SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 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.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To Senhwa Biosciences, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Senhwa Biosciences, Inc. and its subsidiary (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Existence of bank deposits

<u>Description</u>

Refer to Note 4(6) for accounting policies on cash equivalents and Note 6(1) for details of cash and cash equivalents. As at December 31, 2018, the Group's cash and cash equivalents amounted to NT$1,229,493 thousand, accounting for 99% of total assets. Given the significance of cash and cash equivalents to the Group's total assets, we consider the existence of bank deposits a key audit matter.

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

We performed the following audit procedures to address the above key audit matter:

- Confirmed the bank accounts and specific agreements with the financial institutions to verify the existence of bank accounts and accompanying rights and obligations;
- Obtained the bank reconciliation statements and checked any unusual reconciling items; and
- Inspected the source documents of significant cash receipts and payments to verify whether the transactions are for business purposes.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Senhwa Biosciences, Inc. as at and for the years ended December 31, 2018 and 2017.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Teng, Sheng-Wei Audrey Tseng

For and on behalf of PricewaterhouseCoopers, Taiwan

March 25, 2019

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

SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,229,493	99	$ 1,601,000	98
1150	Notes receivable, net		12	-	-	-
1170	Accounts receivable, net		133	-	-	-
1200	Other receivables		918	-	1,441	-
1410	Prepayments	6(2)	9,501	1	14,626	1
11XX	**Total current assets**		1,240,057	100	1,617,067	99
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(14)	130	-	-	-
1543	Financial assets carried at cost - non-current	6(14)	-	-	128	-
1600	Property, plant and equipment		3,674	-	5,792	1
1780	Intangible assets		118	-	409	-
1900	Other non-current assets		1,908	-	2,500	-
15XX	**Total non-current assets**		5,830	-	8,829	1
1XXX	**Total assets**		$ 1,245,887	100	$ 1,625,896	100
	Liabilities and Equity					
	Current liabilities					
2200	Other payables	6(3)	$ 35,864	3	$ 57,537	4
2230	Current income tax liabilities		400	-	-	-
2300	Other current liabilities		288	-	296	-
21XX	**Total current liabilities**		36,552	3	57,833	4
2XXX	**Total liabilities**		36,552	3	57,833	4
	Equity					
	Equity attributable to owners of parent					
	Share capital					
3110	Share capital - common stock	1 and 6(6)	744,756	60	743,926	46
	Capital surplus					
3200	Capital surplus		838,132	67	1,382,363	85
	Retained earnings					
3350	Accumulated deficit	6(8)	(375,850)	(30)	(558,879)	(35)
	Other equity interest					
3400	Other equity interest		2,297	-	653	-
3XXX	**Total equity**		1,209,335	97	1,568,063	96
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 1,245,887	100	$ 1,625,896	100

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

SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPRENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNT)

			2018		2017	
	Items	Notes	Amount	%	Amount	%
4000	**Operating revenue**	14	$ 733	100	$ -	-
5000	**Operating costs**	6(11)(12)	(658)	(89)	-	-
5900	**Gross profit**		75	11	-	-
	Operating expenses	6(11)(12) and 7(2)				
6200	General and administrative expenses		(60,119)	(8202)	(60,652)	-
6300	Research and development expenses		(327,424)	(44669)	(314,740)	-
6000	**Total operating expenses**		(387,543)	(52871)	(375,392)	-
6900	**Operating loss**		(387,468)	(52860)	(375,392)	-
	Non-operating income and expenses					
7010	Other income	6(9)	8,899	1214	7,525	-
7020	Other gains and losses	6(10)	466	63	(3,539)	-
7050	Finance costs		(17)	(2)	(14)	-
7000	**Total non-operating income and expenses**		9,348	1275	3,972	-
7900	**Loss before income tax**		(378,120)	(51585)	(371,420)	-
7950	Income tax benefit (expense)	6(13)	2,270	310	(478)	-
8200	**Loss for the year**		($ 375,850)	(51275)	($ 371,898)	-
	Other comprehensive loss					
	Components of other comprehensive loss that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		$ 1,644	224	($ 4,708)	-
8500	**Total comprehensive loss for the year**		($ 374,206)	(51051)	($ 376,606)	-
	Loss attributable to:					
8610	Owners of the parent		($ 375,850)	(51275)	($ 371,898)	-
	Comprehensive loss attributable to:					
8710	Owners of the parent		($ 374,206)	(51051)	($ 376,606)	-
	Loss per share					
9750	Basic loss per share (in dollars)	6(15)	($ 5.05)		($ 5.18)	
9850	Diluted loss per share (in dollars)	6(15)	($ 5.05)		($ 5.18)	

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

SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent					
			Capital Surplus			Other Equity	
	Notes	Common stock	Additional paid-in capital	Stock options	Accumulated deficit	Financial statements translation differences of foreign operations	Total
2017							
Balance at January 1, 2017		$ 657,856	$ 78,177	$ 35,430	($ 265,158)	$ 5,361	$ 511,666
Loss for the year		-	-	-	(371,898)	-	(371,898)
Other comprehensive loss for the year		-	-	-	-	(4,708)	(4,708)
Total comprehensive loss for the year		-	-	-	(371,898)	(4,708)	(376,606)
Issuance of shares		85,000	1,336,039	-	-	-	1,421,039
Capital surplus used to offset accumulated deficit	6(8)	-	(78,177)	-	78,177	-	-
Compensation cost of shares issued		-	537	-	-	-	537
Amortisation of compensation cost of employee stock options	6(5)	-	-	5,471	-	-	5,471
Amortisation of compensation cost of subsidiaries' employee stock options	6(5)	-	-	4,654	-	-	4,654
Employee stock options exercised		1,070	7,350	(7,118)	-	-	1,302
Balance at December 31, 2017		$ 743,926	$ 1,343,926	$ 38,437	($ 558,879)	$ 653	$ 1,568,063
2018							
Balance at January 1, 2018		$ 743,926	$ 1,343,926	$ 38,437	($ 558,879)	$ 653	$ 1,568,063
Loss for the year		-	-	-	(375,850)	-	(375,850)
Other comprehensive income for the year		-	-	-	-	1,644	1,644
Total comprehensive income (loss) for the year		-	-	-	(375,850)	1,644	(374,206)
Capital surplus used to offset accumulated deficit	6(8)	-	(558,879)	-	558,879	-	-
Amortisation of compensation cost of employee stock options	6(5)	-	-	4,462	-	-	4,462
Amortisation of compensation cost of subsidiaries' employee stock options	6(5)	-	-	10,007	-	-	10,007
Employee stock options exercised		830	5,724	(5,545)	-	-	1,009
Balance at December 31, 2018		$ 744,756	$ 790,771	$ 47,361	($ 375,850)	$ 2,297	$ 1,209,335

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

SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 378,120)	($ 371,420)
Adjustments			
Adjustments to reconcile profit (loss)			
Compensation cost of employee stock options		14,469	10,662
Depreciation	6(11)	2,535	1,466
Amortisation	6(11)	291	551
Interest income	6(9)	(8,706)	(7,511)
Other income		(2)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(12)	-
Accounts receivable, net		(133)	-
Other receivables		(6)	60
Prepayments		(4,944)	(4,740)
Changes in operating liabilities			
Other payables		(21,647)	36,866
Other current liabilities		(8)	150
Cash outflow generated from operations		(386,395)	(333,916)
Interest received		9,034	6,563
Tax refund received		3,021	897
Net cash flows used in operating activities		(374,340)	(326,456)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(406)	(5,382)
Increase in intangible assets		-	(127)
Decrease in other non-current assets		592	1,384
Net cash flows from (used in) investing activities		186	(4,125)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares	6(6)	-	1,421,039
Employee stock options exercised	6(5)	1,009	1,302
Net cash flows from financing activities		1,009	1,422,341
Effect of exchange rate changes		1,638	(4,643)
Net (decrease) increase in cash and cash equivalents		(371,507)	1,087,117
Cash and cash equivalents at beginning of year		1,601,000	513,883
Cash and cash equivalents at end of year		$ 1,229,493	$ 1,601,000

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

SENHWA BIOSCIENCES, INC. AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

(1) Senhwa Biosciences, Inc. (the "Company") was incorporated and registered with the Ministry of Economic Affairs on November 16, 2012. The Company's shares started trading over-the-counter after approval by the Taipei Exchange on April 24, 2017. The Company is primarily engaged in the development of new drugs and special pharmaceutical ingredients.

(2) As of December 31, 2018, the Company's authorised capital and paid-in capital amounted to $1,000,000 and $744,756, respectively.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 25, 2019.

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 endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 40, ‘Transfers of investment property’	January 1, 2018
IFRIC 22, ‘Foreign currency transactions and advance consideration’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 1, ‘First-time adoption of International Financial Reporting Standards’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IAS 28, ‘Investments in associates and joint ventures’	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

A. IFRS 9, ‘Financial instruments’

(a) Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

(c) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Notes 12(4)B and C.

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

(a) 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.

(b) Licence authorisation

Under IFRS 15, depending on the nature of licences, they are either a promise to provide a right to access to an entity’s intellectual property as it exists throughout the licence period, or 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:

i. 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;

ii. the rights granted by the licence directly expose the customer to any positive or negative effects of the entity’s activities identified above; and

iii. those activities do not result in the transfer of a good or service to the customer as those activities occur.

If licences cannot meet the 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.

(c) The Group has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

Recognition of licensing revenue

The Group authorises others to access the intellectual property rights of pharmaceuticals. The licensees are entitled to the development, application for drug approval, manufacturing and sales in terms of the authorised pharmaceuticals. In return, the Group receives an upfront payment when the conditions of entering into the licensing agreement are fulfilled. The Group receives milestone royalties when the licensees reach specified milestone and subsequently a regular payment of royalties computed based on a certain percentage of net sales revenue once the pharmaceuticals are granted a marketing approval. As of December 31, 2017, the Group has received the upfront payment which has been recognised as revenue in accordance with the previously applied accounting policies. In line with IFRS 15, the upfront payment is also to be recognised at the point when the IP rights are transferred, considering that the IP rights are granted to licensees under the agreement. Thus, the recognition under the new standard and previous accounting policies are consistent and caused no significant impact on the retained earnings following the adoption beginning January 1, 2018.

(d) Please refer to Note 12(5) for other disclosures in relation to the first application of IFRS 15.

(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 issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	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.

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.

In the first quarter of 2018, the Group reported to the Board of Directors that IFRS 16 has no material impact to the Group.

The Group expects to recognise the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that 'right-of-use asset' and lease liability will be increased by $12,082 and $12,440, respectively, and retained earnings will be decreased by $358.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for financial assets at fair value through other comprehensive income, the consolidated financial statements have been prepared under the historical cost convention.

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

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 11 ('IAS 11'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

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

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017
Senhwa Biosciences, Inc.	SenHwa Biosciences Corporation	New drug clinical and technical support services	100	100

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

(c) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losse's.

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

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

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Property, plant and equipment

A. Equipment are initially recorded at cost.

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

C. Equipment applies cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The useful lives are 3 and 2 years for office equipment and leasehold improvements, respectively.

(13) Operating leases (lessee)

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

(14) Intangible assets

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

(15) Impairment of non-financial assets

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

(16) Notes and accounts payable

A. Accounts payable are liabilities for goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of financial liabilities

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

(18) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

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

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

(19) Employee share-based payment

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

(20) Income tax

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

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

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

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

(21) Share capital

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

(22) Revenue recognition

A. Consulting service revenue

The Group provides product development consulting services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the stage of completion of a service contract to the total services to be performed. Customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

B. Revenue from licensing intellectual property

(a) The Group entered into a contract with a customer to grant a license of patents of new drugs to the customer. Given the license is distinct from other promised goods or services in the contract, the Group recognises the revenue from licensing when the license transfer to a customer either at a point in time or over time based on the nature of the license granted. The nature of the Group’s promise in granting a license is a promise to provide a right to access the Group’s intellectual property if the Group undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Group’s activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licensing period. In case the abovementioned conditions are not met, the nature of the Group’s promise in granting a license is a promise to provide a right to use the Group’s intellectual property and therefore the revenue is recognised when transferring the license to a customer at a point in time.

(b) Some contracts require a sales-based royalty in exchange for a license of patents of new drugs. The Group recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

(23) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make assumptions, and estimates concerning future events. However, none of the assumptions is considered critical. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Realisability of deferred tax assets

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Petty cash and cash on hand	$ 128	$ 92
Checking account deposits	270	270
Demand deposits	54,035	56,112
Time deposits	1,175,060	1,544,526
	$ 1,229,493	$ 1,601,000

A. The Group transacts 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) Prepayments

	December 31, 2018	December 31, 2017
Excess business tax paid	$ 4,217	$ 3,259
Prepaid income tax	2,421	2,449
Prepaid insurance premiums	1,339	1,386
Prepayment for clinical trial and commission research	1,003	905
Prepaid service expenses	-	6,245
Others	521	382
	$ 9,501	$ 14,626

(3) Other payables

	December 31, 2018	December 31, 2017
Commission research expenses	$ 25,750	$ 47,686
Salaries and bonuses	6,271	5,191
Service expenses	823	2,261
Others	3,020	2,399
	$ 35,864	$ 57,537

(4) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount no less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The subsidiary, SenHwa Biosciences Corporation, offers its employees 401(K) pension savings plan which adopts defined contribution plan. The plan enables both the employer and employees during their employment to contribute monthly based on a certain percentage of their salaries in their pension accounts.

B. The pension costs the under the defined contribution pension plans of the Group for the years ended December 31, 2018 and 2017 were $2,244 and $1,762, respectively.

(5) Share-based payment

A. For the years ended December 31, 2018 and 2017, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Employee stock options –B	2014.11.21	2,000	6 years	2~5 years' service
Employee stock options –C	2016.7.27	350	4 years	2~3 years' service
Cash capital increase reserved for employee preemption	2017.4.10	134	Not applicable	Vested immediately
Employee stock options –D	2018.5.30	700	7 years	2~4 years' service
Employee stock options –E	2018.12.4	150	7 years	2~4 years' service

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

	2018		2017	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	880	$ 68.78	1,137	$ 55.98
Options granted	850	84.52	134	162.00
Options exercised	(83)	12.16	(241)	95.47
Options forfeited	(53)	60.46	(150)	12.16
Options outstanding at December 31	1,594	80.40	880	68.78
Options exercisable at December 31	535	58.72	304	12.16

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2018 and 2017 was $70.60 (in dollars) and $86.61 (in dollars), respectively.

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

		December 31, 2018		December 31, 2017	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
2014.11.21	2020.11.20	429	$ 12.16	530	$ 12.16
2016.7.27	2020.7.26	350	$ 154.50	350	$ 154.50
2018.5.30	2025.5.29	665	$ 85.30		
2018.12.4	2025.12.3	150	$ 80.90		

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options –B	2014.11.21	$ 77.8 (Note)	$ 12.16	49.5%	5.5 years	0%	1.08%~1.31%	$ 66.44~67.09
Employee stock options –C	2016.7.27	154.22	154.5	50.56%	3~3.5 years	0%	0.45%~0.47%	52.80~56.81
Cash capital increase reserved for employee preemption	2017.4.10	162	162	37.41%	0.03 years	0%	0.41%	4.01
Employee stock options –D	2018.5.30	85.30	85.30	42.41%~ 42.44%	4.5~ 5.5 years	0%	0.71%~0.76%	30.53~33.61

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options –E	2018.12.4	80.90	80.90	42.04%~ 42.06%	4.5~ 5.5 years	0%	0.76%~0.81%	28.78~31.70

Note: The Company was an emerging company when issuing the stock options so price-book ratio was used to compute the stock price.

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

	Years ended Decemer 31,	
	2018	2017
Equity-settled	$ 14,469	$ 10,662

(6) Share capital

A. As of December 31, 2018, the Company's authorised capital was $1,000,000, consisting of 100 million shares of ordinary stock (including 5 million shares reserved for employee stock options), and the paid-in capital was $744,756 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 ordinary shares outstanding are as follows:

	2018	2017
At January 1	$ 74,393	$ 65,786
Employee stock options exercised	83	107
Cash capital increase	-	8,500
At December 31	$ 74,476	$ 74,393

(7) Capital surplus

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

(8) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

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

C. The shareholders during their meeting on May 17, 2018 and June 16, 2017 resolved to offset the accumulated deficit with capital surplus of $558,879 and $78,177 respectively.

(9) Other income

	Years ended December 31, 2018	Years ended December 31, 2017
Interest income:		
Interest income from bank deposits	$ 8,706	$ 7,511
Other interest income	188	14
Total interest income	8,894	7,525
Other income	5	-
	$ 8,899	$ 7,525

(10) Other gains and losses

	Years ended December 31, 2018	Years ended December 31, 2017
Net currency exchange gains (losses)	$ 477	($ 3,335)
Gains on financial assets at fair value through profit or loss	-	361
Other disbursements	(11)	(565)
	$ 466	($ 3,539)

(11) Expenses by nature

	Years ended December 31, 2018	Years ended December 31, 2017
Commission research expenses	$ 206,318	$ 206,868
Employee benefit expense	101,480	87,489
Service expenses	35,738	38,935
Patent application fees	13,071	13,441
Depreciation	2,535	1,466
Amortisation	291	551
Other expenses	28,768	26,642
Operating costs and expenses	$ 388,201	$ 375,392

(12) Employee benefit expense

	Years ended December 31, 2018	Years ended December 31, 2017
Wages and salaries	$ 78,271	$ 68,574
Share-based payment compensation cost	14,469	10,662
Labour and health insurance fees	2,146	1,942
Pension costs	2,244	1,762
Director's emoluments	320	240
Other personnel expenses	4,030	4,309
	$ 101,480	$ 87,489

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 10% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. The Company incurred loss before tax for the years ended December 31, 2018 and 2017. Therefore, employees' compensation and directors' and supervisors' remuneration were not accrued in accordance with the Company's Articles of Incorporation.

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

(13) Income tax

A. Income tax (benefit) expense

	Years ended December 31, 2018	Years ended December 31, 2017
Current tax:		
Current tax on profits for the year	$ 489	$ 454
Prior year income tax (over) underestimation	(2,702)	24
Effects of foreign exchange	(57)	-
Total current tax	(2,270)	478
Deferred tax:		
Origination and reversal of temporary differences	-	-
Income tax (benefit) expense	($ 2,270)	$ 478

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2018	Years ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate (note)	$ 489	$ 454
Prior year income tax (over) underestimation	(2,702)	24
Effects of foreign exchange	(57)	-
Income tax (benefit) expense	($ 2,270)	$ 478

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

	December 31, 2018		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 370,217	$ 370,217	(Note)

	December 31, 2017		
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 250,683	$ 250,683	(Note)

Note: The Company and its shareholders are entitled to the incentives conferred under the Biotech and New Pharmaceutical Development Act following the Company's incorporation as a biotech pharmaceutical company pursuant to the Letter No. Jing-Shou-Gong-Zi-10320407310 issued by the Ministry of Economic Affairs (MOEA) on April 3, 2014. The incentive measures are valid for five years beginning on the next date of the issuance of MOEA's Letter. The investment tax credit can be first used when there is taxable business income. Any unused tax credit is available for the following four years.

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

December 31, 2018				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Assessed	$ 669	$ 669	2022
2013	Assessed	113,000	113,000	2023
2014	Assessed	156,145	156,145	2024
2015	Assessed	195,046	195,046	2025
2016	Assessed	235,170	235,170	2026
2017	Filed	356,007	356,007	2027
2018	Filed	378,477	378,477	2028
		$ 1,434,514	$ 1,434,514	

December 31, 2017				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Assessed	$ 669	$ 669	2022
2013	Assessed	113,000	113,000	2023
2014	Assessed	156,145	156,145	2024
2015	Assessed	195,046	195,046	2025
2016	Assessed	235,170	235,170	2026
2017	Filed	356,007	356,007	2027
		$ 1,056,037	$ 1,056,037	

E. The Company’s income tax returns through 2016 have been assessed and approved by the Tax Authority.

F. For the U.S. subsidiary, expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2018				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016	Assessed	$ 2,078	$ 2,078	2036

December 31, 2017				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016	Assessed	$ 9,603	$ 9,603	2036

G. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(14) Significant contracts

A. The Company acquired intangible assets including multiple patents, technologies, clinical trial drugs and clinical trial information from Company A under the agreement in April 2013. The Company's payment for acquiring the assets relative to the agreement was shown as 'research and development expenses'. In the following years, the Company is obliged to pay royalties computed based on a certain percentage of revenue arising from either licensing to the third party or sales pertaining to the assets provided that the research and development comes to fruition.

B. The Company was commissioned on improving API Production using the industrial strains for generic medicine by Company B under an agreement in April 2013. The Company was permitted to recommission the third party provided that Company B owns the research results. The total contract price was $45,000. The Company recognised the commission research revenue for each period based on the period of time the service was rendered. Further, the Company is entitled to the receipt of royalties computed based on a certain percentage of net sales amount provided that the products are manufactured and sold under cGMP standard. However, Company B entered into a termination agreement with the Company due to the shift in its operating strategy. The latest agreement allowed the Company to access the research results as well as to authorise the third party to the extent of development. Once the products are manufactured or sold, the revenue must be shared with Company B without exceeding the R&D expenses amounting to $28,125 paid by the Company. All service revenue was recognised by the Company during the year ended December 31, 2014.

C. The Company licensed Chaperone Therapeutics, Inc. (hereafter referred to as "Chaperone") a global preclinical drug patent under an agreement in September 2015. Chaperone is responsible for the development, application for drug approval, manufacturing and sales in terms of the authorised pharmaceuticals. In return, the Company receives an upfront payment from Chaperone and milestone royalties when Chaperone reaches specified milestones. The upfront payment was 15% equity of Chaperone while the milestone royalties totalled US$102,700 thousand. The agreement provides that the upfront payment is due one year after the earlier of verification of compound validation or when the agreement is entered into. The Company recognised licensing revenue of $128 and recorded 15% equity of common shares as 'Financial assets at cost-non current'. From the year ended December 31, 2018, the Company recognised equity as 'Non-current financial assets at fair value through other comprehensive income' as described in Note 12 (4)B.

According to the evaluation of the Company, Chaperone's research and development progress has been lagging behind for 3 years since the date of authorisation. So far, the drug candidate (Candidate) has not been developed and entered the GLP toxicology experiment, which has delayed the application of the “Investigational New Drug”. The delay in Chaperone's research and development process, in addition to the substantial loss of the validity period of the Company's patent (intangible assets), have not fulfilled the due diligence clause of the "commercially reasonable development progress". To maintain the development potential of the Company's intangible assets and shareholders' equity, the Company engaged a lawyer in November 2018 to formally send a letter to Chaperone to negotiate the "termination contract" which resulted to a favorable response. The board of directors resolved to terminate the contract on March 25, 2019. The Company will evaluate the pre-clinical drug candidates for cancer use in the pre-development. From the date of termination, the parties shall have no rights and obligations except for the non-disclosure of confidential information for a period of 10 years after the termination of this Agreement.

(15) Loss per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (note)			
Loss attributable to owners of the parent	($ 375,850)	74,422	($ 5.05)

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (note)			
Loss attributable to owners of the parent	($ 371,898)	71,782	($ 5.18)

Note: The stock options are converted into the Company’s stocks. Hence, the options have no dilutive effect.

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

The Group did not have significant transactions with related parties for the years ended December 31, 2018 and 2017.

(2) Key management compensation

	Years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 12,674	$ 12,057
Share-based payments	3,138	4,129
	$ 15,812	$ 16,186

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for that mentioned in Note 6(14)A and B, other commitments are as follows:

Operating lease agreement

The Group recognised rental expense of $5,778 and $5,605 for the lease of offices and vehicles for the years ended December 31, 2018 and 2017, respectively. Future minimum lease payments are as follows:

	December 31, 2018	December 31, 2017
Not later than one year	$ 6,244	$ 6,280
Later than one year but not later than three years	6,788	6,262
	$ 13,032	$ 12,542

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Refer to Note 6 (14)C.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

		December 31, 2018		December 31, 2017
Financial assets				
Financial assets at fair value through other comprehensive income				
Designation of equity instrument	$	130	$	-
Available-for-sale financial assets				
Financial assets at cost	$	-	$	128
Financial assets at amortised cost / Loans and receivables				
Cash and cash equivalents	$	1,229,493	$	1,601,000
Notes receivable		12		-
Accounts receivable		133		-
Other receivables		918		1,441
Guarantee deposits paid		1,908		2,500
	$	1,232,464	$	1,604,941
Financial liabilities				
Financial liabilities at amortised cost				
Other payables	$	35,864	$	57,537

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

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

	December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Non-monetary items			
USD:NTD	$ 2,450	30.72	$ 75,279
Financial liabilities			
Monetary items			
USD:NTD	$ 1,868	30.72	$ 57,394

	December 31, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 5,939	29.76	$ 176,753
Non-monetary items			
USD:NTD	2,076	29.76	61,791
Financial liabilities			
Monetary items			
USD:NTD	$ 2,735	29.76	$ 81,390

ii. The unrealised exchange loss arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2018 and 2017 amounted to $19 and $1,643, respectively.

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

	Year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Non-monetary items			
USD:NTD	1%	$ -	$ 753
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 574	$ -

	Year ended December 31, 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%	$ 1,768	$ -
Non-monetary items			
USD:NTD	1%	-	618
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 814	$ -

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages its credit risk taking into consideration the entire group’s concern. For banks and financial institutions, only independently rated parties with good credit quality are accepted. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for their clients before standard payment terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits. The utilisation of credit limits is regularly monitored.

(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 Group does not expect to have significant liquidity risk since the other payables and other current liabilities are due in twelve months.

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability. All equity instruments invested by the Group are classified as level 3.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of the nature of the assets and liabilities is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 130	$ 130

December 31, 2017: None.

(b) The methods and assumptions the Group used to measure fair value are as follows:

(i) For the instruments the Group used market quoted prices as their fair values (that is, Level 1), the Group uses the closing price of market quoted price to measure the listed and emerging shares.

(ii) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

C. The following chart is the movement of Level 3 for the year ended December 31, 2018:

	Equity instruments	
At January 1	$	128
Acquired in the year		2
At December 31	$	130

For the year ended December 31, 2017: None.

D. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent and reliable.

E. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 130	Discounted cash flow	Long-term revenue growth rate; Discount rate	N/A	The higher the long-term revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

For the year ended December 31, 2017: None.

(4) <u>Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017</u>

A. Summary of significant accounting policies adopted in 2017:

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

i. They 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 categorised as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(i) Hybrid (combined) contracts; or

(ii) They eliminate or significantly reduce a measurement or recognition inconsistency;

or

(iii) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

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

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

(b) Available-for-sale financial assets

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

(c) Loans and receivables

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

(d) Impairment of financial assets

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

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

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

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

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

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

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

Financial assets at cost

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

B. The reconciliation of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

Under IAS 39, because the equity instruments, which were classified as financial assets at cost, amounting to $128 were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)" in the amount of $128 on initial application of IFRS 9.

C. In line with the regulations under IFRS 9 on assessment of provision for impairment, there is no significant impact to the Group's financial condition and financial performance based on the Group's assessment

D. Credit risk information for the year ended December 2017 is as follows:

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

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting period, and management does not expect any significant losses from non-performance by these counterparties.

(5) Effects on initial application of IFRS 15 and information on application of IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below:

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

(a) The amount of royalty is fixed or non-refundable.

(b) The contract is irrevocable.

(c) Related rights are granted to the authorised party for its own disposition.

(d) The party granting authority has no further obligation after passing on the rights to the authorized party.

If license agreements do not meet the above conditions, royalties are recognised as revenue using a reasonable and systematic method. The recognition should not be a one-time recognition.

B. There is no significant impact to current balance sheet and statement of comprehensive income, if the Group continually adopts the abovementioned accounting policies for the year ended December 31, 2018.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

The following transactions were eliminated when preparing the consolidated financial statements.

A. Loans to others: None.

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

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

E. Acquisition of real estate reaching $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: None.

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

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

J. Significant inter-company transactions during the reporting periods: No transaction involves \$100 million or 20% of paid-in capital or more.

(2) Information on investees

The following transactions with the subsidiary were eliminated when preparing the consolidated financial statements.

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

None.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry by primarily engaging in the development of new drugs and special pharmaceutical ingredients. The chief operating decision maker, who allocates resources and assesses operating performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies adopted by the Group's operating segments are consistent with that summarised in Note 2. The operating segments' profit or loss is measured with net operating profit and based on which the performance is evaluated.

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

The Group has only one reportable segment so the reportable information is identical with the financial statements.

(4) Reconciliation for segment income (loss)

The net operating loss reported to the chief operating decision-maker is measured in a manner consistent with the income and expense in the statement of comprehensive income. Hence, the reconciliation is indicated in the statement of comprehensive income.

(5) Information on products and services

	Years ended December 31,	
	2018	2017
Service revenue	$ 733	$ -

(6) Geographical information

Geographical information for the years ended December 31, 2018 and 2017 is as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 733	$ 3,610	$ -	$ 5,621
USA	-	182	-	580
	$ 733	$ 3,792	$ -	$ 6,201

(7) Major customer information

Information on major customer accounting for 10% of the Company's operating revenue for the years ended December 31, 2018 and 2017 is as follows:

	Years ended December 31,	
	2018	2017
BIOYO BIOTECH CO., LTD.	$ 733	$ -

Senhwa Biosciences, Inc. and its Subsidiary

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

Year ended December 31, 2018

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Senhwa Biosciences, Inc.	Chaperone Therapeutics, Inc. - ordinary shares	None	Financial assets at fair value through other comprehensive income-non current	409,400	$ 128	13.15%	$ 128	None
Senhwa Biosciences, Inc.	Pimera, Inc. - ordinary shares	None	Financial assets at fair value through other comprehensive income-non current	468,179	2	3%	2	None

Senhwa Biosciences, Inc. and its Subsidiary

Names, locations and other information of investee companies (not including investee in Mainland China)

Year ended December 31, 2018

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2018	Initial investment amount: Balance as at December 31, 2017	Shares held as at December 31, 2018: Number of shares	Shares held as at December 31, 2018: Ownership (%)	Shares held as at December 31, 2018: Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
Senhwa Biosciences, Inc.	Senhwa Biosciences Corporation	USA	New drug clinical and technical support services	$ 59,123	$ 59,123	1,000,000	100.00	$ 75,279	$ 1,837	$ 1,837	Subsidiary