTD	1%	359	-

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through profit or loss. To manage the price risk of investing in financial instruments, the Group monitors the price changes at all times, and also sets stop-loss at the proper time.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, of the customer with same scale past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with high grading are accepted.

ii. No credit limits were exceeded during the six months ended June 30, 2016 and 2017, and management does not expect any significant losses from non-performance by these counterparties.

iii. For the Group's credit quality information of accounts receivable that are neither past due nor impaired, past due but not impaired and those that had been impaired, please refer to Note 6 (3).

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

June 30, 2016	Less than 1 year	Between 1 and 2 years	Over 2 years
Accounts payable	$ 93,603	$ -	$ -
Other payables (including related parties)	135,980	-	-
	$ 229,583	$ -	$ -

December 31, 2016	Less than 1 year	Between 1 and 2 years	Over 2 years
Accounts payable	$ 55,176	$ -	$ -
Other payables	139,531	-	-
Liabilities directly relating to non-current assets held for sale	23,354	-	-
	$ 218,061	$ -	$ -

June 30, 2017	Less than 1 year	Between 1 and 2 years	Over 2 years
Notes payable	$ 64	$ -	$ -
Accounts payable	76,970	-	-
Other payables	111,160	-	-
	$ 188,194	$ -	$ -

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and 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. The fair value of the Group's investment in is included in Level 1.

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: Unobservable inputs for the asset or liability.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at June 30, 2017 is as follows:

June 30, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Monetary Fund	$ 5,940	$ -	$ -	$ 5,940

The Group has no financial assets at fair value through profit or loss as of June 30, 2016 and December 31, 2016.

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

The Group measured fair value for the open-end fund using the current net asset value.

E. For the six months ended June 30, 2017, there was no transfer between Level 1 and Level 2.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

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 4.

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

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: Please refer to table 6.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: No material transactions.

14. SEGMENT INFORMATION

(1) General information

The Group's main areas of business are generic drug and new drug research and development, transferring, and providing drug regulatory approval and marketing information consultation services. Therefore, the Group's chief operating decision-makers evaluate performance and allocate resources by viewing generic drug and new drug as two separate operating segments.

(2) Measurement of segment information

The Group's accounting policies for the operating segments are the same as those listed in Note 4. The Group's chief operating decision-maker uses the after-tax net income (loss) as the basis for assessing the performance of the Group's operating segments.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Six months ended June 30, 2016

	Generic Drug Department	New Drug Department	Eliminated transactions during the consolidation	Total
Revenue from external customers	$ 361,969	$ -	$ -	$ 361,969
Inter-segment revenue	4,402	-	(4,402)	-
Total segment revenue	$ 366,371	$ -	($ 4,402)	$ 361,969
Segment loss	($ 358,329)	($ 60,442)	$ -	($ 418,771)
Segment loss includes:				
Depreciation and amortisation	$ 107,213	$ 3,424	$ -	$ 110,637
Interest income	$ 7,433	$ 1,410		$ 8,843
Finance costs	$ 200	$ -	$ -	$ 200
Income tax benefit	$ 8,474	$ -	$ -	$ 8,474
Segment assets	$ 6,573,153	$ 407,877	($ 522)	$ 6,980,508
Segment liabilities	$ 413,743	$ 16,244	($ 522)	$ 429,465

Six months ended June 30, 2017

	Generic Drug Department	New Drug Department	Eliminated transactions during the consolidation	Total
Revenue from external customers	$ 308,625	$ 38,707	$ -	$ 347,332
Inter-segment revenue	27,137	-	(27,137)	-
Total segment revenue	$ 335,762	$ 38,707	($ 27,137)	$ 347,332
Segment loss	($ 4,846)	($ 32,977)	$ -	($ 37,823)
Segment loss includes:				
Depreciation and amortisation	$ 81,497	$ 3,623	$ -	$ 85,120
Interest income	$ 27,376	$ 1,544		$ 28,920
Finance costs	$ 186	$ -	$ -	$ 186
Income tax expense	$ 34,496	$ 6,757	$ -	$ 41,253
Segment assets	$ 6,009,967	$ 342,585	($ 18,383)	$ 6,334,169
Segment liabilities	$ 215,272	$ 37,034	($ 18,383)	$ 233,923

(4) Reconciliation for segment income (loss)

The operating segments' assets, liabilities, after-tax net loss reported to the chief operating decision-makers are measured in a manner consistent with the balance sheet and the statement of comprehensive income. As a result, reconciliation is not needed.

TWi Pharmaceuticals, Inc. and Subsidiaries
Loans to others
Six months ended June 30, 2017

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note a)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six months ended June 30, 2017 (Note c)	Balance at June 30, 2017 (Note c)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note b)	Ceiling on total loans granted (Note b)	Footnote
													Item	Value			
0	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Other receivables-related parties	Yes	$ 152,150	$ -	$ -	2.39%	Short-term financing	$ -	Working Capital	$ -	-	$ -	$ 1,204,330	$ 2,408,659	
0	TWi Pharmaceuticals, Inc.	Visum Pharmaceutical Co., Ltd.	Other receivables-related parties	Yes	67,290	-	-	5.00%	Short-term financing	-	Working Capital	-	-	-	1,204,330	2,408,659	

Note a: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note b: Accumulated financing activities to any company or person should not be in excess of 40% of net assets on June 30, 2017; and the individual limit to any company or person should not be in excess of 20% of net assets on June 30, 2017.

Note c: For the amounts denominated in foreign currencies, profit and loss amounts were translated into New Taiwan Dollars at the average exchange rate of the second quarter of 2017: 1:30.656 (USD:NTD) and 1:4.466 (RMB:NTD), while others were translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date: 1:30.430 (USD:NTD) and 1:4.486 (RMB:NTD).

TWi Pharmaceuticals, Inc. and Subsidiaries

Provision of endorsements and guarantees to others

Six months ended June 30, 2017

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note a)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of June 30, 2017 (Note e)	Outstanding endorsement/ guarantee amount at June 30, 2017 (Note e)	Actual amount drawn down (Note e)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Note b	$ 6,021,648	$ 152,150	$ 152,150	$ 152,150	$ -	2.53%	$ 6,021,648	Y	N	N	Notes c and d
0	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Note b	6,021,648	91,290	91,290	-	-	1.52%	6,021,648	Y	N	N	Notes c and d
0	TWi Pharmaceuticals, Inc.	TWi Pharmaceuticals USA, Inc.	Note b	6,021,648	123,000	123,000	-	-	2.04%	6,021,648	Y	N	N	Notes c and d

Note a: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1). The Company is ‘0’

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

Note b: The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

Note c: The guarantee amount should not exceed 50% of the company’s net assets; the limit to a single company should not exceed 20% of the Company’s net assets. The guarantee amount to a subsidiary which is 100% directly or indirectly held by the Company should not exceed 100% of the Company's net assets.

Note d: The limit amount of guarantee from the Company and subsidiaries as a whole to companies not included in the Group should not exceed 50% of the Company's net assets; the limit to a single company not included in the Group should not exceed 20% of the Company's net assets; the guarantee amount to a company whose shares are 100% directly or indirectly held by the Company should not exceed 100% of the Company's net assets.

Note e: For the amounts denominated in foreign currencies, profit and loss amounts were translated into New Taiwan Dollars at the average exchange rate of the second quarter of 2017: 1:30.656 (USD:NTD) and 1:4.466 (RMB:NTD), while others were translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date: 1:30.430 (USD:NTD) and 1:4.486 (RMB:NTD).

TWi Pharmaceuticals, Inc. and Subsidiaries

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

Six months ended June 30, 2017

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of June 30, 2017				
Securities held by	Marketable securities (Note a)	Relationship with the securities issuer (Note b)	General ledger account	Number of units	Book value (Note c)	Ownership (%)	Fair value	(Note d)
TWi Pharmaceuticals, Inc.	Morgan Stanley Liquidity Funds (USD)	-	Financial assets at fair value through profit or loss - current	1,934.04	$ 5,940	-	$ 5,940	Not pledged as collateral to others
TWi Pharmaceuticals, Inc.	Standard Chartered, PLC Bond (XS1346651737)	-	Held-to-maturity financial assets - non-current	-	49,344	-	49,301	Not pledged as collateral to others
TWi Pharmaceuticals, Inc.	ICBC Limited Bond (XS1577688085)	-	Held-to-maturity financial assets - non-current	-	51,487	-	51,229	Not pledged as collateral to others
TWi Pharmaceuticals, Inc.	HSBC Holdings, PLC Bond (US404280BF56)	-	Held-to-maturity financial assets - non-current	-	51,684	-	51,534	Not pledged as collateral to others

Note a: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note b: Leave the column blank if the issuer of marketable securities is non-related party.

Note c: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note d: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

TWi Pharmaceuticals, Inc. and Subsidiaries

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

Six months ended June 30, 2017

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable security (Note a)	General ledger account	Counterparty (Note b)	Relationship with the investor (Note b)	Balance as at January 1, 2017		Addition (Note c)		Disposal (Note c)				Balance as at June 30, 2017	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
TWi Pharmaceuticals, Cayman Inc.	Visum Pharmaceutical Co., Ltd.	Investments accounted for under the equity method	1) Tianjin Taike Investment Partnership 2) Hainan Haixinkang Pharmaceutical Technology Development Partnership	Non-related parties					(Not applicable)					

Note a: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note b: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.
Note c: Aggregate purchases and sales amounts should be calculated at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

TWi Pharmaceuticals, Inc. and Subsidiaries

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

Six months ended June 30, 2017

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

			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
TWi Pharmaceuticals Inc.	TWi Pharmaceuticals USA, Inc.	Subsidiary	Sales	($ 221,273)	75.44%	Note	Note	Note	$ 258,373	86.67%	

Note: Based on negotiation between both parties.

TWi Pharmaceuticals, Inc. and Subsidiaries

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

Six months ended June 30, 2017

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2017 (Note a)	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
TWi Pharmaceuticals Inc.	TWi Pharmaceuticals USA, Inc.	Subsidiary	$ 258,373	1.86	$ 93,751	Continually paying	$ 14,637	$ -

Note a: Please fill in by receivable nature, for example account receivable-related parties, note receivables and other receivables, etc.

Note b: Paid-in capital means the parent company's paid-in capital. For share that has no par value or par value is not $10 (in dollars) per share, the amount regarding 20% of paid-in capital is calculated by 10% of total equity attributable to owners of the parent as shown on the balance sheet.

Note c: For the amounts denominated in foreign currencies, profit and loss amounts were translated into New Taiwan Dollars at the average exchange rate of the second quarter of 2017: 1:30.656 (USD:NTD) and 1:4.466 (RMB:NTD), while others were translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date: 1:30.43 (USD:NTD) and 1:4.486 (RMB:NTD).

TWi Pharmaceuticals, Inc. and Subsidiaries

Significant inter-company transactions during the reporting period

Six months ended June 30, 2017

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note a)	Company name	Counterparty	Relationship (Note b)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note c)
0	TWi Pharmaceuticals Inc.	TWi Pharmaceuticals USA, Inc.	1	Sales	$ 221,273	Note d	63.70%
0	TWi Pharmaceuticals Inc.	TWi Pharmaceuticals USA, Inc.	1	Accounts receivable	258,373	Note d	4.07%
0	TWi Pharmaceuticals Inc.	TWi Biotechnology, Inc.	1	Service revenue	27,137	Note d	7.81%
0	TWi Pharmaceuticals Inc.	TWi Biotechnology, Inc.	1	Accounts receivable	16,920	Note d	0.26%

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

Note d: Based on negotiation between both parties.

TWi Pharmaceuticals, Inc. and Subsidiaries

Information on investees

Six months ended June 30, 2017

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee （Note b）	Location	Main business activities	Initial investment amount: Balance as at June 30, 2017	Initial investment amount: Balance as at December 31, 2016	Shares held as at June 30, 2017: Number of shares	Shares held as at June 30, 2017: Ownership (%)	Shares held as at June 30, 2017: Book value	Net profit (loss) of the investee for the six months ended June 30, 2017 （Note c）	Investment income (loss) recognised by the Company for the six months ended June 30, 2017 （Note c）	Footnote
TWi Pharmaceuticals Inc.	TWi Biotechnology, Inc.	Taiwan	New drug R&D	$ 438,905	$ 438,905	41,239,000	73.07	$ 225,611	($ 32,977)	($ 24,096)	Subsidiary
TWi Pharmaceuticals Inc.	TWi Pharmaceuticals USA, Inc.	United States of America	Consulting services and generic drug sales	5,986	5,986	100	100.00	(67,358)	(3)	(3)	Subsidiary
TWi Pharmaceuticals Inc.	TWi Pharmaceuticals Europe Limited	United Kingdom	Consulting services and generic drug sales	0.03	16,431	100	100.00	1,598	(679)	(679)	Subsidiary
TWi Pharmaceuticals Inc.	TWi Pharmaceutical Ltd.	British Virgin Islands	Investment	40,134	757,598	1,312	100.00	37,425	413,983	413,983	Subsidiary
TWi Pharmaceutical Ltd.	TWi Pharmaceuticals Cayman Ltd.	Cayman Islands	Investment	890	757,278	7	100.00	37,268	414,081	414,111	Note a

Note a: An indirect subsidiary.

Note b: For mandatory disclosure of information about the above investee companies that are required to be disclosed, please see Table 1 to 7.

Note c: For the amounts denominated in foreign currencies, profit and loss amounts were translated into New Taiwan Dollars at the average exchange rate of the second quarter of 2017: 1:30.656 (USD:NTD) and 1:4.466 (RMB:NTD), while others were translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date: 1:30.430 (USD:NTD) and 1:4.486 (RMB:NTD).

TWi Pharmaceuticals, Inc. and Subsidiaries

Information on investments in Mainland China

Six months ended June 30, 2017

Table 9

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, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2017	Net income of investee for the six months ended June 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2017 （Note b）	Book value of investments in Mainland China as of June 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Visum Pharmaceutical Co., Ltd.	Formulation and development of oral solid dosage forms	$ 171,923	Note a	$ 755,553	$ -	$ 854,391	$ -	($ 23,235)	-	($ 24,047)	$ -	$ 98,838	Note f

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) （Note c）	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA （Note d）
TWi Pharmaceuticals Inc.	$ -	$ 1,369,350	$ 3,612,989

Note a: The Mainland China investee is invested indirectly through third area company in the Cayman Islands which in turn is invested indirectly through third area company in the British Virgin Islands.

Note b: The Company recognized investment income / loss based on financial statements which were reviewed by the Company's independent auditors.

Note c: The investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) is USD 45 million.

Note d: The amount was calculated based on 60% of the equity attributable to owners of the parent as stipulated in Investment Commission, MOEA Regulation No. 09704604680 which was announced on August 29, 2008.

Note e: For the amounts denominated in RMB, all amounts were translated into New Taiwan Dollars at the average exchange rate of April 18, 2017, the date Visum Pharmaceutical Co. Ltd. was disposed.
For the amounts denominated in USD, profit and loss amounts were translated into New Taiwan Dollars at the average exchange rate of the second quarter of 2017: 1:30.656 (USD:NTD),
while others were translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date: 1:30.430 (USD:NTD).

Note f: The Group completed the disposal of Visum Pharmaceutical Co. Ltd. on April 18, 2017.