TANVEX BIOPHARMA, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2018 AND 2017

Contents

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To Tanvex Biopharma, Inc.

Opinion

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

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

Basis for opinion

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

Key audit matters

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

The key audit matter of consolidated financial statements of 2018 is described below:

Impairment assessment of property, plant and equipment

Description

As of December 31, 2018, the Group's property, plant and equipment amounted to NT$735,550 thousand, accounting for 16% of the consolidated total assets. Refer to Notes 4(11) and (14) for the related accounting policy, and Note 6(4) for the details of property, plant and equipment in the consolidated financial statements.

The Group is currently engaged in conducting research and development of biosimilar products, and property, plant and equipment are mainly used for the purposes of research and development and are highly relevant to the outcome of biosimilar drugs' development. In addition, the balance of property, plant and equipment at December 31, 2018 was significant. Thus, we consider impairment assessment of property, plant and equipment as a key audit matter.

How our audit addressed the matter

Our procedures performed in respect of the above key audit matter included:

- Evaluating the reasonableness of the assessment of impairment indicators provided by management as to whether:
  1. Main research and development technology has not lost competition in the market.
  2. There is no major delay in the major research and development projects.
  3. The main research and development equipment is in normal use and has not been damaged or outdated.
  4. The market value of the Group is higher than its book value at the balance sheet date.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Financial Reporting Standards, International Accounting Standards,

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

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

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

Independent accountant's responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the Group's internal controls.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Tseng, Hui-Chin　　Teng, Sheng-Wei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 28, 2019

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

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

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,630,705	37	$ 2,010,071	51
1200	Other receivables		14,295	-	1,445	-
130X	Inventory	6(3)	28,578	1	-	-
1410	Prepayments		126,165	3	111,576	3
1476	Other current financial assets	6(2)	1,896,580	42	1,053,033	26
11XX	**Total current assets**		3,696,323	83	3,176,125	80
	Non-current assets					
1600	Property, plant and equipment	6(4)	735,550	16	747,168	19
1780	Intangible assets	6(5)	18,168	-	24,626	1
1920	Guarantee deposits paid		27,229	1	22,971	-
1990	Other non-current assets		1,499	-	2,113	-
15XX	**Total non-current assets**		782,446	17	796,878	20
1XXX	**Total assets**		$ 4,478,769	100	$ 3,973,003	100

(Continued)

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2150	Notes payable		$ -	-	$ 1,395	-
2200	Other payables	6(6)	202,186	5	158,101	4
2300	Other current liabilities	6(7)	7,277	-	5,208	-
21XX	**Total current liabilities**		209,463	5	164,704	4
2600	**Net defined benefit liability - non-current**	6(7)	54,453	1	59,078	2
2XXX	**Total liabilities**		263,916	6	223,782	6
	Share capital	6(10)				
3110	Share capital - common stock		2,430,678	54	2,166,364	54
	Capital surplus	6(11)				
3200	Capital surplus		7,421,513	166	5,375,881	136
	Retained earnings	6(12)				
3350	Accumulated deficit		(5,383,363)	(120)	(3,489,501)	(88)
	Other equity interest	6(13)				
3400	Other equity interest		(253,975)	(6)	(303,523)	(8)
31XX	**Equity attributable to owners of the parent**		4,214,853	94	3,749,221	94
3XXX	**Total equity**		4,214,853	94	3,749,221	94
	Significant contingent liabilities and unrecognized contract commitments	9				
	Events after the reporting period	11				
3X2X	**Total liabilities and equity**		$ 4,478,769	100	$ 3,973,003	100

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

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except loss per share data)

			Years ended December 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**		$ -	-	$ -	-
5000	**Operating costs**		-	-	-	-
5900	**Net operating margin**		-	-	-	-
	Operating expenses	6(16)(17)				
6100	Selling expenses		(35,813)	-	(10,541)	-
6200	General and administrative expenses		(261,930)	-	(308,202)	-
6300	Research and development expenses		(1,652,837)	-	(1,084,425)	-
6000	**Total operating expenses**		(1,950,580)	-	(1,403,168)	-
6900	**Operating loss**		(1,950,580)	-	(1,403,168)	-
	Non-operating income and expenses					
7010	Other income	6(14) and 7	50,690	-	21,783	-
7020	Other gains and losses	6(4)(14)	6,052	-	(28,390)	-
7000	**Total non-operating income and expenses**		56,742	-	(6,607)	-
7900	**Loss before income tax**		(1,893,838)	-	(1,409,775)	-
7950	Income tax expense	6(18)	(24)	-	(25)	-
8200	**Loss for the year**		($ 1,893,862)	-	($ 1,409,800)	-
	Other comprehensive loss					
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(13)	$ 49,548	-	($ 250,007)	-
8500	**Total comprehensive loss for the year**		($ 1,844,314)	-	($ 1,659,807)	-
	Loss attributable to:					
8610	Owners of the parent		($ 1,893,862)	-	($ 1,409,800)	-
	Comprehensive loss attributable to:					
8710	Owners of the parent		($ 1,844,314)	-	($ 1,659,807)	-
	Loss per share	6(19)				
9750	**Basic loss per share**		($ 8.32)		($ 7.29)	
9850	**Diluted loss per share**		($ 8.32)		($ 7.29)	

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

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars, except loss per share data)

		Equity attributable to owners of the parent						
			Capital Reserves					
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Employee stock options	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Total equity
Year ended December 31, 2017								
Balance at January 1, 2017		$ 1,929,927	$ 3,601,803	$ 173,772	$ 822	($ 2,079,701)	($ 53,516)	$ 3,573,107
Loss for the year		-	-	-	-	(1,409,800)	-	(1,409,800)
Other comprehensive loss for the year	6(13)	-	-	-	-	-	(250,007)	(250,007)
Total comprehensive loss		-	-	-	-	(1,409,800)	(250,007)	(1,659,807)
Issuance of shares	6(10)	230,000	1,421,000	-	-	-	-	1,651,000
Compensation cost of employee stock options	6(9)	-	-	172,083	-	-	-	172,083
Exercise of employee share options		6,437	12,539	(6,138)	-	-	-	12,838
Balance at December 31, 2017		$ 2,166,364	$ 5,035,342	$ 339,717	$ 822	($ 3,489,501)	($ 303,523)	$ 3,749,221
Year ended December 31, 2018								
Balance at January 1, 2018		$ 2,166,364	$ 5,035,342	$ 339,717	$ 822	($ 3,489,501)	($ 303,523)	$ 3,749,221
Loss for the year		-	-	-	-	(1,893,862)	-	(1,893,862)
Other comprehensive income for the year	6(13)	-	-	-	-	-	49,548	49,548
Total comprehensive loss		-	-	-	-	(1,893,862)	49,548	(1,844,314)
Issuance of shares	6(10)	250,000	1,875,000	-	-	-	-	2,125,000
Issuance of shares from compensation cost of employees		-	230	-	-	-	-	230
Compensation cost of employee stock options	6(9)	-	-	164,078	-	-	-	164,078
Exercise of employee share options		14,314	17,924	(11,600)	-	-	-	20,638
Balance at December 31, 2018		$ 2,430,678	$ 6,928,496	$ 492,195	$ 822	($ 5,383,363)	($ 253,975)	$ 4,214,853

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

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 1,893,838)	($ 1,409,775)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(16)	132,396	117,404
Amortization	6(16)	10,372	15,301
Compensation cost of employee stock options	6(9)	164,308	172,083
Interest income	6(14)	(50,304)	(21,651)
Loss on disposal of property, plant and equipment	6(15)	389	5,116
Property, plant and equipment transferred to expense		312	12
Impairment loss	6(14)	-	30,908
Changes in operating assets and liabilities			
Changes in operating assets			
Other receivables		(213)	3,725
Inventory		(28,578)	-
Prepayments		(14,589)	(78,956)
Changes in operating liabilities			
Notes payable		(1,395)	(539)
Other payables		40,080	(58,995)
Other current liabilities		2,069	5,208
Net defined benefit liability - non-current		(4,625)	(7,020)
Cash outflow generated from operations		(1,643,616)	(1,227,179)
Interest income		37,755	15,188
Income tax paid		(24)	(25)
Net cash flows used in operating activities		(1,605,885)	(1,212,016)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6(20)	(105,350)	(104,402)
Proceeds from disposal of property, plant and equipment		5,295	2,756
Increase in intangible assets	6(5)	(3,406)	(12,194)
Acquisition of other current financial assets		(2,179,247)	-
Decrease in other current financial assets		1,375,434	455,225
Increase in refundable deposits		(3,668)	-
Decrease in refundable deposits		-	562
Increase in other assets - others		(1,498)	(2,113)
Net cash flows (used in) from investing activities		(912,440)	339,834
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of shares	6(10)	2,125,000	1,651,000
Exercise of employee stock options		20,638	12,838
Net cash flows from financing activities		2,145,638	1,663,838
Effect of exchange rate changes on cash and cash equivalent		(6,679)	(83,244)
Net (decrease) increase in cash and cash equivalents		(379,366)	708,412
Cash and cash equivalents at beginning of year		2,010,071	1,301,659
Cash and cash equivalents at end of year		$ 1,630,705	$ 2,010,071

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

TANVEX BIOPHARMA, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars,
except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Tanvex Biopharma, Inc. (the "Company") was incorporated as a company limited by shares in the Cayman Islands in May, 2013. The address of the Company's registered office is P.O. BOX 31119, Grand Pavilion Hibiscus Way, 802 West Bay Road, KY1-1205, Cayman Islands. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in research, development, manufacture and sale of biosimilar products. The Group is currently engaged in conducting research and development of biosimilar products, biological production procedures, and has not yet generated revenues. On October 26, 2017, the Company was listed on the Taiwan Stock Exchange (TWSE).

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

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 28, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

(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 2019 are as follows:

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

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

A. IFRS 16, 'Leases'

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

(b.) The Group expects to recognise the lease contract of lessees in line with IFRS 16. However, the Group intends not to restate the financial statements of prior period (collectively referred

herein as the "modified retrospective approach"). On January 1, 2019, it is expected that 'right-of-use asset' and lease liability will be increased by $359,102 and $449,557, respectively; accrued rent will be decreased by $61,730 (shown under other current liabilities and other non-current liabilities) and accumulated deficit will be increased by $28,725.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. 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) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(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.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)	
Name of investment company	Name of subsidiaries	Main activities	December 31, 2018	December 31, 2017
Tanvex Biopharma, Inc.	Tanvex Biologics, Corp.	Research and development of biosimilar products and new drugs	100%	100%
Tanvex Biopharma, Inc.	Tanvex BioPharma USA, Inc. (Tanvex USA) (Note)	Formulation and manufacturing of biosiomilar products and new drugs	100%	100%

Note: In January 2018, La Jolla Biologics, Inc. was renamed as Tanvex Biopharma USA, Inc.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are recorded in United States dollars (USD), which is the Company's functional and the Group's presentation currency. However, as the Group is listed in the Taiwan Stock Exchange, these consolidated financial statements are presented in New Taiwan dollars (NTD).

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 or losses."

B. Translation of foreign operations

The operating results and financial position of the foreign 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.

(c) All resulting exchange differences 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

A. 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.

B. Time deposits that do not meet the definitions of cash equivalents, measured at investment amounts due to the short holding period and insignificant effect of discount, state at other current financial assets in financial statements.

(7) Receivables

Receivables are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Inventory

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

(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:

Testing equipment	3~10 years
Office equipment	3~10 years
Leasehold improvements	2~10 years
Transportation equipment	5 years

(12) Operating leases (lessee)

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

A. Patents and specialized technologies

Patents and specialized technologies are stated at costs and amortized on a straight-line basis.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 7 years.

(14) 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss 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 recognized.

(15) Derecognition of financial liabilities

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

(16) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

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 obligation 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.

(17) Employee share-based payment

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

(18) Income tax

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

B. 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 nor 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.

C. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit

will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

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

E. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the unused tax credits and loss carryforward can be utilized.

(19) 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.

(20) 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 judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and petty cash	$ 151	$ 110
Checking accounts and demand deposits	1,050,323	2,009,961
Time deposits	580,231	-
	$ 1,630,705	$ 2,010,071

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

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

(2) Other financial assets – current

Items	December 31, 2018	December 31, 2017
Time deposits	$ 1,896,580	$ 1,053,033

A. The Group has time deposits which did not meet the definition of cash equivalents.

B. The Group has no time deposits pledged to others.

(3) Inventory

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 28,578	$ -	$ 28,578

The Group has no inventory as of December 31, 2017.

(4) Property, plant and equipment

	Office equipment	Leasehold improvements	Testing equipment	Machinery equipment	Transportation equipment	Construction in progress	Total
At January 1, 2018							
Cost	$ 40,087	$ 278,178	$ 403,445	$ 306,760	$ 475	$ 46,765	$ 1,075,710
Accumulated depreciation and impairment	(15,263)	(90,096)	(131,475)	(91,470)	(238)	-	(328,542)
	$ 24,824	$ 188,082	$ 271,970	$ 215,290	$ 237	$ 46,765	$ 747,168
2018							
Balance at January 1, 2018	$ 24,824	$ 188,082	$ 271,970	$ 215,290	$ 237	$ 46,765	$ 747,168
Additions	5,284	4,263	26,458	8,530	-	64,841	109,376
Disposals	(345)	(44)	(4,356)	(940)	-	-	(5,685)
Transfer	864	-	9,710	33,581	-	(42,418)	1,737
Depreciation charge	(6,024)	(51,636)	(40,520)	(34,120)	(96)	-	(132,396)
Net exchange differences	580	3,115	4,506	5,670	5	1,474	15,350
Balance at December 31, 2018	$ 25,183	$ 143,780	$ 267,768	$ 228,011	$ 146	$ 70,662	$ 735,550
At December 31, 2018							
Cost	$ 46,308	$ 288,188	$ 436,726	$ 354,130	$ 487	$ 70,662	$ 1,196,501
Accumulated depreciation and impairment	(21,125)	(144,408)	(168,958)	(126,119)	(341)	-	(460,951)
	$ 25,183	$ 143,780	$ 267,768	$ 228,011	$ 146	$ 70,662	$ 735,550

	Office equipment	Leasehold improvements	Testing equipment	Machinery equipment	Transportation equipment	Construction in progress	Total
At January 1, 2017							
Cost	$ 40,234	$ 251,839	$ 374,200	$ 333,890	$ 513	$ 67,323	$ 1,067,999
Accumulated depreciation and impairment	(10,060)	(52,878)	(103,739)	(68,619)	(154)	-	(235,450)
	$ 30,174	$ 198,961	$ 270,461	$ 265,271	$ 359	$ 67,323	$ 832,549
2017							
Balance at January 1, 2017	$ 30,174	$ 198,961	$ 270,461	$ 265,271	$ 359	$ 67,323	$ 832,549
Additions	2,527	2,847	30,379	3,595	-	50,937	90,285
Disposals	(521)	-	(3,343)	(4,008)	-	-	(7,872)
Transfer	744	41,676	26,795	1,215	-	(68,812)	1,618
Depreciation charge	(6,169)	(41,783)	(37,976)	(31,379)	(97)	-	(117,404)
Net exchange differences	(1,931)	(13,619)	(14,346)	(19,404)	(25)	(2,683)	(52,008)
Balance at December 31, 2017	$ 24,824	$ 188,082	$ 271,970	$ 215,290	$ 237	$ 46,765	$ 747,168
At December 31, 2017							
Cost	$ 40,087	$ 278,178	$ 403,445	$ 306,760	$ 475	$ 46,765	$ 1,075,710
Accumulated depreciation and impairment	(15,263)	(90,096)	(131,475)	(91,470)	(238)	-	(328,542)
	$ 24,824	$ 188,082	$ 271,970	$ 215,290	$ 237	$ 46,765	$ 747,168

The Group did not pledge property, plant and equipment as collateral.

(5) Intangible assets

	Patent and expertise	Computer software	Total
At January 1, 2018			
Cost	$ 51,650	$ 52,178	$ 103,828
Accumulated amortization and impairment	(51,650)	(27,552)	(79,202)
	$ -	$ 24,626	$ 24,626
2018			
Balance at January 1, 2018	$ -	$ 24,626	$ 24,626
Additions	-	3,406	3,406
Amortization charge	-	64	64
Impairment loss	-	(10,372)	(10,372)
Net exchange differences	-	444	444
Balance at December 31, 2018	$ -	$ 18,168	$ 18,168
At December 31, 2018			
Cost	$ 51,650	$ 53,607	$ 105,257
Accumulated amortization and impairment	(51,650)	(35,439)	(87,089)
	$ -	$ 18,168	$ 18,168

	Patent and expertise	Computer software	Total
At January 1, 2017			
Cost	$ 51,650	$ 42,772	$ 94,422
Accumulated amortization	(19,487)	(17,270)	(36,757)
	$ 32,163	$ 25,502	$ 57,665
2017			
Balance at January 1, 2017	$ 32,163	$ 25,502	$ 57,665
Additions	-	12,194	12,194
Amortization charge	(3,159)	(11,519)	(14,678)
Impairment loss	(29,004)	-	(29,004)
Net exchange differences	-	(1,551)	(1,551)
Balance at December 31, 2017	$ -	$ 24,626	$ 24,626
At December 31, 2017			
Cost	$ 51,650	$ 52,178	$ 103,828
Accumulated amortization and impairment	(51,650)	(27,552)	(79,202)
	$ -	$ 24,626	$ 24,626

Details of amortization on intangible assets are as follows:

	Years ended December 31,	
	2018	2017
General and administrative expenses	$ 1,990	$ 2,870
Research and development expenses	8,382	11,808
	$ 10,372	$ 14,678

A. Patent and expertise are essential for biological research and development of biopharmaceuticals.

B. In the fourth quarter of 2017, the Group considered that the patent and expertise applied to current research projects which have gradually been replaced by other new technologies. In addition, the Group understood that other competitors were in the leading position of the Research process and the Group's current development strategy was not focused on the projects using these patents and expertise. Consequently, the Group recognized impairment loss amounting to $30,908 (shown under other gains and losses), including the losses from patent and expertise amounting to $29,004 and other non-current assets amounting to $1,904.

(6) Other payables

	December 31, 2018	December 31, 2017
Wages and salaries payable	$ 76,697	$ 56,935
Accrued research materials	65,778	6,465
Accrued research expense	12,930	47,116
Payable on equipment	18,351	14,325
Accrued professional fee	9,907	7,459
Accrued tax	612	10,236
Others	17,911	15,565
	$ 202,186	$ 158,101

(7) Accrued rent

The rent expenses for offices and plants leased by the Group are recognized on a straight-line basis during the lease term. The accrued rent recognized as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Current (shown as other current liabilities)	$ 7,277	$ 5,208
Non-current (shown as other non-current liabilities)	54,453	59,078
	$ 61,730	$ 64,286

(8) Pensions

A. Effective July 1, 2005, Tanvex Biologics, Corp., the subsidiary, has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with the R.O.C. nationality. Under the New Plan, Tanvex Biologics, Corp.

contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

The subsidiary, Tanvex USA, provides 401(K) retirement plan, which is a defined contribution plan. Under the plan, the employee contributes an amount based on a certain percentage of the employees' salaries and wages or a certain amount to the employees' individual pension accounts. Tanvex USA also contributes certain percentage of wages and salaries of the employees to the employees' individual person accounts.

B. The pension costs under the above pension plans of the Group for the years ended December 31, 2018 and 2017 were $6,581 and $5,940, respectively.

(9) Share-based payment

A. As at December 31, 2018 and 2017, the Group's share-based payment arrangements were as follows:

Type of arrangement	Description	Grant date	Quantity granted (number of shares)	Contract period	Vesting conditions
Employee stock options A		2013.10	322,000	10 years	1~4 years of service
Employee stock options B		2013.10	20,000	10 years	Immediately vested and 1~2 years of service
Employee stock options C		2014.4~7	100,000	10 years	1~4 years of service
Employee stock options D		2014.10~12	3,680,000	10 years	1~4 years of service
Employee stock options F		2015.1~6	2,272,500	10 years	1~4 years of service
Employee stock options G		2015.7	620,000	10 years	1~4 years of service
Employee stock options H		2015.12	596,000	10 years	2~4 years of service
Employee stock options I		2016.6	918,000	10 years	2~4 years of services
Employee stock options J		2016.7	3,014,000	10 years	2~4 years of services
Employee stock options K		2016.9	160,000	10 years	2~4 years of services
Employee stock options L		2016.12	686,000	10 years	2~4 years of services
Employee stock options M		2017.1	200,000	10 years	2~4 years of services
Employee stock options N		2017.3	320,000	10 years	2~4 years of services
Employee stock options O		2017.6	416,000	10 years	2~4 years of services
Cash capital increase reserved for employee preemption		2017.10	2,300,000	NA	Immediately vested
Employee stock options P		2017.10	3,595,300	10 years	2~4 years of services
Employee stock options Q		2017.12	359,000	10 years	2~4 years of services
Employee stock options R		2018.3	1,614,000	10 years	2~4 years of services
Employee stock options S		2018.6	1,200,000	10 years	2~4 years of services
Cash capital increase reserved for employee preemption		2018.7	2,500,000	NA	Immediately vested
Employee stock options T		2018.9	544,000	10 years	2~4 years of services
Employee stock options U		2018.9	2,264,200	10 years	2~4 years of services
Employee stock options V		2018.10	16,000	10 years	2~4 years of services
Employee stock options W		2018.12	1,688,000	10 years	2~4 years of services

Type of arrangement	Description	Grant date	Quantity granted (number of shares) Before conversion	After conversion	Contract period	Vesting conditions
Employee stock options E	Note	2014.10	4,453,500	4,987,884	10 years	Immediately vested and 1~4 years of service

Note：The original parent company of Tanvex USA (former name: La Jolla Biologics, Inc.) granted employee stock options and warrants to the employees of Tanvex USA during 2010 to 2014. As the Group determined to use Tanvex BioPharma, Inc. as a listing company to apply for initial public offering, the Company issued employee stock options to Tanvex USA, Inc.'s, employees to replace their original stock options. The fair value of incremental cost arising from the replacement was $9,891.

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

	2018		2017	
	No. of shares	Weighted-average exercise price (in US dollars)	No. of shares	Weighted-average exercise price (in US dollars)
Options outstanding at beginning of the year	15,570,794	$ 2.68	12,806,450	$ 2.30
Options granted	7,326,200	2.77	4,890,300	3.34
Options forfeited	(3,534,400)	0.59	(1,482,250)	2.86
Options exercised	(1,431,415)	3.06	(643,706)	0.67
Options outstanding at end of the year	17,931,179	2.84	15,570,794	2.68
Options exercisable at end of the year	5,510,454		4,541,619	

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

		December 31, 2018		December 31, 2017	
Issuance date	Expiration date	No. of shares	Exercise Price (US$)	No. of shares	Exercise Price (US$)
Employees:					
2013.10	2023.10	40,000	$ 0.2	80,750	$ 0.2
2014.4~7	2024.4~7	-	0.2	25,000	0.2
2013.10 (Note)	2024.10	907,779	0.4	1,834,744	0.4
2014.10~12	2024.10~12	1,378,500	0.4	2,258,000	0.4
2015.1~6	2025.1~6	1,382,300	1.5	1,671,000	1.5
2015.7	2025.7	527,500	1.5	530,000	1.5
2015.12	2025.12	340,000	4.8	470,000	4.8
2016.6	2026.6	546,000	4.0	700,000	4.0
2016.7	2026.7	1,747,000	4.8	2,503,000	4.8
2016.9	2026.9	70,000	5.2	120,000	5.2
2016.12	2026.12	646,000	4.6	666,000	4.6
2017.1	2027.1	200,000	4.7	200,000	4.7
2017.3	2027.3	200,000	4.2	200,000	4.2
2017.6	2027.6	208,000	3.9	358,000	3.9
2017.10	2027.10	2,997,300	3.2	3,595,300	3.2
2017.12	2027.12	169,000	2.5	359,000	2.5
2018.3	2028.3	1,086,000	3.6	-	-
2018.6	2028.6	1,100,000	3.4	-	-
2018.9	2028.9	532,000	2.6	-	-
2018.9	2028.9	2,157,800	2.4	-	-
2018.10	2028.10	8,000	2.1	-	-
2018.12	2028.12	1,688,000	2.0	-	-

Note: Please refer to Note 6(8) A. for the details of employee stock option E.

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

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life (Years)	Expected dividends yield rate	Risk-free interest rate	Fair value per unit
Employee stock options A	2013.10	US$0.2	US$0.2	41.52%~ 42.09%	5.5~7	0%	1.42%~ 1.64%	US$0.08 ~0.09
Employee stock options B	2013.10	US$0.2	US$0.2	40.84%~ 41.65%	4~5	0%	1.13%~ 1.33%	US$0.07 ~0.08
Employee stock options C	2014.4~7	US$0.2	US$0.2	47.26%~ 50.98%	5.5~7	0%	1.82%~ 2.27%	US$0.09 ~0.11
Employee stock options D	2014.10~12	US$0.4	US$0.4	44.94%~ 50.16%	5.5~7	0%	1.68%~ 2.1%	US$0.17 ~0.21
Employee stock options F	2015.1~6	US$1.5	US$1.5	47.78%~ 49.59%	5.5~7	0%	1.36%~ 1.95	US$0.64 ~0.81
Employee stock options G	2015.7	US$1.5	US$1.5	44.22%~ 51.03%	5.5~7	0%	1.74%~ 2.06%	US$0.64 ~0.80
Employee stock options H	2015.12	US$8.7	US$4.8	48.60%~ 52.88%	6~7	0%	1.83%~ 2.01%	US$5.5~ 5.91
Employee stock options I	2016.6	US$4.0	US$4.0	48.93%~ 52.17%	6~7	0%	1.28%~ 1.42%	US$1.90~ 2.15
Employee stock options J	2016.7	US$5.3	US$4.8	49.27%~ 52%	6~7	0%	1.13%~ 1.26%	US$2.69~ 2.98
Employee stock options K	2016.9	US$4.9	US$5.2	48.7%~ 50.83%	6~7	0%	1.35%~ 1.50%	US$2.25~ 2.52
Employee stock options L	2016.12	US$4.6	US$4.6	44.71%~ 46.81%	6~7	0%	2.25%~ 2.42%	US$2.11~ 2.36
Employee stock options M	2017.1	US$4.8	US$4.7	44.61%~ 46.71%	6~7	0%	2.09%~ 2.25%	US$2.20~ 2.46
Employee stock options N	2017.3	US$4.2	US$4.2	44.54%~ 46.19%	6~7	0%	2.15%~ 2.30%	US$1.89~ 2.10
Employee stock options O	2017.6	US$3.8	US$3.9	44.03%~ 45.22%	6~7	0%	1.88%~ 1.99%	US$1.66~ 1.83
Cash capital increase reserved for employee preemption	2017.10	NT$49 (US$1.60)	NT$72 (US$2.40)	33.64%	0.01	0%	0.60%	NT$0 US$0.00
Employee stock options P	2017.10	US$3.2	US$3.2	43.79%~ 45.32%	6~7	0%	2.19%~ 2.30%	US$1.43~ 1.58
Employee stock options Q	2017.12	US$2.5	US$2.5	42.36%~ 43.25%	6~7	0%	2.22%~ 2.28%	US$1.10~ 1.22
Employee stock options R	2018.3	US$3.6	US$3.6	42.13%~ 44.04%	6~7	0%	2.70%~ 2.76%	US$1.59~ 1.77
Employee stock options S	2018.6	US$3.4	US$3.4	45.97%~ 46.32%	6~7	0%	2.84%~ 2.89%	US$1.63~ 1.76

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life (Years)	Expected dividends yield rate	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	2018.7	NT$93 (US$3.00)	NT$85 (US$2.80)	52.06%	0.08	0%	0.59%	NT$9.99 (US$0.30)
Employee stock options T	2018.9	US$2.6	US$2.6	45.49%~ 46.07%	6~7	0%	2.93%~ 2.96%	US$1.22~ 1.30
Employee stock options U	2018.9	US$2.4	US$2.4	45.45%~ 46.02%	6~7	0%	3.02%~ 3.06%	US$1.17~ 1.25
Employee stock options V	2018.10	US$2.1	US$2.1	45.87%~ 54.70%	6~7	0%	2.57%~ 3.05%	US$1.00~ 1.08
Employee stock options W	2018.12	US$2.0	US$2.0	45.61%~ 46.14%	6~7	0%	2.65%~ 2.68%	US$0.97~ 1.03

Information regarding Employee stock options E before and after conversion is as follows:

Before conversion:

Type of arrangement	Original grant date	Exercise price	Expected price volatility	Expected option life (Years)	Expected dividends yield rate	Risk-free interest rate	Fair value per unit
Employee stock options E	2010.6~ 2014.9	US$0.2~ 0.4	41.37% ~42.14%	6.25	0%	1.00%~ 2.46%	US$0.025 ~0.166

Type of arrangement	Revised date	Exercise price	Expected price volatility	Expected option life (Years)	Expected dividends yield rate	Risk-free interest rate	Fair value per unit
Employee stock options E	2014.10	US$0.2~ 0.4	37.87% ~50.16%	3.10~ 6.67	0%	1.06%~ 2.00%	US$0.01 ~0.04

After conversion:

Type of arrangement	Grant date	Exercise price	Expected price volatility	Expected option life (Years)	Expected dividends yield rate	Risk-free interest rate	Fair value per unit
Employee stock options E	2014.10	US$0.4	37.87% ~50.16%	3.10~ 6.67	0%	1.06%~ 2.00%	US$0.11 ~0.20

E. Aforementioned expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2018	2017
Equity-settled	$ 164,308	$ 172,083

(10) Common stock

A. On May 29, 2018, the Board of Directors adopted a resolution to increase capital by issuing 25,000,000 new shares with a par value of NT$10 per share at a premium issuance price of NT$85 per share. The capital increase has been completed in August 2018.

B. As of December 31, 2018, the Company's authorized capital was $5,000,000, and the paid-in capital was $2,430,678, consisting of 243,067,824 shares, with a par value of NT$10 per share.

C. On June 15, 2017, in order to apply initial public offering on the Taiwan Stock Exchange, the Board of Directors adopted a resolution to increase capital by issuing 23,000,000 new shares with a par value of NT$10 per share at a premium issuance price of NT$72 per share. The record date for capital increase was on October 24, 2017.

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

	2018	2017
At January 1	216,636,409	192,992,703
Employee stock options exercised	1,431,415	643,706
Issuance of common stocks by cash	25,000,000	23,000,000
At December 31	243,067,824	216,636,409

(11) Capital reserve

Capital reserve 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 reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(12) Retained earnings (Accumulated deficit)

A. Under the Company's Articles of Incorporation, the Company distribute dividends and other distributions as resolved by stockholders' meeting, and paid with capital which is permitted on laws. The Company's dividend policy are based on the future capital expenses and the needs of capital, dividends can be distributed to stockholders in cash or stock. Except for the regulation of laws, the Company distributes: 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

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;

(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 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 present (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. The Company generated operating losses for the years ended December 31, 2018 and 2017, and thus had no earnings for distribution.

C. For information on employees' compensation and directors' remuneration, please see Note 6(17).

(13) Other equity items

	2018	2017
	Currency Translation	
At January 1	($ 303,523)	($ 53,516)
Currency translation differences - Group	49,548	(250,007)
At December 31	($ 253,975)	($ 303,523)

(14) Other income

	Years ended December 31,	
	2018	2017
Interest income	$ 50,304	$ 21,651
Others	386	132
	$ 50,690	$ 21,783

(15) Other gains and losses

	Years ended December 31,	
	2018	2017
Net currency exchange gains	$ 6,441	$ 7,802
Loss on disposal of property, plant and equipment	(389)	(5,116)
Impairment loss	-	(30,908)
Others	-	(168)
	$ 6,052	($ 28,390)

(16) Additional information for expenses by nature

	Years ended December 31,	
	2018	2017
Employee benefit expense	$ 708,060	$ 606,222
Depreciation on property, plant and equipment	$ 132,396	$ 117,404
Amortization expense (Note)	$ 10,372	$ 15,301

Note: Amortization expense includes amortization charges on intangible asset and long-term prepayments (shown as other non-current assets)

(17) Employee benefit expense

	Years ended December 31,	
	2018	2017
Wages and salaries	$ 650,424	$ 557,857
Labor and health insurance fees	47,122	38,554
Pension costs	6,581	5,940
Other personnel expenses	3,933	3,871
	$ 708,060	$ 606,222

A. According to the articles, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. The Company had accumulated deficit as of December 31, 2018 and 2017, thus, the Company did not accrue employees' compensation and directors' remuneration.

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

(18) Income tax

A. Income tax expense

	Years ended December 31,	
	2018	2017
Current tax:		
Current tax for the period	$ 24	$ 25

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2018	2017
Income tax calculated based on loss before tax and statutory tax rate	($ 443,740)	($ 267,593)
Taxable loss not recognized as deferred tax assets	443,740	267,593
Effect from alternative minimum tax	24	25
Income tax expense	$ 24	$ 25

C. Investment tax credits and unrecognized deferred tax assets of La Jolla Biologics, Inc., the subsidiary, are as follows:

Year ended December 31, 2018			
Year incurred	Unused tax credit	Unrecognized deferred tax assets	Expiration
2011	$ 3,452	$ 3,452	2031
2012	6,412	6,412	2032
2013	8,548	8,548	2033
2014	3,365	3,365	2034
2015	16,173	16,173	2035
2016	6,920	6,920	2036
2017	26,354	26,354	2037
2018	28,614	28,614	2038
	$ 99,838	$ 99,838	

Year ended December 31, 2017			
Year incurred	Unused tax credit	Unrecognized deferred tax assets	Expiration
2011	$ 3,452	$ 3,452	2031
2012	6,412	6,412	2032
2013	8,548	8,548	2033
2014	3,365	3,365	2034
2015	16,173	16,173	2035
2016	6,920	6,920	2036
2017	26,354	26,354	2037
	$ 71,224	$ 71,224	

D. Expiration dates of unused taxable loss and amounts of unrecognized deferred tax assets for Tanvex Biologics, Corp., the subsidiary, are as follows:

Year ended December 31, 2018				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiration
2009	$ 39,478	$ 39,478	$ 39,478	2019
2010	57,497	57,497	57,497	2020
2011	44,385	44,385	44,385	2021
2012	60,554	60,554	60,554	2022
2013	211,795	211,795	211,795	2023
2014	146,854	146,854	146,854	2024
2015	204,012	204,012	204,012	2025
2016	477,953	477,953	477,953	2026
2017	349,739	349,739	349,739	2027
2018	75,215	75,215	75,215	2028
	$ 1,667,482	$ 1,667,482	$ 1,667,482	

Year ended December 31, 2017				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiration
2009	$ 39,478	$ 39,478	$ 39,478	2019
2010	57,497	57,497	57,497	2020
2011	44,385	44,385	44,385	2021
2012	60,554	60,554	60,554	2022
2013	211,795	211,795	211,795	2023
2014	146,854	146,854	146,854	2024
2015	204,012	204,012	204,012	2025
2016	477,953	477,953	477,953	2026
2017	349,739	349,739	349,739	2027
	$ 1,592,267	$ 1,592,267	$ 1,592,267	

E. Tanvex Biologics, Corp.'s income tax returns through 2016 have been assessed and approved by the Tax Authority.

F. Expiration dates of unused taxable loss and amounts of unrecognized deferred tax assets for Tanvex Biopharma USA, Inc. are as follows:

Year ended December 31, 2018				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiration (Note)
2011	$ 159,085	$ 159,085	$ 159,085	Unlimited
2012	251,522	251,522	251,522	Unlimited
2013	315,056	315,056	315,056	Unlimited
2014	371,941	371,941	371,941	Unlimited
2015	623,872	623,872	623,872	Unlimited
2016	715,192	715,192	715,192	Unlimited
2017	715,866	715,866	715,866	Unlimited
2018	1,126,053	1,126,053	1,126,053	Unlimited
	$ 4,278,587	$ 4,278,587	$ 4,278,587	

Year ended December 31, 2017				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiration (Note)
2011	$ 159,085	$ 159,085	$ 159,085	Unlimited
2012	251,522	251,522	251,522	Unlimited
2013	315,056	315,056	315,056	Unlimited
2014	371,941	371,941	371,941	Unlimited
2015	623,872	623,872	623,872	Unlimited
2016	715,192	715,192	715,192	Unlimited
2017	715,866	715,866	715,866	Unlimited
	$ 3,152,534	$ 3,152,534	$ 3,152,534	

Note: The year limitation on the loss carryforward was removed for the US subsidiary due to the US tax law reform in December, 2017.

(19) Loss per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of common stock outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (Note)			
Loss attributable to the parent	($ 1,893,862)	227,660	($ 8.32)

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of common stock outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share (Note)			
Loss attributable to the parent	($ 1,409,800)	193,358	($ 7.29)

Note: Options issued to employees do not have dilutive effects.

(20) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31,	
	2018	2017
Acquisition of property, plant and equipment	$ 109,376	$ 90,285
Add: Opening balance of equipment payable	14,325	28,442
Less: Ending balance of equipment payable	(18,351)	(14,325)
Cash paid during the year	$ 105,350	$ 104,402

B. Investing activities with no effect on cash flows

	Years ended December 31,	
	2018	2017
Prepaid equipment (shown as non-current assets-others) transferred into PPE	$ 2,134	$ 1,630

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 87,100	$ 33,545
Post-employment benefits	850	563
Share-based payments	63,199	33,880
	$ 151,149	$ 67,988

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group leases offices and warehouse with leasing terms of 1 to 10 years. The majority of lease agreements are renewable at the end of the lease periods at market rate.

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

	December 31, 2018	December 31, 2017
No later than one year	$ 85,307	$ 80,475
Later than one year but not later than five years	322,180	306,001
Over five years	69,581	117,100
	$ 477,068	$ 503,576

(2) In line with the purchase of facilities by the Group's subsidiaries, the subsidiaries entered into contracts for the acquisition of property and equipment amounting to $25,301 which have not yet been paid as of December 31, 2018.

(3) The subsidiary, Tanvex Biologics, Corp., has entered into agreements with contract service providers

in performing CRO activities. As of December 31, 2018, the services which have not yet been incurred is US$15,944,000 (the reimbursement of the drugs and materials used is not included).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

12. OTHERS

(1) Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern, to maintain an optimal capital structure to reduce the cost of capital, and to provide steady returns for shareholders after the Group turns profit in the future. In order to achieve the above objective, the Group will maintain or adjust the capital structure using the following methods, including but not limited to: raising additional capital, borrowing from the bank, issuing company bond, disposing assets in order to repay debt or replenish operational capital, issuing dividends, and reducing capital, etc. The Group uses the gearing ratio to monitor and manage capital. The gearing ratio is calculated by dividing "net liabilities" by "total equity". "Net liabilities" is calculated by subtracting total liabilities by cash and cash equivalents. "Total equity" is the same amount as indicated in the consolidated balance sheets.

The Group maintains the same strategy in 2018 as its strategy in 2017 to maintain the gearing ratio under 50%. As of December 31, 2018 and 2017, the Group's total liabilities were lower than its cash and cash equivalents, thus the gearing ratio was 0%.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 1,630,705	$ 2,010,071
Other receivables	14,295	1,445
Guarantee deposits paid	27,229	22,971
Other current financial assets	1,896,580	1,053,033
	$ 3,568,809	$ 3,087,520
Financial liabilities		
Financial liabilities at amortized cost		
Notes payable	$ -	$ 1,395
Other payables	202,186	158,101
	$ 202,186	$ 159,496

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 policy focuses on the unpredictability of financial markets and seeks to minimize 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 Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, as well as recognized assets and liabilities.

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

	Year ended December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 9,071	30.59	$ 277,467
Financial liabilities			
Monetary items			
USD : NTD	$ 158	30.59	$ 4,827

	Year ended December 31, 2017		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 8,865	29.82	$ 266,688
Financial liabilities			
Monetary items			
USD : NTD	$ 1,348	29.82	$ 39,874

iii. Total exchange income (loss), including realized and unrealized, arising from significant

foreign exchange variation on monetary items held by the Group for the years ended December 31, 2018 and 2017 amounted to $6,441 and $7,802, respectively.

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

	Year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 2,775	$ -
Financial liabilities			
Monetary items			
USD : NTD	1%	$ 48	$ -

	Year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 2,667	$ -
Financial liabilities			
Monetary items			
USD : NTD	1%	$ 399	$ -

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, of the customer with same scale past experience and other factors. Individual risk limits are set based on internal or external

ratings in accordance with limits set by the Board of directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with high grading are accepted.

ii. No credit limits were exceeded during 2018 and 2017, and management does not expect any significant losses from non-performance by these counterparties.

iii. The Group adopts the following assumption under IFRS9, that is, if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(c) Liquidity risk

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

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

Non-derivative financial liabilities:

December 31, 2018	Less than 1 year	Between 1 and 2 years	Over 2 years
Notes payable	$ -	$ -	$ -
Other payables	202,186	-	-
	$ 202,186	$ -	$ -

Non-derivative financial liabilities:

December 31, 2017	Less than 1 year	Between 1 and 2 years	Over 2 years
Notes payable	$ 1,396	$ -	$ -
Other payables	158,101	-	-
	$ 159,497	$ -	$ -

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 1.

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

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

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

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

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

J. Significant inter-company transactions during the reporting periods (disclosures for transactions over $20 million): None.

(2) Information on investees

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

(3) Information on investments in Mainland China

None.

14. SEGMENT INFORMATION

(1) General information

The Group operates business in a single industry. The Chief Executive Officer allocates resources and assesses performance of the Group as a whole, and has identified the Group to be a single reportable operating segment.

(2) Measurement of segment information

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

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

The financial information presented to the chief operating decision-maker is in accordance with the information contained in the statement of comprehensive income and both adopt the same valuation method.

(4) Geographical information

Geographical information of the Group for the years ended December 31, 2018 and 2017 is as follows (Financial assets are not included in non-current assets):

	As of and for the year ended December 31, 2018		As of and for the year ended December 31, 2017	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ -	$ 137,250	$ -	$ 136,638
United States	-	617,967	-	637,269
	$ -	$ 755,217	$ -	$ 773,907

(5) Major customer information

Details of sales to individual customers reaching 10% of the Group's revenue for the years ended December 31, 2018 and 2017: None.

Tanvex BioPharma, 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, 2018

Table 1

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, 2018		Addition		Disposal				Balance as at December 31, 2018	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Tanvex BioPharma, Inc.	Tanvex BioPharma USA, Inc.	Investments accounted for under equity method	Not applicable	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; otherwise leave the columns blank.

Tanvex BioPharma, Inc. and Subsidiaries

Information on investees

Year ended December 31, 2018

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognized by the company for the year ended December 31, 2018	Footnote
				Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value			
Tanvex BioPharma, Inc.	Tanvex Biologics, Corp.	Taiwan	Research and development of biosimilar drugs and new drugs	$ 2,022,565	$ 1,420,315	211,419	100	$ 424,808	($ 72,996)	($ 72,996)	Subsidiary
Tanvex BioPharma, Inc.	Tanvex BioPharma USA, Inc.	US	Formulation and manufacturing of biosimilar drugs and new drugs	4,203,510 (US$137,415,000)	1,916,118 (US$59,415,000)	1,000	100	645,371	(1,813,669)	(1,813,669)	Subsidiary

Note: The exchange rate applied in this table for net profit (loss) is the average of the whole year (USD1:TWD30.12) ; others is based on the end date of reporting period (USD1:TWD30.59).