JHL BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2016 AND 2015

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To JHL Biotech, Inc.

We have audited the accompanying consolidated balance sheets of JHL Biotech, Inc. and its subsidiaries (the "Group") as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2016 and 2015, and its financial performance and 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.

Teng, Sheng-Wei

Chou Tseng, Hui-Chin

For and on behalf of PricewaterhouseCoopers, Taiwan
February 17, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

JHL BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,586,812	36	$ 1,572,915	40
1147	Investments in debt instruments without active market - current	6(2)	1,097,811	15	328,250	8
1170	Accounts receivable, net	6(3)	28,336	-	24,760	1
1200	Other receivables		5,909	-	3,349	-
130X	Inventory	6(4)	193,570	3	-	-
1410	Prepayments	6(5)	275,888	4	185,874	5
1476	Other current financial assets	8	220,322	3	-	-
11XX	**Total current assets**		4,408,648	61	2,115,148	54
	Non-current assets					
1600	Property, plant and equipment	6(6)	2,262,777	31	1,348,629	34
1780	Intangible assets	6(7)	28,943	-	29,091	1
1915	Prepayments for equipment		6,713	-	6,241	-
1920	Guarantee deposits paid		4,064	-	4,009	-
1980	Other non-current financial assets	8	414,118	6	423,224	11
1990	Other non-current assets	6(8)	109,685	2	-	-
15XX	**Total non-current assets**		2,826,300	39	1,811,194	46
1XXX	**Total assets**		$ 7,234,948	100	$ 3,926,342	100

(Continued)

JHL BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 314,078	4	$ 50,550	1
2170	Accounts payable		55,336	1	-	-
2200	Other payables	6(11)	255,743	4	135,882	3
2300	Other current liabilities	6(12)(13)	806,021	11	19,562	1
21XX	**Total current liabilities**		1,431,178	20	205,994	5
	Non-current liabilities					
2540	Long-term borrowings	6(13)	311,750	4	239,294	6
2670	Other non-current liabilities	6(14)	620,565	9	82,902	2
25XX	**Total non-current liabilities**		932,315	13	322,196	8
2XXX	**Total liabilities**		2,363,493	33	528,190	13
	Equity					
	Share capital	6(17)				
3110	Share capital - common stock		2,193,686	30	1,895,858	48
3140	Advance receipts for share capital		7	-	-	-
	Capital surplus	6(18)				
3200	Capital surplus		3,687,696	51	1,912,284	49
	Retained earnings	6(19)				
3350	Accumulated deficit		(1,106,544)	(15)	(580,379)	(15)
	Other equity interest	6(20)				
3400	Other equity interest		(23,594)	-	31,708	1
31XX	**Equity attributable to owners of the parent**		4,751,251	66	3,259,471	83
36XX	**Non-controlling interest**		120,204	1	138,681	4
3XXX	**Total equity**		4,871,455	67	3,398,152	87
	Commitments and contingent liabilities	9				
	Significant events after the reporting period	11				
3X2X	**Total liabilities and equity**		$ 7,234,948	100	$ 3,926,342	100

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

JHL BIOTECH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except loss per share data)

	Items	Notes	2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
4000	**Sales revenue**	6(21)	$ 248,006	100	$ 29,753	100
5000	**Operating costs**	6(15)(25)(26)	(145,949)	(59)	(24,251)	(81)
5900	**Net operating margin**		102,057	41	5,502	19
	Operating expenses	6(15)(25)(26)				
6100	Selling expenses		(19,885)	(8)	(5,241)	(18)
6200	General and administrative expenses		(232,056)	(94)	(167,036)	(561)
6300	Research and development expenses		(921,302)	(371)	(477,733)	(1606)
6000	**Total operating expenses**		(1,173,243)	(473)	(650,010)	(2185)
6900	**Operating loss**		(1,071,186)	(432)	(644,508)	(2166)
	Non-operating income and expenses					
7010	Other income	6(22)	41,143	17	35,827	120
7020	Other gains and losses	6(23)	(59,345)	(24)	21,036	71
7050	Finance costs	6(24)	(24,584)	(10)	-	-
7000	**Total non-operating income and expenses**		(42,786)	(17)	56,863	191
8200	**Loss for the year**		($ 1,113,972)	(449)	($ 587,645)	(1975)
	Other comprehensive income (loss)					
	Items that will not be reclassified subsequently to profit or loss					
	Exchange differences on translation of foreign financial statements		($ 14,122)	(6)	$ 141,396	475
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(52,231)	(21)	21,959	(74)
8500	**Total comprehensive loss for the year**		($ 1,180,325)	(476)	($ 468,208)	(1574)
	Loss attributable to:					
8610	Owners of the parent		($ 1,106,544)	(446)	($ 580,379)	(1951)
8620	Non-controlling interest		(7,428)	(3)	(7,266)	(24)
			($ 1,113,972)	(449)	($ 587,645)	(1975)
	Comprehensive loss attributable to:					
8710	Owners of the parent		($ 1,161,848)	(469)	($ 459,646)	(1545)
8720	Non-controlling interest		(18,477)	(7)	(8,562)	(29)
			($ 1,180,325)	(476)	($ 468,208)	(1574)
	Loss per share (in dollars)					
9750	**Basic loss per share**	6(28)	($ 5.79)		($ 4.02)	
9850	**Diluted loss per share**	6(28)	($ 5.79)		($ 4.02)	

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

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

		Equity attributable to owners of the parent											
		Capital		Capital Reserves					Other Equity Interest				
	Notes	Common stock	Advance receipts for share capital	Total capital surplus, additional paid-in capital	Employee stock warrants	Capital Surplus, restricted stock	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Other equity-others	Total	Non-controlling interest	Total
2015													
Balance at January 1, 2015		$ 21	$ -	$ 565	$ 118,117	$ 6	$ -	($ 749,262)	($ 89,022)	($ 5)	($ 719,580)	$ 147,243	($ 572,337)
Preferred shares converted to common shares	6(10)	227	-	2,928,301	-	-	-	-	-	-	2,928,528	-	2,928,528
Proceeds from issuing shares	6(17)	38	-	1,422,058	-	-	-	-	-	-	1,422,096	-	1,422,096
Capital surplus used to offset against accumulated deficit	6(19)	-	-	(749,262)	-	-	-	749,262	-	-	-	-	-
Capitalisation of capital surplus	6(17)	1,890,311	-	(1,890,311)	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes in par value conversion		1	-	-	-	-	-	-	(1)	-	-	-	-
Employee stock options exercised	6(16)	5,260	-	93,769	(90,858)	-	-	-	-	-	8,171	-	8,171
Compensation cost of employee stock options	6(16)	-	-	-	79,899	-	-	-	-	-	79,899	-	79,899
Compensation cost of employee restricted shares	6(16)	-	-	-	-	-	-	-	-	3	3	-	3
Employee restricted shares vested	6(16)	-	-	3	-	(3)	-	-	-	-	-	-	-
Total consolidated loss for the year		-	-	-	-	-	-	(580,379)	-	-	(580,379)	(7,266)	(587,645)
Other comprehensive income (loss)	6(20)	-	-	-	-	-	-	-	120,733	-	120,733	(1,296)	119,437
Balance at December 31, 2015		$ 1,895,858	$ -	$ 1,805,123	$ 107,158	$ 3	$ -	($ 580,379)	$ 31,710	($ 2)	$ 3,259,471	$ 138,681	$ 3,398,152
2016													
Balance at January 1, 2016		$ 1,895,858	$ -	$ 1,805,123	$ 107,158	$ 3	$ -	($ 580,379)	$ 31,710	($ 2)	$ 3,259,471	$ 138,681	$ 3,398,152
Capital surplus used to offset against accumulated deficit	6(19)	-	-	(580,379)	-	-	-	580,379	-	-	-	-	-
Proceeds from issuing shares	6(17)	284,151	-	2,273,209	-	-	-	-	-	-	2,557,360	-	2,557,360
Employee stock options exercised	6(16)	13,677	7	11,038	(20,691)	-	-	-	-	-	4,031	-	4,031
Compensation cost of employee stock options	6(16)	-	-	-	92,235	-	-	-	-	-	92,235	-	92,235
Employee stock options expired	6(16)	-	-	-	(6,138)	-	6,138	-	-	-	-	-	-
Compensation cost of employee restricted shares	6(16)	-	-	-	-	-	-	-	-	2	2	-	2
Employee restricted shares vested	6(16)	-	-	3	-	(3)	-	-	-	-	-	-	-
Total consolidated loss for the year		-	-	-	-	-	-	(1,106,544)	-	-	(1,106,544)	(7,428)	(1,113,972)
Other comprehensive loss	6(20)	-	-	-	-	-	-	-	(55,304)	-	(55,304)	(11,049)	(66,353)
Balance at December 31, 2016		$ 2,193,686	$ 7	$ 3,508,994	$ 172,564	$ -	$ 6,138	($ 1,106,544)	($ 23,594)	$ -	$ 4,751,251	$ 120,204	$ 4,871,455

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

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

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 1,113,972)	($ 587,645)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(25)	137,089	75,748
Amortisation	6(7)(25)	8,892	19,918
Rental expense for long-term prepaid rents	6(8)	1,243	-
Revaluation gains on financial liabilities	6(23)	-	(23,598)
Compensation cost of employee stock options	6(16)	92,235	79,899
Amortisation of compensation cost of employee restricted shares	6(16)	2	3
Interest income	6(22)	(11,756)	(20,129)
Finance costs	6(24)	24,584	-
Loss on disposal of property, plant and equipment	6(23)	18	-
Property, plant and equipment and prepayments for equipment transferred to expenses		543	242
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(3,576)	(17,786)
Other receivables		(2,759)	1,904
Inventories		(193,570)	-
Prepayments		(90,014)	(154,243)
Other non-current assets		-	434
Changes in operating liabilities			
Accounts payable		55,336	-
Other payables		83,412	58,803
Other current liabilities		127,383	13,899
Other non-current liabilities		537,663	24,438
Cash outflow generated from operations		(347,247)	(528,113)
Interest received		11,955	19,930
Interest paid		(843)	-
Net cash flows used in operating activities		(336,135)	(508,183)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments in debt instruments without active market, current		(769,561)	(328,250)
Increase in other current financial assets		(220,322)	-
Acquisition of property, plant and equipment and prepayments for equipment	6(29)	(711,393)	(584,829)
Acquisition of intangible assets	6(29)	(8,663)	(32,601)
Increase in refundable deposits		(55)	(681)
Decrease (increase) other non-current financial assets		9,106	(7,915)
Net cash used in investing activities		(1,700,888)	(954,276)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		263,528	50,550
Preferred shares employee stock options exercised	6(16)	-	434,792
Proceeds from long-term borrowings		228,331	239,294
Proceeds from issuing shares		2,557,360	1,422,096
Employee stock options exercised	6(16)	4,031	8,171
Net cash flows from financing activities		3,053,250	2,154,903
Effect of exchange rate changes		(2,330)	83,775
Net increase in cash and cash equivalents		1,013,897	776,219
Cash and cash equivalents at beginning of year		1,572,915	796,696
Cash and cash equivalents at end of year		$ 2,586,812	$ 1,572,915

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

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

1. HISTORY AND ORGANISATION

JHL Biotech, Inc. (the "Company") was founded in June 2012 in Cayman Islands. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in research and development, manufacturing, sales and research project assignment related to new protein drugs and biosimilars. The Group has been dedicated to the research and development of new protein drugs and biosimilars.

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 February 17, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

The above standards and interpretations have no significant impact to the Group’s financial condition and operating results based on the Group’s assessment.

(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 effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, ‘Financial instruments’ with IFRS 4, ‘Insurance contracts’ (amendments to IFRS 4)	January 1, 2018
IFRS 9, ‘Financial instruments’	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018
Clarifications to IFRS 15, ‘Revenue from contracts with customers’ (amendments to IFRS 15)	January 1, 2018
IFRS 16, ‘Leases’	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, ‘Foreign currency transactions and advance consideration’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, ‘First-time adoption of International Financial Reporting Standards’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, ‘Investments in associates and joint ventures’	January 1, 2018

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

A. 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 recognize 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.

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 recognized 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 recognizes 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 recognizes 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: Recognize 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 an entity capitalizes the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Contract cost assets are amortized on a systematic basis consistent with the expected pattern of transfer of the related goods or services under the contract.

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 recognized 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 license should be recognized 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. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognize 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.

E. 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) that the Group has right to determine their finance or operation policies, and hold directly or indirectly more than 50% equity interest. The Group has taken into consideration the existence and effect of exercisable or convertible potential voting rights when evaluating whether the entities are controlled by the Group. Consolidation of subsidiaries begins from the acquisition date (from the date that the Group obtains control) of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized 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.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2016	Ownership (%) December 31, 2015	Description
JHL Biotech, Inc.	JHL Biotech Inc., Taiwan	Research and development, manufacturing and sales of new protein drugs and biosimilars; contract research business	100	100	
JHL Biotech, Inc.	JHL Biotech (Hong Kong) Limited	Research and development, manufacturing and sales of new protein drugs and biosimilars; contract research business	100	100	
JHL Biotech (Hong Kong) Limited	Xikang (Wuhan) Biopharmaceutical Co., Ltd.	Manufacturing and sales of new protein drugs and biosimilars	100	100	
JHL Biotech (Hong Kong) Limited	Jianheli (Wuhan) Biopharmaceutical Co., Ltd.	Manufacturing and sales of new protein drugs and biosimilars	40	40	Note

Note: Because the Group has the right to determine the investee's financial and operational policies, the Group is deemed to have control over the investee.

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 Company's functional currency is USD; however, the consolidated financial statements are presented in NTD under the reporting requirements of emerging stocks.

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 recognized in profit or loss in the period in which they arise.

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

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

B. Translation of foreign operations

The operating results and financial position of the Company and overseas subsidiaries 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 profit and loss are recognized 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 realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(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) Loans and receivables

A. Accounts receivable

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

B. Investments in bonds without active market

Investments in bonds without active market held by the Group are those time deposits with a short maturity period but do not qualify as cash equivalents, and they are measured at initial investment amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

A. 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.

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

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

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

(c) 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;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

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

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

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

(9) Derecognition of financial assets

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

(10) Inventories

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

(11) Property, plant and equipment

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

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

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

Machinery and equipment	8~20 years
Testing equipment	1~10 years
Leasehold assets	30 years
Leasehold improvements	5~10 years
Office equipment	2~10 years
Other equipment	2~10 years

(12) Leased assets/ operating leases (lessee)

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognized as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

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

(13) Intangible assets

Intangible assets, mainly cell line and computer software, are recognised at cost and amortised on a straight-line basis over their estimated useful lives of 1 ~ 10 years.

(14) Long-term prepaid rents

Long-term prepaid rents mainly refer to the consideration paid for the land use right that the

Group acquired from local government in Mainland china, and are amortised on a straight-line basis over the land useful life of 46.7 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 amortized historical cost would have been if the impairment had not been recognised.

(16) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

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

(18) Financial liabilities at fair value through profit or loss

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

(a) Hybrid (combined) contracts; or

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

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

B. Financial liabilities at fair value through profit or loss are initially 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.

(19) 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.

(20) Financial liabilities and equity instruments

Preferred share liability

The preferred shares issued by the Group which the Group is not able to avoid delivering cash or other financial assets, are classified as preferred share liabilities. The cost is measured at fair value on initial recognition. They are subsequently remeasured and stated at fair value on each balance sheet date. The related interests, dividends, gains and losses are recognised in profit or loss.

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

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

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

(22) Employee share-based payment

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

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period. In addition, the Group uses the employee agreement date to be the grant date of restricted stocks to employees.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividend declaration.

(c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Group and the Group must refund their payments on the stocks, the Group recognizes the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognizes the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(23) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred 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 realized 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 utilized. At each balance sheet date, unrecognised and recognized deferred tax assets are reassessed.

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

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 utilized.

(24) Share capital

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

(25) Revenue recognition

A. Sales of goods

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

B. Sales of services are recognised as follows:

(a) If the outcome of services provided can be estimated reliably, revenue from delivering services is recognised based on the percentage of services completed on the balance sheet date.

(b) If the outcome of delivering services cannot be estimated reliably, revenue recognition should take into consideration the recoverable possibility of incurred costs.

(c) If the outcome of delivering services is estimated as a deficit, loss is recognised immediately, but if the estimated deficit is reduced in the following years, loss is reversed and recognised as revenue in the same year as the reversal.

C. Sale of rights is recognised when the license agreements meet the criteria of revenue recognition in relation to sale of goods, and are in line with the following conditions:

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

(b) The contract is irrevocable.

(c) Relevant rights may be at the licensee's disposition.

(d) The licensor has no further obligations after passing on the rights to the authorized party. If the licensing contract does not simultaneously fulfill the above conditions, royalty revenue will be recognised based on a reasonable and systematic method over the licensing period.

(26) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker 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 assumptions and estimates concerning future events in the balance sheet date. There is no critical judgement for the applied accounting policies. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors, and the related information is addressed below:

Critical accounting estimates and assumptions

Impairment assessment of tangible and intangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

As of December 31, 2016, the carrying amount of property, plant and equipment was $2,262,777.

As of December 31, 2016, the carrying amount of intangible assets was $28,943.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash on hand and revolving funds	$ 216	$ 187
Demand deposits	909,596	923,878
Time deposits	1,677,000	648,850
	$ 2,586,812	$ 1,572,915

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. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

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

(2) Investments in bonds without active markets

Items	December 31, 2016	December 31, 2015
Current items:		
Time deposits	$ 1,097,811	$ 328,250

A. The investments in debt instruments without active market held by the Group are all time deposits held in banks with good credit rating levels.

B. The Group has no investments in bonds without active markets pledged to others.

(3) Accounts receivable

	December 31, 2016	December 31, 2015
Accounts receivable	$ 28,336	$ 24,760
Less: allowance for bad debts	-	-
	$ 28,336	$ 24,760

A. As of December 31, 2016 and 2015, the Group had no accounts receivable that were impaired.

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

	December 31, 2016	December 31, 2015
Group 1	$ 4,837	$ 1,477
Group 2	23,499	23,283
	$ 28,336	$ 24,760

Note:

Group 1: New customers (the first transaction of the year)

Group 2: Existing customers

C. The maximum exposure to credit risk at December 31, 2016 and 2015 was the carrying amount of each class of accounts receivable.

D. The Group does not hold any collateral as security.

(4) Inventories

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	$ 118,638	$ -	$ 118,638
Work in process	74,932	-	74,932
	$ 193,570	$ -	$ 193,570

The cost of inventories recognised as expense for the year:

	Year ended December 31,	
	2016	2015
Cost of goods sold	$ 34,830	$ -
License and joint development cost	77,617	-
Cost of services	33,502	24,251
	$ 145,949	$ 24,251

A. The above materials and supplies are used in contract research and manufacture of medicines.

B. As of December 31, 2015, the Group had no inventory.

(5) Prepayments

	December 31, 2016	December 31, 2015
Supplies inventory- expendable	$ -	$ 32,745
Prepaid expenses	47,367	10,175
Net Input VAT	228,284	142,938
Others	237	16
	$ 275,888	$ 185,874

(6) Property, plant and equipment

	R&D equipment	Machinery	Leased assets	Office equipment	Leasehold improvements	Other facilities	Construction in progress and equipment to be inspected	Total
At January 1, 2016								
Cost	$ 438,995	$ 73,918	$ -	$ 9,826	$ 197,745	$ 6,806	$ 730,917	$ 1,458,207
Accumulated depreciation	(79,331)	(2,427)	-	(5,785)	(20,479)	(1,556)	-	(109,578)
	$ 359,664	$ 71,491	$ -	$ 4,041	$ 177,266	$ 5,250	$ 730,917	$ 1,348,629
2016								
Opening net book amount as at January 1	$ 359,664	$ 71,491	$ -	$ 4,041	$ 177,266	$ 5,250	$ 730,917	$ 1,348,629
Additions	32,084	556,551	392,329	9,484	3,972	3,113	111,922	1,109,455
Disposals	(18)	-	-	-	-	-	-	(18)
Reclassifications	-	614,196	-	113	5,424	-	(614,547)	5,186
Depreciation	(66,886)	(39,783)	(5,705)	(2,590)	(20,619)	(1,506)	-	(137,089)
Net exchange differences	-	(4,079)	256	(30)	-	(57)	(59,476)	(63,386)
Closing net book amount as at December 31	$ 324,844	$ 1,198,376	$ 386,880	$ 11,018	$ 166,043	$ 6,800	$ 168,816	$ 2,262,777
At December 31, 2016								
Cost	$ 471,036	$ 1,238,601	$ 392,329	$ 19,276	$ 207,140	$ 9,830	$ 168,816	$ 2,507,028
Accumulated depreciation	(146,192)	(40,225)	(5,449)	(8,258)	(41,097)	(3,030)	-	(244,251)
	$ 324,844	$ 1,198,376	$ 386,880	$ 11,018	$ 166,043	$ 6,800	$ 168,816	$ 2,262,777

	R&D equipment	Machinery	Office equipment	Leasehold improvements	Other facilities	Construction in progress and equipment to be inspected	Total
At January 1, 2015							
Cost	$ 335,595	$ -	$ 7,610	$ 120,547	$ 6,098	$ -	$ 469,850
Accumulated depreciation	(25,701)	-	(2,652)	(5,116)	(374)	-	(33,843)
	$ 309,894	$ -	$ 4,958	$ 115,431	$ 5,724	$ -	$ 436,007
2015							
Opening net book amount as at January 1	$ 309,894	$ -	$ 4,958	$ 115,431	$ 5,724	$ -	$ 436,007
Additions	39,929	47,954	2,220	7,883	718	466,380	565,084
Reclassifications	63,472	26,558	-	69,314	-	271,305	430,649
Depreciation	(53,631)	(2,437)	(3,134)	(15,362)	(1,184)	-	(75,748)
Net exchange differences	-	(584)	(3)	-	(8)	(6,768)	(7,363)
Closing net book amount as at December 31	$ 359,664	$ 71,491	$ 4,041	$ 177,266	$ 5,250	$ 730,917	$ 1,348,629
At December 31, 2015							
Cost	$ 438,995	$ 73,918	$ 9,826	$ 197,745	$ 6,806	$ 730,917	$ 1,458,207
Accumulated depreciation	(79,331)	(2,427)	(5,785)	(20,479)	(1,556)	-	(109,578)
	$ 359,664	$ 71,491	$ 4,041	$ 177,266	$ 5,250	$ 730,917	$ 1,348,629

A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Year ended December 31,	
	2016	2015
Amount capitalized	$ 26,955	$ 16,997
Range of the interest rates for capitalization	1.97%~6.5475%	1.97%~6.5475%

B. The Group has no property, plant and equipment pledged as collateral.

C. Please refer to Notes 6(8) and (12) for details of lease assets.

(7) Intangible assets

	Cell line	Software	Total
At January 1, 2016			
Cost	$ 28,685	$ 4,628	$ 33,313
Accumulated amortisation and impairment	(3,561)	(661)	(4,222)
	$ 25,124	$ 3,967	$ 29,091
2016			
At January 1	$ 25,124	$ 3,967	$ 29,091
Additions	2,048	6,877	8,925
Reclassifications	-	280	280
Amortisation charge	(5,367)	(3,525)	(8,892)
Net exchange differences	(439)	(22)	(461)
December 31	$ 21,366	$ 7,577	$ 28,943
At December 31, 2016			
Cost	$ 33,205	$ 12,995	$ 46,200
Accumulated amortisation and impairment	(11,839)	(5,418)	(17,257)
	$ 21,366	$ 7,577	$ 28,943

	Cell line	DNA sample and antibody usage right	Software	Total
At January 1, 2015				
Cost	$ 14,242	$ 49,568	$ 2,695	$ 66,505
Accumulated amortisation and impairment	(3,561)	-	(661)	(4,222)
	$ 10,681	$ 49,568	$ 2,034	$ 62,283
2015				
At January 1	$ 10,681	$ 49,568	$ 2,034	$ 62,283
Additions	14,771	-	3,180	17,951
Reversal due to termination	-	(32,825)	-	(32,825)
Reclassifications	2,170	(2,170)	-	-
Amortisation charge	(2,800)	(15,871)	(1,247)	(19,918)
Net exchange differences	302	1,298	-	1,600
December 31	$ 25,124	$ -	$ 3,967	$ 29,091
At December 31, 2015				
Cost	$ 28,685	$ -	$ 4,628	$ 33,313
Accumulated amortisation and impairment	(3,561)	-	(661)	(4,222)
	$ 25,124	$ -	$ 3,967	$ 29,091

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

	Year ended December 31, 2016	Year ended December 31, 2015
Operating costs	$ 911	$ 72
Administrative expenses	1,015	554
Research and development expenses	6,966	19,292
	$ 8,892	$ 19,918

B. The Group has no intangible assets pledged as collateral.

C. In June 2013, the Group purchased cell line from WuXi AppTec Biopharmaceuticals Co. Ltd. for the purpose of research and development of cancer medicines. Under the contract, the Group shall pay additional royalty if the cell line is used in future products. The amount of royalty will be either a percentage of sale or in lump sum.

D. In December 2014 and March 2016, the Group purchased cell lines from Selexis SA for research and development. Under the contract, the Group shall pay milestone fees based on clinical trial progress and commercialisation of the product, the maximum amount of which is CHF 835,000 for each contract. Moreover, the Group shall pay additional royalty if the cell lines are used in the future products. The amount of royalty would be a percentage of sales.

E. In December 2014, the Group entered into a contract to collaboratively develop CTLA4 monoclonal antibody with Humorigin, Inc. (referred hereunder as “Humorigin”). Humorigin will sell the DNA sample to the Group at a price of USD 1,500,000. In March 2016, both parties agreed to terminate the collaboration, and the Group no longer has to pay the remaining royalty of USD 1,000,000.

(8) Long-term prepaid rents (shown as ‘Other non-current assets’)

The subsidiary, Xikang (Wuhan) Biopharmaceutical Co., Ltd. (“Xikang (Wuhan) Company”) entered into an agreement : “Building, repurchase and lease of plant”, with Wuhan Optical Valley Biopark Development Co., Ltd. and Wuhan Optical Valley Accelerator Investment Development Co., Ltd. (“Accelerator Company”). Under the agreement, Accelerator Company will obtain the land use right and build a plant to rent to Xikang (Wuhan) Company for a lease period of 5 years with free rent (the grant for rent obtained for this specific land and plant from the Administrative Committee of Donghu, Gaoxin Dist. was directly paid to Accelerator Company). However, Xikang (Wuhan) Company has to pay interest related to building cost and has the right to repurchase the plant at initial building cost during the lease period. In July 2016, Accelerator Company has completed and transferred the plant to the Group for use, which the Group then accounted for by adopting the finance lease method. In addition, the land use right and related costs which were accounted for using operating lease method was RMB 23 million, shown as “Other non-current assets”. The Group amortized the land use right on a straight-line basis over 46.7 years, which is the remaining number of years left on the land use right. For 2016, the Group recognized related rent expense of $1,243.

(9) Short-term borrowings

Type of borrowings	December 31, 2016	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 221,272	2.43656%~4.35%	Time deposit (shown as ‘Other current financial assets’)
Unsecured borrowings	92,806	5.4375%~5.655%	None
	$ 314,078		

Type of borrowings	December 31, 2015	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 50,550	6.5475%	None

(10) Financial liabilities at fair value through profit or loss

A. As the class A and the class B convertible preferred shares belong to hybrid instrument, the Company designated these convertible preferred stocks as financial liabilities at fair value through profit or loss upon initial recognition, the preferred shareholders has exercised the option and converted the preferred shares to common shares. As of December 31, 2016, the Group has no financial liabilities at fair value through profit or loss.

B. The Company recognised net gain of $23,598 for the year ended December 31, 2015.

C. Details of options of preferred share-A issued by the Group are as follows:

The number of options and the weighted-average exercise price

	Year ended December 31, 2015	
Items	No. of options	Weighted-average exercise price (in US$)
Options outstanding opening balance at January 1	10,000,000	$ 1
Options exercised	(10,000,000)	1
Options outstanding at December 31	-	

D. Changes in number of non-cumulative and convertible preferred share-A is as follows:

	Year ended December 31, 2015
	No. of shares
Preferred shares at January 1	41,623,283
Options exercised	10,000,000
Employee share options exercised	2,000,000
Exercised in the period	(53,623,283)
Preferred shares at December 31	-

(a) The terms and conditions of non-cumulative, participating, and convertible class A preferred shares are as follows:

i. Class A preferred share has preference over common share in the payment of dividends. This preferred share is non-cumulative, with an 8% annual rate, and the dividends would be distributed after the authorisation and declaration of the Board of Directors.

ii. Class A preferred share has a priority on residual claim over common share when the Company is liquidating or dissolving.

(b) If one of the following conditions occur, the shareholder of class A preferred share could request the Company to buy back the preferred shares at 150% of the issuance price with the interest at 8% compound interest rate, the interest period is from the issuance date to the redemption date.

i. If the Group does not meet the standards for listing at the Taipei Exchange, unlist or does not enter into a contract to sell the Company within 5 years after issuance date.

ii. Significant violation of the issuance contract of preferred share.

iii. When the Company calls back class B preferred share, the shareholders of class A preferred share could request the Company to buy back the preferred shares with the same terms of class B preferred share.

(c) The rights and obligations of preferred shareholders to vote and elect during the meeting were based on the equivalent convertible shares of common share.

E. Details of options of class B preferred share issued by the Group are as follows:

The number of options and the weighted-average exercise price

Items	Year ended December 31, 2015 No. of options	Year ended December 31, 2015 Weighted-average exercise price (in US$)
Options outstanding opening balance at January 1	1,000,000	$ 1.9
Options exercised	(1,000,000)	1.9
Options outstanding at December 31	-	

F. Changes in number of non-cumulative and class B convertible preferred share is as follows:

	Year ended December 31, 2015 No. of shares
Issue of preferred share at January 1	17,973,684
Employee share options exercised	1,000,000
Converted to common share	(18,973,684)
Issue of preferred share at December 31	-

In June 2014, the Company issued 17,973,684 shares of non-cumulative and class B convertible preferred share at an issuance price of USD 1.9 per share.

(a) The terms and conditions of non-cumulative, participating, and class B convertible preferred share are as follows:

i. Class B preferred share has preference over common share in the payment of dividends. This preferred share is non-cumulative, with an 8% annual rate, and the dividends would be distributed after the authorisation and declaration of the Board of Directors.

ii. Class B preferred share has a priority on residual claim over common share when the Company is liquidating or dissolving.

(b) If one of the following conditions occur, the shareholder of class B preferred share could request the Company to buy back the preferred shares at 150% of the issuance price with the interest at 8% compound interest rate, the interest period is from the issuance date to the redemption date.

i. If the Group does not meet the standards for listing at the Taipei Exchange, unlist or does not enter into a contract to sell the Company within 5 years after issuance date.

ii. Significant violation of the issuance contract of preferred share.

iii. When the Company calls back class A preferred share, the shareholders of class B preferred share could request the Company to buy back the preferred shares with the same terms of class A preferred share.

(c) The rights and obligations of preferred shareholders to vote and elect during the meeting were based on the equivalent convertible shares of common share.

(11) Other payables

	December 31, 2016	December 31, 2015
Payable on equipment	$ 34,209	$ 21,763
R&D materials expense payable	30,667	-
Interest payable	23,741	-
Payable on supplies	-	21,833
Payable on intangible assets	262	-
Contract research expense payable	29,294	-
Wages and salaries payable	87,139	31,955
Others	50,431	60,331
	$ 255,743	$ 135,882

(12) Other current liabilities

	December 31, 2016	December 31, 2015
Advance receipts for contract research and manufacture	$ 78,130	$ 19,258
Long-term liabilities, current portion:		
License and joint development	56,210	-
Long-term borrowings	155,875	-
Deferred government grants	12,604	-
Finance lease liabilities	503,201	-
Others	1	304
	$ 806,021	$ 19,562

Please refer to Note 6(8) for details of finance lease of the subsidiary, Xikang (Wuhan) Company. As of December 31, 2016, the present value of future minimum lease payment of related right of plant and land is $503,201.

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2016	December 31, 2015
Long-term bank borrowings					
Secured foreign currency borrowings	Borrowing period: no longer than 60 months (5 years); grace period: no longer than 24 months (2 years); repayment term: 2017/3/31~2019/9/30; the borrowing is payable semi-annually	1.97%	Time deposit (shown as 'Other non-current financial assets')	$ 467,625	$ 239,294
Less: Current portion (shown as 'Other current liabilities')				(155,875)	-
				$ 311,750	$ 239,294

A. In 2014, the Mainland subsidiary entered into a contract with The Export-Import Bank of China to obtain a loan of USD 14,500,000. As of December 31, 2016, the Group had drawn all the credit line.

B. Please refer to Note 8 for details of security and pledges for long-term borrowing.

(14) Other non-current liabilities

	December 31, 2016	December 31, 2015
Long-term advance receipts for licensing and joint development	$ 613,624	$ -
Deferred government grants revenue	75,755	82,902
	689,379	82,902
Less: Current portion (shown as 'Other current liabilities')	(68,814)	-
	$ 620,565	$ 82,902

A. On December 2, 2016, the Group entered into an agreement for development cooperation on Biologics with Sanofi Hang Zhou Pharmaceuticals Co., Ltd. Under this agreement, Sanofi Hang Zhou acquired the exclusive licence in China of the biosimilar JHL1101 and some developing drugs owned by the Group. Meanwhile, Sanofi Hang Zhou is also responsible for the commercialisation of drugs in China. In return, the Group led R&D registration and manufacturing of the drugs. The Group also received an upfront payment of US$21 million and is expecting a milestone payment of US$236 million and additional share of sales revenue when the pharmaceutical products are launched in the market. As of December 31, 2016, the Group recognized revenue of $82,397 (shown as 'Operating revenue').

B. Between 2013 and 2016, the subsidiary obtained government grants for equipment purchase from the Wuhan local government in Mainland China. The related assets were amortized on a straight-line basis over their estimated useful lives and recognized as profit or loss. Please refer to Note 6(22) for details of government grants revenue.

(15) Pensions

A. Taiwan subsidiaries have 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, Taiwan 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 benefits accrued are paid monthly or in lump sum upon termination of employment.

The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2016 and 2015 were $4,860 and $3,221, respectively

B. The Company’s mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC.) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2016 and 2015 was 20%. Other than the monthly contributions, the Group has no further obligations. In 2016 and 2015, the Group recognised expenses in the amount of $3,290 and $968, respectively.

(16) Share-based payment

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

Type of arrangement	Grant date	Quantity granted (shares) Before adjusted	Quantity granted (shares) After adjusted	Contract period	Vesting conditions
Employee stock options - A	2012.12~ 2013.12	2,943,000	5,886,000	10 years	1~4 years' service (Note 3)
Employee stock options - A	2014.2	57,000	114,000	10 years	1~4 years' service
Employee stock options - B	2014.8	3,760,209	7,520,418	10 years	1~4 years' service (Note 3)
Employee stock options - B	2015.3~ 2015.4	587,000	1,174,000	10 years	1~4 years' service (Note 3)
Employee stock options - C1	2016.5	5,909,100	5,909,100	10 years	2~4 years' service
Employee stock options - C2	2016.8	285,000	285,000	10 years	2~4 years' service
Employee stock options - C3	2016.9	290,900	290,900	10 years	2~4 years' service
Employee stock options - C4	2016.11	315,000	315,000	10 years	2~4 years' service
Restricted stocks to employees	2012.7	8,600,000	17,200,000	4 years	(Note 1)
Employee stock options of class A preferred shares	2012.12	2,000,000	4,000,000	5 years	(Note 2 and Note 3)
Employee stock options of class B preferred shares	2014.6	1,000,000	2,000,000	5 years	Vested immediately

Note 1: The employees are vested with 25% of total options upon issuance and another 1/4 of the remaining 75% in each following year.

Note 2: The employees are vested with 25% of total options upon issuance and another 1/36 of the remaining 75% in each following month.

Note 3: The Board of Directors resolved that some employee stock options are to be vested early in April 2015 and generated expense of $9,600 as a result.

B. Employee stock options

	2016		2015	
	No. of options (shares)	Weighted-average exercise price (US$)	No. of options (shares)	Weighted-average exercise price (US$)
Options outstanding opening balance at January 1	8,058,133	$ 0.0990	6,741,875	$ 0.1395
Options granted	6,800,000	0.5521	587,000	0.2500
Options exercised	(1,367,652)	0.0934	(2,727,812)	0.0771
Number and price before conversion	-	-	4,601,063	0.1906
Number and price after conversion (Note)	-	-	9,202,126	0.0953
Options exercised	-	-	(525,249)	0.0875
Number of shares forfeited	(2,872,653)	0.0386	(618,744)	0.0531
Options outstanding at December 31	10,617,828	0.3322	8,058,133	0.0990
Options exercisable at December 31	1,937,737	0.0928	1,788,271	0.1014

Note: In response to the changes in share capital caused by capitalisation of capital surplus, the number and exercise price of employee stock options has been adjusted under the resolution of Board of Directors, however the adjustment did not generate additional compensation cost.

(a) The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2016		December 31, 2015	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)	No. of shares	Exercise price (in dollars)
2012.12~ 2013.12	2022.12~ 2023.12	765,380	US$0.00005	1,671,088	US$0.00005
2014.2	2024.2	1,834	US$0.00005	2,834	US$0.00005
2014.8	2024.8	4,084,114	US$0.125	5,610,211	US$0.125
2015.3	2025.3	377,500	US$0.125	704,000	US$0.125
2015.4	2025.4	14,000	US$0.125	70,000	US$0.125
2016.5	2026.5	4,494,100	NT$18	-	-
2016.8	2026.8	275,000	NT$18	-	-
2016.9	2026.9	290,900	NT$18	-	-
2016.11	2026.11	315,000	NT$18	-	-

(b) The fair value of stock options granted on grant date is measured using the Binomial pricing model or 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 - A	2012.12~ 2014.2	US$0.5 (formerly: US$1)	US$0.00005 (formerly: US$0.0001)	31.04%	10 years	0%	1.78%	US$0.49995 (formerly: US$0.9999)
Employee stock options - B	2014.8~ 2015.4	US$0.5375 (formerly: US$1.075)	US$0.125 (formerly: US$0.25)	41.82%	10 years	0%	2.40%	US$0.4515 (formerly: US$0.903)
Employee stock options - C1	2016.5	NT$81.00	NT$18	33.52% ~ 33.65%	6.17 years ~ 6.27 years	0%	0.72% ~ 0.73%	NT$64.1454 ~64.1729
Employee stock options - C2	2016.8	NT$68.93	NT$18	34.41%	6.25 years	0%	0.62%	NT$52.2532
Employee stock options - C3	2016.9	NT$68.09	NT$18	34.60%	6.27 years	0%	0.68%	NT$51.5074
Employee stock options - C4	2016.11	NT$68.25	NT$18	35.59%	6.26 years	0%	0.91%	NT$51.9717

C. Employee restricted shares

Items	2016 No. of shares	2015 No. of shares
Employee restricted shares at January 1	2,625,000	2,625,000
Adjusted number of shares (Note)	-	2,625,000
Forfeited during the year	(2,625,000)	(2,625,000)
Employee restricted shares at December 31	-	2,625,000

Note: The adjustment was meant to cope with the changes in the conversion of the par value of common shares and capitalisation of capital surplus.

The Black-Scholes pricing model was adopted in the Company's share-based payment transactions granted on grant date. 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)
Restricted stocks to employees	2012.7.12 ~2012.12.4	US$0.0001 (formerly: US$0.0002)	US$0.00005 (formerly: US$0.0001)	45.15%	1-4 years	0%	0.20% ~0.49%	US$0.0001 (formerly: US$0.0002)

D. Employee stock options of class A preferred shares

Items	2016 No. of units	2016 Weighted average exercise price (in dollars)	2015 No. of units	2015 Weighted average exercise price (in dollars)
Options outstanding opening balance at January 1	-	US$ -	2,000,000	US$ 1
Options exercised	-	US$ -	(2,000,000)	US$ 1
Options outstanding at December 31	-		-	
Exercisable stock options in this arrangement	-		-	

The fair value of stock options granted on grant date is measured using the Binomial 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 of class A preferred shares	2012.12.17	US$ 1	US$ 1	31.04%	5 years	0%	0.74%	US$ 0.2851

E. Employee stock options of class B preferred shares

Items	2016 No. of units	2016 Weighted average exercise price (in dollars)	2015 No. of units	2015 Weighted average exercise price (in dollars)
Stock options granted at beginning of year	-	US$ -	1,000,000	US$ 1.9
Options exercised	-	US$ -	(1,000,000)	US$ 1.9
Options outstanding at December 31	-		-	
Exercisable stock options in this arrangement	-		-	

The fair value of stock options granted on grant date is measured using the Binomial 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	2014.6.12	US$ 1.075	US$ 1.9	41.32%	5 years	0%	1.66%	US$ 0.2276

F. For the years ended December 31, 2016 and 2015, the abovementioned share-based payment transactions incurred expense of $92,237 and $79,902, respectively.

(17) Share capital

A. As of December 31, 2016, the Company's authorised capital was $3 billion, consisting of 300 million shares of ordinary stock (including 45 million shares reserved for employee stock options), and the paid-in capital was $2,193,686 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2016	2015
At January 1	189,585,803	7,018,334
Conversion of preferred shares	-	72,596,967
Issuance of ordinary shares	-	12,187,164
Issuance of ordinary shares - private placement	28,415,111	-
Share options exercised	1,367,652	2,727,812
Conversion of the par value and capitalisation of capital surplus	-	94,530,277
Equity after conversion of the par value	219,368,566	189,060,554
Stock options exercised	-	525,249
At December 31	219,368,566	189,585,803

B. The Board of Directors during its meeting in July, 2012 adopted a resolution to issue employee restricted ordinary shares (see Note 6(16)). The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

C. On April 14, 2015, the Company's Board of Directors resolved to increase its capital by issuing 12,187,164 shares at US$3.74 per share for a total of US$45,580,000.

D. In May 2015, the Company's shareholders during their meeting approved the conversion of all capital in US dollars to NT dollars. After the conversion with the exchange rate of 1 USD to 31.2 NTD, the par value per ordinary share was NT$10. Meanwhile, the Company capitalised $1,890,311 from capital surplus. As a result of the conversion of the par value and capitalisation of capital surplus, 1 previously held ordinary share was converted to 2 shares. After the conversion, the share capital of ordinary shares amounted to $1,890,606, consisting of 189,060,554 shares with the par value of $10 per share.

E. On May 31, 2016, the shareholders resolved during their meeting to issue ordinary shares through private placement. The maximum number of shares to be issued is 50 million shares. The capital increase became effective on December 2, 2016. The amount of capital raised through the private placement was $2,557,360 by issuing 28,415,111 shares with the share premium of $90 per share. Pursuant to the Securities and Exchange Law, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(18) Capital surplus

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 capitalized 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.

(19) Retained earnings

A. Unless otherwise provided in the Articles Listing Rules, the net profits of the Company for each annual financial year shall be allocated in the following order and proposed by the Board of Directors to the Shareholders in the general meeting for approval:
   (a) to make provision of the applicable amount of income tax pursuant to applicable tax laws and regulations;
   (b) to set off cumulative losses of previous years (if any);
   (c) to set aside ten percent (10%) as Legal Reserve pursuant to the Applicable Listing Rules unless the accumulated amount of such Legal Reserve equals to the total paid-up capital of the Company;
   (d) to set aside an amount as Special Reserve pursuant to the Applicable Listing Rules and requirements of the Commission; and
   (e) with respect to the earnings available for distribution (i.e. the net profit after the deduction of the items (a) to (d) above plus any previously undistributed cumulative Retained Earnings), the Board of Directors may, after taking the Company's profit earning, capital structure, and future operation needs into consideration, present a proposal to distribute to the Shareholders by way of dividends at the annual general meeting for approval pursuant to the Applicable Listing Rules. Dividends may be distributed in the form of cash dividends and/or bonus shares, and, subject to Cayman Islands law, the amount of dividends shall be at least ten percent (10%) of the net profit after the deduction of the items (a) to (d) above. Cash dividends shall comprise a minimum of ten percent (10%) and a maximum of one hundred percent (100%) of the total dividends allocated to Shareholders.

B. For the years ended December 31, 2015 and 2014, the Company did not appropriate earnings due to accumulated deficit.

C. On May 11, 2015, the shareholders at their meeting resolved to offset capital surplus of $749,262 (US$24,891,024) against accumulated deficit.

D. On May 31, 2016, the shareholders at their meeting resolved to offset capital surplus of $580,379 (US$18,285,413) against accumulated deficit.

(20) Other equity items

	2016	
	Currency translation	Employee restricted shares - unearned compensation
At January 1	$ 31,710	($ 2)
Earned during this year	-	2
Currency translation differences -Group	(55,304)	-
At December 31	($ 23,594)	$ -

	2015	
	Currency translation	Employee restricted shares - unearned compensation
At January 1	($ 89,022)	($ 5)
Earned during this year	-	3
Currency translation differences -Group	120,732	-
At December 31	$ 31,710	($ 2)

(21) Operating revenue

	Year ended December 31,	
	2016	2015
Revenue from licence and joint development	$ 82,397	$ -
Sales revenue	59,532	-
Service revenue	106,077	29,753
	$ 248,006	$ 29,753

Please refer to Note 6(14) for the details of revenue from licence and joint development recognised for the year ended December 31, 2016.

(22) Other income

	Year ended December 31,	
	2016	2015
Interest income		
Interest income from bank deposits	$ 11,756	$ 20,129
Government grants	29,247	15,389
Other income	140	309
	$ 41,143	$ 35,827

(23) Other gains and losses

	Year ended December 31,	
	2016	2015
Gains on financial liabilities at fair value through profit or loss	$ -	$ 23,598
Losses on disposal of property, plant and equipment	(18)	-
Net currency exchange losses	(59,327)	(2,562)
	($ 59,345)	$ 21,036

(24) Finance costs

	Year ended December 31,	
	2016	2015
Interest expense:		
Bank borrowings	$ 20,507	$ 3,824
Interest expense on financing lease	18,990	-
	39,497	3,824
Less: Capitalization of qualifying assets	(14,913)	(3,824)
Finance costs	$ 24,584	$ -

(25) Expenses by nature

	Year ended December 31,	
	2016	2015
Employee benefit expense	$ 414,929	$ 268,854
Depreciation charges on property, plant and equipment	$ 137,089	$ 75,748
Amortisation charges on intangible assets	$ 8,892	$ 19,918

(26) Employee benefit expense

	Year ended December 31, 2016		Year ended December 31, 2015	
Wages and salaries	$	382,690	$	249,883
Labour and health insurance fees		10,087		6,849
Pension costs		8,150		4,189
Other personnel expenses		14,002		7,933
	$	414,929	$	268,854

A. Unless otherwise provided in the Applicable Listing Rules, where the Company makes profits before tax for the annual financial year, the Company shall allocate:

(a) at least one percent (1%) of such annual profits before tax for the purpose of employees' remunerations (including employees of the Company and/or any Affiliated Company) (the "Employees' Remuneration"); and

(b) at most 3% of such annual profits before tax for the purpose of Directors' remuneration (the "Directors' Remuneration").

If the Company has accumulated losses of the previous years for the annual financial year, the Company shall set aside the amount of such accumulated losses prior to the allocation of Employees' Remuneration and Directors' Remuneration. The Employees' Remuneration and the Directors' Remuneration may be distributed upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds (2/3) or more of the Directors. The resolutions of the Board of Directors regarding the distribution of the Employees' Remuneration and the Directors' Remuneration shall be reported to the Shareholders at the general meeting after such Board resolutions are passed.

B. For the years ended December 31, 2016 and 2015, the Company did not appropriate employees' compensation and directors' remuneration as a result of the deficit.

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

(27) Income tax

A. Components of income tax expense:

	Year ended December 31, 2016		Year ended December 31, 2015	
Current tax	$	-	$	-
Deferred tax		-		-
Income tax expense	$	-	$	-

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2016	Year ended December 31, 2015
Tax calculated based on profit (loss) before tax and statutory tax rate	($ 175,999)	($ 87,085)
Temporary difference not recognised as deferred tax assets	79,343	-
Tax effects from amount disallowed by tax regulation	(14,488)	13,314
Taxable loss not recognised as deferred tax assets	111,144	73,771
Tax expense	$ -	$ -

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

Taiwan subsidiary:

	December 31, 2016			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 548	$ 548	$ 548	2022
2013	69,163	69,163	69,163	2023
2014	206,755	206,755	206,755	2024
2015	289,822	289,822	289,822	2025
2016	636,831	636,831	636,831	2026

	December 31, 2015			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 548	$ 548	$ 548	2022
2013	69,163	69,163	69,163	2023
2014	206,755	206,755	206,755	2024
2015	292,531	292,531	292,531	2025

Mainland China subsidiary:

	December 31, 2016			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	$ 26,473	$ 4,488	4,488	2018
2014	49,704	4,706	4,706	2019
2015	192,285	191,445	191,445	2020
2016	11,532	11,532	11,532	2021

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
	December 31, 2016			
2013	$ 12,674	$ 12,674	12,674	2018
2014	57,991	57,991	57,991	2019
2015	103,463	103,463	103,463	2020

D. Details of the Company's investment tax credits and unrecognised deferred tax assets are as follows:

Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
	December 31, 2016		
Act For The Development Of Biotech And New Pharmaceuticals Industry－			
Research and development	$ 264,357	$ 264,357	The 5th year beginning from the taxable year

Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
	December 31, 2015		
Act For The Development Of Biotech And New Pharmaceuticals Industry－			
Research and development	$ 202,118	$ 202,118	The 5th year beginning from the taxable year

E. Income tax returns of the subsidiary, JHL Biotech Inc., Taiwan, through 2014 have been assessed and approved by the Tax Authority.

(28) Loss per share

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in NTD dollars)
	Year ended December 31, 2016		
Loss attributable to the parent	($ 1,106,544)	191,099	($ 5.79)

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in NTD dollars)
	Year ended December 31, 2016		
Loss attributable to the parent	($ 580,379)	144,479	($ 4.02)

As the Company has accumulated deficit, the potential common shares have anti-dilutive effect.

(29) Non-cash transactions

A. Investing activities with partial cash payments

	Year ended December 31,	
	2016	2015
Purchase of property, plant and equipment (including prepaid on equipment)	$ 1,116,168	$ 571,325
Opening balance of payable on equipment	21,763	35,267
Ending balance of payable on equipment	(34,209)	(21,763)
Ending balance of finance lease liabilities	(392,329)	-
Cash paid during the year	$ 711,393	$ 584,829

	Year ended December 31,	
	2016	2015
Purchase of intangible assets	$ 8,925	$ 17,951
Opening balance of payable	-	47,475
Reversal due to termination	-	(32,825)
Ending balance of prepaid on intangible assets	-	-
Ending balance of payable	(262)	-
Cash paid during the year	$ 8,663	$ 32,601

B. Financing activities with no cash flow effects

	Year ended December 31,	
	2016	2015
Preferred shares converted to ordinary shares	$ -	$ 2,928,528

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is held by the public.

(2) Key management compensation

	Year ended December 31,	
	2016	2015
Salaries and other short-term employee benefits	$ 93,796	$ 31,757
Post-employment benefits	240	164
Share-based payments	24,977	25,099
	$ 119,013	$ 57,020

8. PLEDGED ASSETS

	December 31, 2016	December 31, 2015	Purpose
Time deposits (Shown as “Other current financial assets”)	$ 220,322	$ -	Short-term borrowings
Time deposits (Shown as “Other current financial assets”)	414,118	423,224	Long-term borrowings
	$ 634,440	$ 423,224	

9. COMMITMENTS AND CONTINGENT LIABILITEIS

(1) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2016	December 31, 2015
Property, plant and equipment	$ 30,185	$ 680,518

(2) As of December 31, 2016 and 2015, the information on the Group’s commitments on contingent royalty is provided in Note 6(7).

(3) Details of rents payable in the following years in accordance with the operating lease contract for office entered into by the Group are as follows:

Year	December 31, 2016	December 31, 2015
Within 1 year	$ 9,736	$ 9,696
Within 1~3 years	9,941	15,447
Within 3~5 years	1,774	3,548
	$ 21,451	$ 28,691

(4) The subsidiary, Xikang (Wuhan) Biopharmaceutical Co., Ltd., entered into a lease agreement in relation to construction, repurchase and lease of plant. Please refer to Notes 6(8) and (14).

(5) As of December 31, 2016 and 2015, as part of the requirement to obtain long-term borrowings, the Group requested a bank to issue a letter of guarantee amounting to US$16,182,087.

(6) Through JHL Biotech Inc., (hereinafter “JHL Biotech”), monoclonal antibody JHL1101 (rituximab biosimilar) has been approved for biosimilar clinical trial in Europe. JHL Biotech entered into related clinical trial contracts in the amount of EUR 3,350,621 and US$12,134,142, respectively. As of December 31, 2016, JHL Biotech has paid EUR 1,457,876 and US$3,523,754, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On February 17, 2017, the Company’s Board of Directors has proposed to offset the accumulated deficit against capital surplus in the amount of $1,106,544 (US $34,300,809).

12. OTHERS

(1) Capital management

The Group's present objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital and provide returns for shareholders if the operation turns to profit. In order to approach the aforementioned objectives, the Company goes through issuance of shares, bank borrowing, issuance of bonds, disposal of assets in order to repay or refill operation capital, distribution of dividends and capital reduction, but not limited to the above, to maintain or adjust the capital structure. The Group monitors capital on the basis of the debt equity ratio. This ratio is calculated as 'net debt' divided by 'total equity'. Net debt is calculated as total liabilities less cash and cash equivalents, and total equity is calculated as 'total equity' as shown in the balance sheet. During the year ended December 31, 2016, the Group's strategy, which was unchanged, was to maintain the debt equity ratio within a certain percentage.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, investments in debt instruments without active markets-current, accounts receivable, other receivables, other financial assets-current, guarantee deposits paid, other financial assets-non-current, short-term borrowings, accounts payable, other accounts payable and long-term borrowings) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

ii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD 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:

	December 31, 2016		
	Foreign currency amount (in dollars)	Exchange rate	NTD/RMB (in thousands)
Financial assets			
Monetary items			
USD:NTD	$ 8,915,297	32.250	$ 287,518
USD:RMB	6,613,382	6.950	45,963
Financial liabilities			
Monetary items			
USD:NTD	(442,470)	32.250	(14,270)
USD:RMB	(21,950,922)	6.950	(152,559)
EUR:NTD	(494,265)	33.900	(16,756)

	December 31, 2015		
	Foreign currency amount (in dollars)	Exchange rate	NTD/RMB (in thousands)
Financial assets			
Monetary items			
USD:NTD	$ 8,094,412	32.825	$ 265,699
USD:RMB	1,664,706	6.494	10,811
Financial liabilities			
Monetary items			
USD:NTD	(301,412)	32.825	(9,894)
USD:RMB	(7,409,316)	6.494	(48,116)

iii. The unrealised exchange loss arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2016 and 2015 amounted to $30,728 and $3,061, respectively.

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

	December 31, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,875	$ -
USD:RMB	1%	460	-
Financial liabilities			
Monetary items			
USD:NTD	1%	(143)	-
USD:RMB	1%	(1,526)	-
EUR:NTD	1%	(168)	-

	December 31, 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 2,657	$ -
USD:RMB	1%	546	-
Financial liabilities			
Monetary items			
USD:NTD	1%	(99)	-
USD:RMB	1%	(2,463)	-

(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, 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 utilization 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 customers, including committed transactions. For banks and financial institutions, only independently rated parties with good ratings are accepted.

ii. For the years ended December 31, 2016 and 2015, management does not expect any significant losses from non-performance by these counterparties.

iii. The credit quality information of financial assets that are neither past due nor impaired is provided in 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 and net-settled or gross-settled 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.

Non-derivative financial liabilities:

December 31, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 321,063	$ -	$ -	$ -	$ 321,063
Accounts payable	55,336	-	-	-	55,336
Other payables	255,743	-	-	-	255,743
Finance lease liabilities	503,201	-	-	-	503,201
Long-term borrowings (including current portion)	163,625	160,519	157,415	-	481,559

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 52,463	$ -	$ -	$ -	$ 52,463
Other payables	135,882	-	-	-	135,882
Long-term borrowings (including current portion)	4,558	80,963	157,316	-	242,837

(3) Fair value information

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

C. As of December 31, 2016 and 2015, the Group has no financial liabilities at fair value.

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

(a) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

(b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods.

E. The following chart is the movement of Level 3 for the year ended December 31, 2015:

	Year ended December 31, 2015		
	Preferred stock warrants	Convertible preferred shares	Total
At January 1	$ 65,179	$ 2,489,182	$ 2,554,361
Gains and losses recognised in profit	(5,869)	(17,729)	(23,598)
Issued in the period	-	493,425	493,425
Employee stock options exercised	(58,633)	(2,928,528)	(2,987,161)
Changes in foreign exchange rate	(677)	(36,350)	(37,027)
At December 31	$ -	$ -	$ -

Year ended December 31, 2016: None.

13. SUPPLEMENTARY DISCLOSURES

(1) Measurement of segment information

(The following information is provided for reference; the following intercompany transactions have been eliminated when preparing consolidated financial statements.)

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): None.

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

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

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

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

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting period: Please refer to table 6(10).

J. Significant inter-company transactions during the reporting period (disclosure based on the amount which is over than $10,000): Please refer to table 6.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Group's general manager, who allocates resources and assesses 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 of operating segments are in agreement with the significant accounting policies summarized in Note 4. The post-tax net income is used to measure the Company's operating segment profit (loss) and performance of the operating segments.

(3) Reconciliation for segment income (loss)

The segment assets, liabilities and loss, net of tax that the Group reports to the chief operating decision-maker are measured in a manner consistent with that in the balance sheet and the statement of comprehensive income, thus, no reconciliation is needed.

(4) Geographical information

Geographical information for the years ended December 31, 2016 and 2015 is as follows (financial assets are not included in non-current assets):

	Year ended December 31, 2016		Year ended December 31, 2015	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ -	$ 522,188	$ -	$ 554,176
Asia	216,399	1,862,700	23,855	804,661
America	31,607	23,230	5,898	25,124
	$ 248,006	$ 2,408,118	$ 29,753	$ 1,383,961

(5) Major customer information

The information on single customer accounting for 10% of the Group's operating revenues in the consolidated statements of comprehensive income for the years ended December 31, 2016 and 2015 is as follows:

	Year ended December 31, 2016		Year ended December 31, 2015	
	Revenue	Segment	Revenue	Segment
A	$ 134,002	Hong Kong	$ 23,855	Hong Kong
B	-	Hong Kong	5,898	Hong Kong
C	82,397	China		
D	31,607	Taiwan		

JHL Biotech, Inc. and Subsidiaries

Loans to others

Year ended December 31, 2016

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2016 (Note 2)	Balance at December 31, 2016 (Note 2)	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 (Notes 2 and 3)	Ceiling on total loans granted (Notes 2 and 3)	Footnote
													Item	Value			
0	JHL Biotech, Inc.	Xikang (Wuhan) Biopharmaceutical Co., Ltd.	Other receivables - related parties	Yes	$ 709,500	$ -	$ -	1.00%	Short-term financing	Not applicable	Opearating capital	$ –		$ –	$ 1,900,500	$ 1,900,500	
0	JHL Biotech, Inc.	JHL Biotech (Hong Kong) Limited	Other receivables - related parties	Yes	677,250	419,250	419,250	1.00%	Short-term financing	Not applicable	Guarantee for subsidiary's bank financing	–		–	1,900,500	$ 1,900,500	
4	Jianheli (Wuhan) Biopharmaceutical Co., Ltd.	Xikang (Wuhan) Biopharmaceutical Co., Ltd.	Other receivables - related parties	Yes	71,924	-	-	1.00%	Short-term financing	Not applicable	Opearating capital	–		–	80,201	80,201	

Note 1：0：JHL Biotech, Inc.
1：JHL Biotech, Inc., Taiwan
2：JHL Biotech (Hong Kong) Limited
3：Xikang (Wuhan) Biopharmaceutical Co., Ltd.
4：Jianheli (Wuhan) Biopharmaceutical Co., Ltd.

Note 2: For the amounts denominated in foreign currencies, profit and loss amounts were translated into New Taiwan Dollars at the average exchange rate of the year 2016: 1:32.260 (USD:NTD), 1:4.858 (RMB:NTD), 1:4.163 (HKD:NTD) and 1:6.950 (USD:RMB), while others were translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date: 1:32.250 (USD:NTD), 1:4.640 (RMB:NTD), 1:4.161 (HKD:NTD) and 1:6.640 (USD:RMB).

Note 3： The Company's and its subsidiaries' ceiling on total loans granted and limit on loans granted to a single party should be limited to subsidiaries that the Company directly or indirectly hold over 50% of equity, and shall not exceed 40% of the Company's net assets. If there is a need for short-term financing between companies, the amount shall not exceed 40% of the net assets of the creditor.

JHL Biotech, Inc. and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2016

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	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 (Notes 3 and 6)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2016 (Notes 4 and 6)	Outstanding endorsement/ guarantee amount at December 31, 2016 (Note 6)	Actual amount drawn down (Notes 5 and 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to netasset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Notes 3, 6 and 8)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	JHL Biotech, Inc.	Xikang (Wuhan) Biopharmaceutical Co., Ltd.	3	$ 2,375,626	$ 378,938	$ 378,938	$ 217,688	$ 217,688	7.98%	$ 2,375,626	Y	N	Y	
2	JHL Biotech (Hong Kong) Limited	Xikang (Wuhan) Biopharmaceutical Co., Ltd.	2	1,669,165	413,835	413,835	413,835	413,835	74.38%	1,669,165	N	N	Y	

Note 1：0：JHL Biotech, Inc.
1：JHL Biotech, Inc., Taiwan
2：JHL Biotech (Hong Kong) Limited
3：Xikang (Wuhan) Biopharmaceutical Co., Ltd.
4：Jianheli (Wuhan) Biopharmaceutical Co., Ltd.

Note 2：Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3：(1) JHL Biotech, Inc. : The limit on total endorsements to others, ceiling on endorsements to a single party and the Company and its subsidiaries which are allowed endorsements/guarantees shall not exceed 50% of the Company's net assets.
The Company should explain the reasonableness and necessity in a shareholders' meeting when the total endorsements/guarantees of the Company and its subisidiaries have reached the Company's net asset.
(2) JHL Biotech (Hong Kong) Limited: The limit on total endorsements to others, ceiling on endorsements to a single party and the Company and its subsidiaries which are allowed endorsements/guarantees shall not to exceed 300% of the Company's net assets.
The Company should explain the reasonableness and necessity in a shareholders' meeting when the total endorsements/guarantees of the Company and its subisidiaries have reached the Company's net asset.

Note 4： Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5： Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 6: For the amounts denominated in foreign currencies, profit and loss amounts were translated into New Taiwan Dollars at the average exchange rate of the year 2016: 1:32.260 (USD:NTD), 1:4.858 (RMB:NTD), 1:4.163 (HKD:NTD) and 1:6.950 (USD:RMB), while others were translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date: 1:32.250 (USD:NTD), 1:4.640 (RMB:NTD), 1:4.161 (HKD:NTD) and 1:6.640 (USD:RMB).

Note 7：Fill in ‘Y’ for those cases of provision of endorsements/guarantees by emerging parent company to subsidiary and provision by subsidiary to emerging parent company, and provision to the party in Mainland China.

JHL Biotech, 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

Year ended December 31, 2016

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2016		Addition		Disposal				Balance as at December 31, 2016	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
JHL Biotech, Inc.	JHL Biotech, Inc., Taiwan	Investments accounted for using equity method	JHL Biotech, Inc., Taiwan	Subsidiary										
JHL Biotech, Inc.	JHL Biotech (Hong Kong) Limited	Investments accounted for using equity method	JHL Biotech (Hong Kong) Limited	Subsidiary						(Not applicable)				
JHL Biotech (Hong Kong) Limited	Xikang (Wuhan) Biopharmaceutical Co., Ltd.	Investments accounted for using equity method	Xikang (Wuhan) Biopharmaceutical Co., Ltd.	Subsidiary										

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; the rest may be left blank.

JHL Biotech, Inc. and Subsidiaries

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

Year ended December 31, 2016

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event (Note 1)	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Xikang (Wuhan) Biopharmaceutical Co., Ltd.	Leased assets	February, 2014	$ 392,329	Not yet paid	Wuhan Optical Valley Accelerator Investment Development Co., Ltd. (“Accelerator Company”)	Non-related third party	Not applicable	Not applicable	Not applicable	Not applicable	Based on Accelerator Company's construction cost	Note 2	Note 2
Xikang (Wuhan) Biopharmaceutical Co., Ltd.	Land use right (shown as other noncurrent assets - others)	February, 2014	109,685	Not yet paid	Wuhan Optical Valley Accelerator Investment Development Co., Ltd. (“Accelerator Company”)	Non-related third party	Not applicable	Not applicable	Not applicable	Not applicable	Based on Accelerator Company's acqusition cost of land use right	Note 2	Note 2

Note 1: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the action, whichever is earlier. Accelerator Company entered into a plant construction and repurchase contract with the Group's subisidiary, Xikang (Wuhan) Biopharmaceutical Co., Ltd. (hereinafter “Xikang (Wuhan) Company”), in February 2014, whereby Accelerator Company first acquires the land use right and builds the plant before they are leased to Xikang (Wuhan) Company.The Group has the right to repurchase the plant based on the initial construction cost during the lease period, please refer to Note 6(8) and 6(12) for reference. In July 2016, Accelerator Company has completed the inspection of the plant, and leased the land use right and plant to the Xikang (Wuhan) Company.
Xikang (Wuhan) Company is recognising the lease using finance lease method.

Note 2: Please refer to Note 6(8) and 6(12) for detailed information.

JHL Biotech, Inc. and Subsidiaries

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

December 31, 2016

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2016	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
JHL Biotech, Inc.	JHL Biotech (Hong Kong) Limited	Parent company to subsidiary	$ 419,250	0.00	$ -	-	$ -	$ -

JHL Biotech, Inc. and Subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2016

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	JHL Biotech, Inc., Taiwan	JHL Biotech (Hong Kong) Limited	3	Service revenue	$ 75,224	Based on the agreement	30.33%
1	JHL Biotech, Inc., Taiwan	JHL Biotech (Hong Kong) Limited	3	Accounts receivable	22,977	Based on the agreement	0.32%
1	JHL Biotech, Inc., Taiwan	JHL Biotech (Hong Kong) Limited	3	Unearned revenue	21,769	Based on the agreement	0.30%
1	JHL Biotech, Inc., Taiwan	Xikang (Wuhan) Biopharmaceutical Co., Ltd.	3	Service revenue	14,342	Based on the agreement	5.78%
1	JHL Biotech, Inc., Taiwan	Xikang (Wuhan) Biopharmaceutical Co., Ltd.	3	Accounts receivable	14,513	Based on the agreement	0.20%
3	Xikang (Wuhan) Biopharmaceutical Co., Ltd.	JHL Biotech (Hong Kong) Limited	2	Sales revenue	53,755	Based on the agreement	21.67%
0	JHL Biotech, Inc.	JHL Biotech (Hong Kong) Limited	1	Other receivables	419,250	Based on the agreement	5.79%

Note 1：
0：JHL Biotech, Inc.
1：JHL Biotech, Inc., Taiwan
2：JHL Biotech (Hong Kong) Limited
3：Xikang (Wuhan) Biopharmaceutical Co., Ltd.
4：Jianheli (Wuhan) Biopharmaceutical Co., Ltd.

Note 2：Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to：
1.Parent company to subsidiary.
2.Subsidiary to parent company.
3.Subsidiary to subsidiary.

Note 3：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 4: For the amounts denominated in foreign currencies, profit and loss amounts were translated into New Taiwan Dollars at the average exchange rate of the year 2016: 1:32.260 (USD:NTD), 1:4.858 (RMB:NTD), 1:4.163 (HKD:NTD) and 1:6.950 (USD:RMB), while others were translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date: 1:32.250 (USD:NTD), 1:4.640 (RMB:NTD), 1:4.161 (HKD:NTD) and 1:6.640 (USD:RMB).

JHL Biotech, Inc. and Subsidiaries

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

Year ended December 31, 2016

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2016					
Investor	Investee (Note 1)	Location	Main business activities	Balance as at December 31, 2016 (Note 2)	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value (Note 2)	Net profit (loss) of the investee for the year ended December 31, 2016 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Note 2)	Footnote
JHL Biotech, Inc.	JHL Biotech, Inc., Taiwan	Taiwan	Research and development, manufacturing and sales of new protein drugs and biosimilars	$ 1,984,114	$ 1,507,847	198,411	100	$ 799,302	($ 710,516)	($ 710,516)	
JHL Biotech, Inc.	JHL Biotech (Hong Kong) Limited	Hong Kong	Research and development, manufacturing and sales of new protein drugs and biosimilars	911,039	599,033	219,005	100	556,388	(214,755)	(214,755)	

Note 1: For mandatory disclosure of information about the above investee companies that are required to be disclosed, please see Table 1 to 4.

Note 2: For the amounts denominated in foreign currencies, profit and loss amounts were translated into New Taiwan Dollars at the average exchange rate of the year 2016: 1:32.260 (USD:NTD), 1:4.858 (RMB:NTD), 1:4.163 (HKD:NTD) and 1:6.950 (USD:RMB), while others were translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date: 1:32.250 (USD:NTD), 1:4.640 (RMB:NTD), 1:4.161 (HKD:NTD) and 1:6.640 (USD:RMB).

JHL Biotech, Inc. and Subsidiaries

Information on investments in Mainland China－Basic information

Year ended December 31, 2016

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016 (Note 3)	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Notes 2 and 3)	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Xikang (Wuhan) Biopharmaceutical Co., Ltd.	Research and development, manufacturing and sales of new protein drugs and biosimilars	$ 806,253	Note 1(2)	$ -	$ -	$ -	$ -	($ 208,466)	100	($ 208,466)	$ 475,447	$ -	
Jianheli (Wuhan) Biopharmaceutical Co., Ltd.	Research and development, manufacturing and sales of new protein drugs and biosimilars	261,366	Note 1(2)	-	-	-	-	(12,380)	40	(4,952)	80,298	-	

Note 1: Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Other.

Note 2: The Company recognized investment income / loss based on financial statements which were reviewed by the Company's independent auditors.

Note 3: For the amounts denominated in foreign currencies, profit and loss amounts were translated into New Taiwan Dollars at the average exchange rate of the year 2016: 1:32.260 (USD:NTD), 1:4.858 (RMB:NTD), 1:4.163 (HKD:NTD) and 1:6.950 (USD:RMB), while others were translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date: 1:32.250 (USD:NTD), 1:4.640 (RMB:NTD), 1:4.161 (HKD:NTD) and 1:6.640 (USD:RMB).

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
JHL Biotech, Inc.	$ -	$ -	Note

Note：Not applicable for overseas company