STANDARD CHEM. & PHARM. CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2015 AND 2014

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 the Board of Directors and Shareholders of Standard Chem & Pharm. Co., Ltd.

We have audited the accompanying parent company only balance sheets of Standard Chem & Pharm. Co., Ltd. as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits. For the share of profit or loss of associates and disclosures in Note 13 recognised by Standard Chem & Pharm. Co., Ltd.'s investment accounted for using equity method – WE CAN MEDICINES CO., LTD. for the years ended December 31, 2015 and 2014 were based on the investees' reports audited by its appointed accountant. The share of loss of associates accounted for using equity method recognised based on reports audited by other independent accountant amounted to NTD (34,096) thousand and NTD (4,463) thousand for the years ended December 31, 2015 and 2014, respectively. The balance of related investment accounted for using equity method amounted to NTD 180,586 thousand and NTD 214,795 thousand as of December 31, 2015 and 2014, respectively.

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 and the reports of the other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountant, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of Standard Chem & Pharm. Co., Ltd. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended, in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission (FSC).

PricewaterhouseCoopers, Taiwan
March 25, 2016

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

STANDARD CHEM. &PHARM. CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 302,033	6	$ 200,142	5
1125	Available-for-sale financial assets - current	5(1) and 6(2)	10,200	-	15,056	-
1150	Notes receivable, net	6(3)(25) and 7	146,359	3	184,304	4
1170	Accounts receivable, net	6(4)(25) and 7	477,513	10	403,449	9
1200	Other receivables		5,252	-	1,113	-
1210	Other receivables - related parties	7	98,695	2	95,609	2
130X	Inventory	5(2) and 6(5)	410,466	9	460,926	10
1410	Prepayments		60,752	1	49,522	1
11XX	**Total current assets**		1,511,270	31	1,410,121	31
	Non-current assets					
1523	Available-for-sale financial assets - non-current	5(1)(2), 6(2) and 7	362,159	8	291,732	6
1543	Financial assets carried at cost - non-current	5(1)(2) and 6(6)	17,085	-	17,085	-
1550	Investments accounted for using the equity method	5(1), 6(7), 7 and 8	1,559,839	32	1,444,971	31
1600	Property, plant and equipment	6(8)(25), 7 and 8	1,235,025	25	1,247,409	27
1760	Investment property, net	5(1) and 6(9)	46,885	1	46,997	1
1780	Intangible assets	6(10)	21,246	1	25,170	1
1840	Deferred income tax assets	5(2) and 6(23)	94,283	2	87,914	2
1915	Prepayments for equipment	6(8)(25)	13,868	-	32,144	1
1920	Guarantee deposits paid		16,642	-	8,005	-
1990	Other non-current assets		9,962	-	6,748	-
15XX	**Total non-current assets**		3,376,994	69	3,208,175	69
1XXX	**Total assets**		$ 4,888,264	100	$ 4,618,296	100

(Continued)

STANDARD CHEM. &PHARM. CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11) and 8	$ 80,000	2	$ 50,000	1
2110	Short-term notes and bills payable	6(12)	100,000	2	100,000	2
2150	Notes payable	6(25)	137,483	3	171,476	4
2160	Notes payable - related parties	7	32,683	1	36,480	1
2170	Accounts payable	7	62,635	1	56,354	1
2200	Other payables	6(25)	202,405	4	176,082	4
2230	Current income tax liabilities	6(23)	50,610	1	35,086	1
2310	Advance receipts		63,111	1	57,010	1
2320	Long-term liabilities, current portion	6(13)	100,000	2	-	-
21XX	**Total current liabilities**		828,927	17	682,488	15
	Non-current liabilities					
2540	Long-term borrowings	6(13)	-	-	100,000	2
2570	Deferred income tax liabilities	6(23)	62,607	1	63,979	1
2640	Net defined benefit liability, non-current	5(2) and 6(14)	446,814	9	466,244	10
2645	Guarantee deposits received		5,293	-	1,057	-
25XX	**Total non-current liabilities**		514,714	10	631,280	13
2XXX	**Total liabilities**		1,343,641	27	1,313,768	28
	Equity					
	Share capital					
3110	Common stock	6(15)	1,786,961	37	1,786,961	39
3200	**Capital surplus**	6(16)	335,467	7	423,902	9
	Retained earnings	6(17)(22)(23)				
3310	Legal reserve		479,790	10	442,366	10
3350	Unappropriated retained earnings		691,487	14	437,144	10
3400	**Other equity interest**		250,918	5	214,155	4
	Significant Contingent Liabilities and Unrecognised Contract Commitment	7 and 9				
3XXX	**Total equity**		3,544,623	73	3,304,528	72
3X2X	**Total liabilities and equity**		$ 4,888,264	100	$ 4,618,296	100

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 25, 2016.

STANDARD CHEM. &PHARM. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2015		2014	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	7	$ 2,205,463	100	$ 2,238,079	100
5000	**Operating costs**	6(5)(10)(21)(22), 7 and 9	(1,199,627)	(54)	(1,230,865)	(55)
5900	**Net operating margin**		1,005,836	46	1,007,214	45
	Operating expenses	6(10)(21)(22), 7 and 9				
6100	Selling expenses		(351,920)	(16)	(334,983)	(15)
6200	General and administrative expenses		(160,918)	(7)	(179,926)	(8)
6300	Research and development expenses		(174,730)	(8)	(183,196)	(8)
6000	**Total operating expenses**		(687,568)	(31)	(698,105)	(31)
6900	**Operating profit**		318,268	15	309,109	14
	Non-operating income and expenses					
7010	Other income	6(9)(18) and 7	91,465	4	50,458	2
7020	Other gains and losses	6(6)(19), 7 and 12	17,093	1	20,908	1
7050	Finance costs	6(8)(20)	(2,338)	-	(2,807)	-
7070	Share of (loss) profit of associates and joint ventures accounted for using the equity method, net	6(7)	(14,075)	(1)	41,074	2
7000	**Total non-operating income and expenses**		92,145	4	109,633	5
7900	**Profit before income tax**		410,413	19	418,742	19
7950	Income tax expense	6(23)	(62,519)	(3)	(44,507)	(2)
8200	**Net income for the year**		$ 347,894	16	$ 374,235	17
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gain (loss) on remeasurement of defined benefit plan	6(7)(14)	$ 40,090	2	($ 8,953)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(6,869)	-	1,360	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(7)	(19)	-	10,655	-
8362	Unrealised gain on valuation of available-for-sale financial assets	6(2)(7)	36,782	1	70,224	3
8300	**Total other comprehensive income for the year**		$ 69,984	3	$ 73,286	3
8500	**Total comprehensive income for the year**		$ 417,878	19	$ 447,521	20
	Basic earnings per share (in dollars)					
9750	**Net income for the year**	6(24)	$	1.95	$	2.09
	Diluted earnings per share (in dollars)					
9850	**Net income for the year**	6(24)	$	1.95	$	2.09

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 25, 2016.

STANDARD CHEM. & PHARM. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

			Capital Surplus			Retained Earnings		Other Equity Interest		
	Notes	Common stock	Additional paid-in capital	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Change in net equity of associates and joint ventures accounted for using the equity method	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on valuation of available-for-sale financial assets	Total equity
For the year ended December 31, 2014										
Balance at January 1, 2014		$ 1,786,961	$ 411,397	$ -	$ -	$412,527	$ 547,081	$ 4,992	$ 128,284	$ 3,291,242
Difference between the price for acquisition or disposal of subsidiaries and carrying amount	6(7)	-	-	9,045	-	-	-	-	-	9,045
Change in net equity of associates and joint ventures accounted for using the equity method	6(7)	-	-	-	3,460	-	-	-	-	3,460
Distribution of 2013 net income (Note):										
Legal reserve		-	-	-	-	29,839	(29,839)	-	-	-
Cash dividends	6(17)	-	-	-	-	-	(446,740)	-	-	(446,740)
Net income for the year		-	-	-	-	-	374,235	-	-	374,235
Other comprehensive income for the year		-	-	-	-	-	(7,593)	10,655	70,224	73,286
Balance at December 31, 2014		$ 1,786,961	$ 411,397	$ 9,045	$ 3,460	$442,366	$ 437,144	$ 15,647	$ 198,508	$ 3,304,528
For the year ended December 31, 2015										
Balance at January 1, 2015		$ 1,786,961	$ 411,397	$ 9,045	$ 3,460	$442,366	$ 437,144	$ 15,647	$ 198,508	$ 3,304,528
Cash dividends from capital surplus	6(16)	-	(89,348)	-	-	-	-	-	-	(89,348)
Difference between the price for acquisition or disposal of subsidiaries and carrying amount	6(7)	-	-	913	-	-	-	-	-	913
Distribution of 2014 net income (Note):										
Legal reserve		-	-	-	-	37,424	(37,424)	-	-	-
Cash dividends	6(17)	-	-	-	-	-	(89,348)	-	-	(89,348)
Net income for the year		-	-	-	-	-	347,894	-	-	347,894
Other comprehensive income for the year		-	-	-	-	-	33,221	(19)	36,782	69,984
Balance at December 31, 2015		$ 1,786,961	$ 322,049	$ 9,958	$ 3,460	$479,790	$ 691,487	$ 15,628	$ 235,290	$ 3,544,623

(Note) The employees' bonuses were $3,070 and $3,292, and the directors' and supervisors' remuneration were $9,212 and $9,877 in 2013 and 2014, respectively, which had been deducted from net income for the years.

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 25, 2016.

STANDARD CHEM. & PHARM. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 410,413	$ 418,742
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss		-	(1,042)
Provision for doubtful accounts	6(3)(4)	-	5,396
Reversal of allowance for doubtful accounts	6(4)	(105)	-
Provision (Reversal of allowance) for loss on inventory market price decline	6(5)	6,918	(5,525)
Gain on disposal of financial assets carried at cost - non-current	6(6)	-	(788)
Share of loss (profit) of associates and joint ventures accounted for using the equity method	6(7)	14,075	(41,074)
Property, plant and equipment transferred to expense	6(8)	-	1,423
Depreciation	6(8)(9)	115,008	107,288
Net loss on disposal of property, plant and equipment	6(19)	534	594
Amortisation	6(10)(21)	3,924	3,655
Dividends income	6(18)	(10,539)	(7,145)
Interest income	6(18)	(2,861)	(3,161)
Interest expense	6(20)	2,338	2,807
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		-	1,431
Notes receivable		37,945	29,632
Accounts receivable		(73,959)	(18,704)
Other receivables		(4,139)	2,570
Other receivables - related parties		454	1,049
Inventories		43,542	(70,222)
Prepayments		(11,230)	56,665
Changes in operating liabilities			
Notes payable		(31,010)	16,618
Notes payable - related parties		(3,797)	19,720
Accounts payable		6,281	8,250
Other payables		14,837	(16,323)
Advance receipts		6,101	23,527
Net defined benefit liability, non-current		20,977	13,091
Cash inflow generated from operations		545,707	548,474
Dividend received		28,576	20,556
Interest received		2,861	3,161
Interest paid		(2,338)	(2,807)
Income tax paid		(61,605)	(38,878)
Net cash flows from operating activities		513,201	530,506

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STANDARD CHEM. & PHARM. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in available-for-sale financial assets		($ 35,910)	($ 32,226)
Increase in other receivables - related parties		(3,540)	(5,520)
Proceeds from liquidation of financial assets carried at cost		-	788
Acquisition of investments accounted for using the equity method	6(7) and 7	(139,282)	(97,946)
Proceeds from disposal of investments accounted for using the equity method	6(7)	-	21,481
Cash paid for acquisition of property, plant and equipment	6(25)	(49,225)	(45,130)
Interest paid for acquisition of property, plant and equipment	6(8)(20)(25)	(244)	(269)
Proceeds from disposal of property, plant and equipment	7	35	50,325
Acquisition of intangible assets	6(10)	-	(3,016)
Increase in prepayments for equipment		(26,833)	(44,756)
(Increase) decrease in guarantee deposits paid		(8,637)	3,556
Increase in other non-current assets		(3,214)	(1,386)
Net cash flows used in investing activities		(266,850)	(154,099)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		30,000	(60,000)
Increase in short-term notes and bills payable		-	40,000
Increase in guarantee deposit received		4,236	817
Cash dividends from capital surplus	6(16)	(89,348)	-
Payment of cash dividends	6(17)	(89,348)	(446,740)
Net cash flows used in financing activities		(144,460)	(465,923)
Net increase (decrease) in cash and cash equivalents		101,891	(89,516)
Cash and cash equivalents at beginning of year	6(1)	200,142	289,658
Cash and cash equivalents at end of year	6(1)	$ 302,033	$ 200,142

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 25, 2016.

STANDARD CHEM. & PHARM. CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) The Company was incorporated on June 30, 1967 under the provisions of the Company Act of the Republic of China (R.O.C.) and other regulations. The Company is primarily engaged in the manufacturing and sales of Chinese and western medicine, cosmetics, beverage, normal instruments and medical instruments. Furthermore, the Company is engaged in developing new cities and neighbourhoods, international trading and consulting.

(2) The Company has been listed on the Taiwan Stock Exchange starting from December 1995.

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

A. IAS 1, ‘Presentation of financial statements’

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

B. IFRS 12, ‘Disclosure of interests in other entities’

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

C. IFRS 13, 'Fair value measurement'

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

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

None.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Improvements to IFRSs 2012-2014	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
IFRS 9, 'Financial instruments'	January 1, 2017
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
IFRS 16, 'Leases'	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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Available-for-sale financial assets measured at fair value.

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

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

(3) Foreign currency translation

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

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

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

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

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

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

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

B. 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.

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

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

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

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

(7) Available-for-sale financial assets

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

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

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

(8) Accounts receiveable

Accounts receivable are 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 recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) <u>Inventories</u>

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, 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 realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. If the cost exceeds net realisable value, valuation loss is accrued and recognised in operating costs. If the net realisable value reverses, valuation is eliminated within credit balance and is recognised as deduction of operating costs.

(10) <u>Impairment of financial assets</u>

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

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

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

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

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

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

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

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

(a) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised 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 recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c) Financial assets measured at cost

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

(11) <u>Derecognition of financial assets</u>

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

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

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

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

(12) <u>Investments accounted for using equity method / subsidiaries and associates</u>

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

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

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

H. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

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

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

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

L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

M. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(13) Property, plant and equipment

A. Except for items reclassified under regulations, property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

C. 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Assets	Useful Life
Buildings	2 ～ 60 years
Machinery and equipment	2 ～ 15 years
Utility equipment	2 ～ 15 years
Other equipment	2 ～ 15 years

(14) Leases (lessee)

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

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 60 years.

(16) Intangible assets

A. Patents

Patents is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 to 10 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 to 10 years.

(17) Impairment of non-financial assets

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

(18) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised 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.

(19) 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 amortised 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.

(20) 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. 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 categorised as financial liabilities held for trading unless they are designated as hedges.

(21) Offsetting financial instruments

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

(22) 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

(a) Defined contribution plan

For defined contribution plan, 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.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

C. Employees' compensation (bonus) and directors' and supervisors' remuneration

Employees' remuneration (bonus) and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the amounts as resolved by the stockholders at their stockholders' meeting and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation (bonus) is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only 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 provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

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

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

The Company manufactures and sells Chinese and western medicine and other products. 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 recognised 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.

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

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

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

A. Financial assets—impairment of equity investments

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

B. Investment property

The Company uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the Company has certain property leased.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

(b) As of December 31, 2015, the carrying amount of inventories was $410,466.

B. Financial assets—fair value measurement of unlisted stocks without active market

(a) The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering those companies' recent fund raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) , Fair value estimation for the financial instruments fair value information.

(b) As of December 31, 2015, the carrying amount of unlisted stocks without active market was $125,193.

C. Realisability of deferred tax assets

(a) Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

(b) As of December 31, 2015, the Company recognised deferred tax assets amounting to $94,283.

D. Calculation of net defined benefit liabilities – non-current

(a) When calculating the present value of defined pension obligations, the Company must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

(b) As of December 31, 2015, the carrying amount of net defined benefit liabilities was $446,814.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash:		
Revolving funds and petty cash	$ 4,108	$ 4,770
Checking accounts and demand deposits	253,997	147,602
	258,105	152,372
Cash equivalents:		
Time deposits	43,928	47,770
	$ 302,033	$ 200,142

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

B. As of December 31, 2015 and 2014, the Company has no cash and cash equivalents pledged to others.

(2) Available-for-sale financial assets

	December 31, 2015	December 31, 2014
Current items:		
Unlisted stocks	$ 12,000	$ 12,000
Valuation adjustment of available-for-sale financial assets	(1,800)	3,056
	$ 10,200	$ 15,056
Non-current items:		
Listed stocks	$ 89,569	$ 53,659
Unlisted stocks	48,526	48,526
	138,095	102,185
Valuation adjustment of available-for-sale financial assets	224,064	189,547
	$ 362,159	$ 291,732

A. The Company recognised $29,661 and $63,837 in other comprehensive income for fair value change for the years ended December 31, 2015 and 2014, respectively.

B. As of December 31, 2015 and 2014, the Company has no available-for-sale financial assets pledged to others.

(3) Notes receivable, net

	December 31, 2015	December 31, 2014
Notes receivable	$ 147,878	$ 185,823
Less: allowance for bad debts	(1,519)	(1,519)
	$ 146,359	$ 184,304

A. None of the notes receivable was past due and impaired as of December 31, 2015 and 2014.

B. Movement analysis of financial assets that were impaired is as follows:

	Years ended December 31,	
	2015	2014
	Group provision	Group provision
Beginning balance	$ 1,519	$ 1,914
Reversal of impairment	-	(180)
Write-offs during the year	-	(215)
Ending balance	$ 1,519	$ 1,519

C. The notes receivable that were neither past due nor impaired have good credit quality.

D.As of December 31, 2015 and 2014, the Company has no notes receivable pledged to others.

(4) Accounts receivable, net

	December 31, 2015	December 31, 2014
Accounts receivable	$ 486,907	$ 413,148
Less: allowance for bad debts	(9,394)	(9,699)
	$ 477,513	$ 403,449

A. None of the accounts receivable was past due and impaired as of December 31, 2015 and 2014.

B. Movement analysis of financial assets that were impaired is as follows:

	Years ended December 31,	
	2014	2013
	Group provision	Group provision
Beginning balance	$ 9,699	$ 4,692
Provision of impairment	-	5,576
Reversal of impairment	(105)	-
Write-offs during the year	(200)	(569)
Ending balance	$ 9,394	$ 9,699

C. The accounts receivable that were neither past due nor impaired have good credit quality.

D. As of December 31, 2015 and 2014, the Company has no accounts receivable pledged to others.

(5) Inventories

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 39,274	($ 393)	$ 38,881
Raw materials	99,959	(5,930)	94,029
Supplies	28,845	(2,426)	26,419
Work in process	67,072	(9,522)	57,550
Finished goods	196,517	(2,930)	193,587
	$ 431,667	($ 21,201)	$ 410,466

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 69,630	($ 407)	$ 69,223
Raw materials	118,643	(3,934)	114,709
Supplies	30,309	(1,531)	28,778
Work in process	75,490	(5,680)	69,810
Finished goods	181,137	(2,731)	178,406
	$ 475,209	($ 14,283)	$ 460,926

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2015	2014
Cost of goods sold	$ 1,165,751	$ 1,215,411
Loss on disposal of inventory	22,498	21,348
Under-applied fixed manufacturing overhead	4,735	-
Provision for loss on inventory market price decline	6,918	-
Reversal of allowance for loss on inventory market price decline (Note)	-	(5,525)
Gain on physical inventory	(275)	(369)
Total cost of goods sold	$ 1,199,627	$ 1,230,865

(Note) The Company reversed a previous inventory write-down which was accounted for as a reduction of cost of goods sold as the related inventory items were sold in 2014.

(6) Financial assets measured at cost－Non-current

	December 31, 2015	December 31, 2014
Unlisted stocks	$ 17,085	$ 17,085

A. According to the Company's intention, its investment in other company stocks should be classified as 'available-for-sale financial assets'. However, as the other company stocks are not traded in active market, and sufficient industry information of companies similar to the other company or the other company's financial information cannot be obtained, the fair value of the investment in other company stocks cannot be measured reliably. Accordingly, the Company classified those stocks as 'financial assets measured at cost'.

B. The Company's financial asset measured at cost – Zhong Shan Venture Capital Co., Ltd. was liquidated in December 2014. The Company has recognised gain on related disposal of $788 in 2014.(shown as 'other gains and losses).

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

(7) Investments accounted for using equity method

A. Movements of investments accounted for using equity method:

	Years ended December 31, 2015	2014
At January 1	$ 1,444,971	$ 1,312,249
Acquisition of investments accounted for using the equity method	139,282	97,946
Disposal of investments accounted for using the equity method	-	(21,481)
Share of profit or loss of investments accounted for using the equity method	(14,075)	41,074
Earnings distribution of investments accounted for using the equity method	(18,037)	(13,411)
Capital surplus －Difference between the price for acquisition or disposal of subsidiaries and carrying amount	913	9,045
Capital surplus－Changes in net equity of associates and joint ventures accounted for using equity method	-	3,460
Other equity interest－Financial statements translation differences of foreign operations	(19)	10,655
Other equity interest－Unrealised gain or loss on valuation of available-for-sale financial assets	7,121	6,387
Other equity interest－Actuarial losses of defined benefit plan	(317)	(953)
At December 31	$ 1,559,839	$ 1,444,971

	December 31, 2015	December 31, 2014
Subsidiaries	$ 1,379,253	$ 1,230,176
Associates	180,586	214,795
	$ 1,559,839	$ 1,444,971

B. Details of investments accounted for using equity method are as follows:

	December 31, 2015	December 31, 2014
Standard Pharmaceutical Co., Ltd.	$ 219,517	$ 235,913
Chia Scheng Investment Co., Ltd.	158,942	77,741
STANDARD CHEM & PHARM PHILIPPINES, INC.	6,037	6,421
Inforight Technology Co., Ltd.	4,366	4,112
Souriree Biotech & Pharm. Co., Ltd.	18,427	21,488
Multipower Enterprise Corp.	480,534	455,324
Advpharma Inc.	293,495	292,193
Syngen Biotech Co., Ltd.	197,935	136,984
WE CAN MEDICINES CO., LTD.	180,586	214,795
	$ 1,559,839	$ 1,444,971

C. Information on the Company's subsidiaries is provided in Note 4(3) of the Company's 2015 consolidated financial statements.

D. The subsidiary, Chia Scheng Investment Co., Ltd., conducted a capital reduction amounting to $81,870 to cover accumulated deficit based on the board meeting resolution on November 20, 2015. The amendment to registration was completed on December 14, 2015.

E. Summarised financial information of WE CAN MEDICINES CO., LTD., an associate that is material to the Company, is as follows:

(a)The basic information of the associate that is material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio December 31 2015	Shareholding ratio December 31 2014	Nature of relationship	Method of measurement
WE CAN MEDICINES CO., LTD.	Taiwan	33.10%	33.10%	Associates	Equity method

(b) The summarised financial information of the associate that is material to the Company is shown below:

i. Balance sheet

	December 31, 2015	December 31, 2014
Current assets	$ 641,755	$ 709,741
Non-current assets	263,384	318,654
Current liabilities	(344,317)	(358,147)
Non-current liabilities	(15,423)	(21,668)
Total net assets	$ 545,399	$ 648,580
Share in associate's net assets	$ 180,527	$ 214,680
Carrying amount of the associate	$ 180,586	$ 214,795

ii. Statement of comprehensive income

	Years ended December 31, 2015	Years ended December 31, 2014
Revenue	$ 2,400,337	$ 2,335,640
Loss for the year	($ 103,008)	($ 12,588)
Total comprehensive loss for the year	($ 103,182)	($ 12,421)

F. As of December 31, 2015 and 2014, the Company pledged subsidiaries' stocks as collateral. Details are provided in Note 8, Pledged assets.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Utility equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2015							
Cost	$ 298,547	$ 541,531	$ 513,628	$ 130,707	$ 783,433	$ -	$ 2,267,846
Accumulated depreciation	-	(162,235)	(361,686)	(65,567)	(430,949)	-	(1,020,437)
	$ 298,547	$ 379,296	$ 151,942	$ 65,140	$ 352,484	$ -	$ 1,247,409
2015							
At January 1	$ 298,547	$ 379,296	$ 151,942	$ 65,140	$ 352,484	$ -	$ 1,247,409
Additions－cost	11,515	6,158	16,222	1,247	18,582	4,248	57,972
Transferred－cost (Note 1)	3,998	(2,561)	41,067	-	2,605	-	45,109
Transferred－accumulated depreciation	-	-	(4,054)	-	4,054	-	-
Transferred upon completion	-	3,568	-	-	-	(3,568)	-
Depreciation charge	-	(14,903)	(30,044)	(6,452)	(63,497)	-	(114,896)
Disposals－cost	-	(95)	(28,884)	(77)	(19,302)	-	(48,358)
Disposals－accumulated depreciation	-	93	28,788	77	18,831	-	47,789
At December 31	$ 314,060	$ 371,556	$ 175,037	$ 59,935	$ 313,757	$ 680	$ 1,235,025
At December 31, 2015							
Cost	$ 314,060	$ 548,601	$ 542,033	$ 131,877	$ 785,318	$ 680	$ 2,322,569
Accumulated depreciation	-	(177,045)	(366,996)	(71,942)	(471,561)	-	(1,087,544)
	$ 314,060	$ 371,556	$ 175,037	$ 59,935	$ 313,757	$ 680	$ 1,235,025

	Land	Buildings	Machinery	Utility equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2014							
Cost	$ 298,547	$ 597,565	$ 576,257	$ 143,153	$ 779,842	$ 100	$ 2,395,464
Accumulated depreciation	-	(175,698)	(393,013)	(71,881)	(409,984)	-	(1,050,576)
	$ 298,547	$ 421,867	$ 183,244	$ 71,272	$ 369,858	$ 100	$ 1,344,888
2014							
At January 1	$ 298,547	$ 421,867	$ 183,244	$ 71,272	$ 369,858	$ 100	$ 1,344,888
Additions－cost	-	1,089	8,509	1,330	21,546	143	32,617
Transferred－cost (Note 2)	-	(1,198)	(11,266)	-	40,562	(100)	27,998
Transferred－accumulated depreciation	-	-	17,042	-	(17,042)	-	-
Transferred upon completion	-	-	-	-	143	(143)	-
Depreciation charge	-	(14,683)	(25,150)	(7,154)	(60,188)	-	(107,175)
Disposals－cost	-	(55,925)	(59,872)	(13,776)	(58,660)	-	(188,233)
Disposals－accumulated depreciation	-	28,146	39,435	13,468	56,265	-	137,314
At December 31	$ 298,547	$ 379,296	$ 151,942	$ 65,140	$ 352,484	$ -	$ 1,247,409
At December 31, 2014							
Cost	$ 298,547	$ 541,531	$ 513,628	$ 130,707	$ 78,433	$ -	$ 2,267,846
Accumulated depreciation	-	(162,235)	(361,686)	(65,567)	(430,949)	-	(1,020,437)
	$ 298,547	$ 379,296	$ 151,942	$ 65,140	($ 352,516)	$ -	$ 1,247,409

(Note 1) Including transfer of $45,109 from ‘prepayments for equipment’.

(Note 2) Including transfer of $29,421 from ‘prepayments for equipment’; transfer of $1,423 into expense.

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the interest rates for such capitalisation for the years ended December 31, 2015 and 2014 are as follows:

	Years ended December 31,	
	2015	2014
Capitalised interest payments	$ 244	$ 269
Interest rate	1.62%	1.03%

B. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2015 and 2014 is provided in Note 8, Pledged assets.

(9) Investment property, net

	Land	Buildings	Total
At January 1, 2015			
Cost	$ 43,295	$ 6,776	$ 50,071
Accumulated depreciation	-	(3,074)	(3,074)
	$ 43,295	$ 3,702	$ 46,997
2015			
Opening net book amount as at January 1	$ 43,295	$ 3,702	$ 46,997
Depreciation charge	-	(112)	(112)
Closing net book amount as at December 31	$ 43,295	$ 3,590	$ 46,885
At December 31, 2015			
Cost	$ 43,295	$ 6,776	$ 50,071
Accumulated depreciation	-	(3,186)	(3,186)
	$ 43,295	$ 3,590	$ 46,885

	Land		Buildings		Total
At January 1, 2014					
Cost	$ 43,295		$ 6,776		$ 50,071
Accumulated depreciation	-	(	2,961)	(	2,961)
	$ 43,295		$ 3,815		$ 47,110
2014					
Opening net book amount as at January 1	$ 43,295		$ 3,815		$ 47,110
Depreciation charge	-	(	113)	(	113)
Closing net book amount as at December 31	$ 43,295		$ 3,702		$ 46,997
At December 31, 2014					
Cost	$ 43,295		$ 6,776		$ 50,071
Accumulated depreciation	-	(	3,074)	(	3,074)
	$ 43,295		$ 3,702		$ 46,997

A. Rental income from investment property (shown as “other income”) is as follows:

	Years ended December 31,	
	2015	2014
Rental income from investment property	$ 4,424	$ 2,297
Direct operating expenses of investment properties with rental income	$ 112	$ 113
Direct operating expenses of investment properties without rental income	$ -	$ -

B. The fair value of the investment property held by the Company as at December 31, 2015 and 2014 was $66,027 and $63,190, respectively, which was valued by independent appraisers.

C. No interest was capitalised on investment property for the years ended December 31, 2015 and 2014.

D. As of December 31, 2015 and 2014, the Company has no investment property pledged to others.

(10) Intangible assets

	Patents		Software		Total
At January 1, 2015					
Cost	$ 11,602		$ 30,393		$ 41,995
Accumulated amortisation	(1,437)		(15,388)		(16,825)
	$ 10,165		$ 15,005		$ 25,170
2015					
At January 1	$ 10,165		$ 15,005		$ 25,170
Amortisation	(1,454)		(2,470)		(3,924)
Disposals-cost	-		(48)		(48)
Disposals-accumulated amortisation	-		48		48
At December 31	$ 8,711		$ 12,535		$ 21,246
At December 31, 2015					
Cost	$ 11,602		$ 30,345		$ 41,947
Accumulated amortisation	(2,891)		(17,810)		(20,701)
	$ 8,711		$ 12,535		$ 21,246

	Patents	Software	Total
At January 1, 2014			
Cost	$ 9,143	$ 29,836	$ 38,979
Accumulated amortisation	(287)	(12,883)	(13,170)
	$ 8,856	$ 16,953	$ 25,809
2014			
At January 1	$ 8,856	$ 16,953	$ 25,809
Additions－acquired separately	2,459	557	3,016
Amortisation	(1,150)	(2,505)	(3,655)
At December 31	$ 10,165	$ 15,005	$ 25,170
At December 31, 2014			
Cost	$ 11,602	$ 30,393	$ 41,995
Accumulated amortisation	(1,437)	(15,388)	(16,825)
	$ 10,165	$ 15,005	$ 25,170

A. No borrowing costs were capitalised as part of intangible assets.

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

	Years ended December 31,	
	2015	2014
Operating costs	$ 715	$ 786
Selling expenses	891	459
General and administrative expenses	2,191	2,358
Research and development expenses	127	52
	$ 3,924	$ 3,655

C. As of December 31, 2015 and 2014, the Company has no intangible assets pledged to others.

(11) Short-term borrowings

	December 31, 2015	Interest rate range	Collateral
Bank secured borrowings	$ 50,000	1.08%	Land and buildings
Unsecured bank borrowings	30,000	1.08%	None
	$ 80,000		

	December 31, 2014	Interest rate range	Collateral
Bank secured borrowings	$ 50,000	1.14%	Land and buildings

(12) Short-term notes and bills payable

	December 31, 2015	Interest rate range	Collateral
Commercial paper payable	$ 100,000	0.712%～0.87%	None

	December 31, 2014	Interest rate range	Collateral
Commercial paper payable	$ 100,000	0.87%	None

The commercial paper payable is guaranteed and issued by International Bills Finance Corporation and other financial institutions.

(13) Long-term borrowings

Type of borrowings	Maturity date	Interest rate	December 31, 2015
Unsecured bank borrowings	2016.09.15	0.952%	$ 100,000
Less: current portion			(100,000)
			$ -

Type of borrowings	Maturity date	Interest rate	December 31, 2014
Unsecured bank borrowings	2016.9.15	1.10%	$ 100,000

(14) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labour Standards Law, covering all regular employees' service years prior to the enforcement of the Labour Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labour pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognised in the balance sheet (shown as "net defined benefit liability – non-current") are as follows:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	($ 496,033)	($ 522,211)
Fair value of plan assets	49,219	55,967
Net defined benefit liability–non current	($ 446,814)	($ 466,244)

(c) Movements in present value of defined benefit obligations are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	($ 522,211)	$ 55,967	($ 466,244)
Current service cost	(7,262)	-	(7,262)
Past service cost	(14,365)	-	(14,365)
Interest (expense) income	(10,365)	1,150	(9,215)
	(554,203)	57,117	(497,086)
Remeasurements:			
Return on plan assets	-	375	375
Change in demographic assumptions	(2,444)	-	(2,444)
Change in financial assumptions	(14,802)	-	(14,802)
Experience adjustments	57,278	-	57,278
	40,032	375	40,407
Pension fund contribution	-	9,865	9,865
Paid Pension	18,138	(18,138)	-
Balance at December 31	($ 496,033)	$ 49,219	($ 446,814)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	($ 509,216)	$ 64,063	($ 445,153)
Current service cost	(8,240)	-	(8,240)
Interest (expense) income	(10,113)	1,316	(8,797)
	(527,569)	65,379	(462,190)
Remeasurements:			
Return on plan assets	-	261	261
Change in demographic assumptions	(2,607)	-	(2,607)
Experience adjustments	(5,654)	-	(5,654)
	(8,261)	261	(8,000)
Pension fund contribution	-	3,946	3,946
Paid pension	13,619	(13,619)	-
Balance at December 31	($ 522,211)	($ 55,967)	($ 466,244)

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

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

	Years ended December 31,	
	2015	2014
Discount rate	1.25%	2.00%
Future salary increases	2.50%	3.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2015 and 2014.

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

	Discount rate		Discount rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 15,008)	$ 15,654	$ 15,420	($ 14,864)
December 31, 2014				
Effect on present value of defined benefit obligation	($ 16,405)	$ 17,132	$ 16,920	($ 16,288)

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

(f) Expected contributions to the defined benefit pension plan of the Company within one year from December 31, 2015 is $10,293.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	9, 537
2-5 years		67, 728
Over 5 years		536, 455
	$	613, 720

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labour Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2015 and 2014 were $18,270 and $17,786, respectively.

(15) Share capital – common stock

A. Movements in the number of the Company's ordinary shares outstanding are as follows (Unit: shares in thousands):

	Years ended December 31,	
	2015	2014
Beginning balance and ending balance	178, 696	178, 696

B. As of December 31, 2015, the Company's authorised capital was $2,000,000, and the paid-in capital was $1,786,961, consisting of 178,696 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share. Shares can be issued several times. All proceeds from shares issued have been collected.

(16) Capital surplus

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

B. On March 25, 2016, the Board of Directors have resolved to distribute cash of $89,348 ($ 0.5 per share) using capital surplus.

C. On June 16, 2015, the shareholders have resolved to distribute cash of $89,348 ($ 0.5 per share) using capital surplus.

(17) Retained earnings

A. In accordance with the Company Act, the Company should use profit after tax to appropriate 10% as legal reserve until the legal reserve equals to the paid-in capital. Within the limit, except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, as the Company operates in a volatile business environment and is in the stable growth stage, the Board of Directors takes into consideration the Company's future capital needs, long-term financial planning and shareholders' needs for cash inflow. The Company's earnings, if any, are distributed in the following order:

(a) Pay all taxes.

(b) Cover accumulated deficit.

(c) Appropriate 10% as legal reserve.

(d) Appropriate or reverse special reserve in accordance with regulations.

C. Information about the appropriation of employees' bonus 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.

D. The Company recognised dividends distributed to owners amounting to $89,348 ($0.5 (in dollars) per share) and $446,740 ($2.5 in dollars per share) for the years ended December 31, 2015 and 2014, respectively. On March 25, 2016, the Board of Directors proposed for the distribution of dividends from 2015 earnings of $178,696 ($1 in dollars per share).

E. For the information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(22), Employee benefit expenses.

(18) Other income

	Years ended December 31,	
	2015	2014
Dividend income	$ 10,539	$ 7,145
Interest income	2,861	3,161
Rental income	4,422	4,424
Other income	73,643	35,728
	$ 91,465	$ 50,458

(19) Other gains and losses

	Years ended December 31,	
	2015	2014
Net gain on financial assets at fair value through profit or loss	$ -	$ 75
Gain on disposal of investments	-	788
Net currency exchange gain	18,104	20,790
Net loss on disposal of property, plant and equipment	(534)	(594)
Other losses	(477)	(151)
	$ 17,093	$ 20,908

(20) Finance costs

	Years ended December 31,	
	2015	2014
Interest expense		
Bank borrowings	$ 2,582	$ 3,076
Less: capitalisation of qualifying assets	(244)	(269)
	$ 2,338	$ 2,807

(21) Expenses by nature

	Years ended December 31,					
	2015			2014		
	Recognised in operating costs	Recognised in operating expenses	Total	Recognised in operating costs	Recognised in operating expenses	Total
Employee benefit expenses	$ 251,079	$ 340,432	$ 591,511	$ 240,354	$ 355,572	$ 595,926
Depreciation charges on property, plant and equipment	92,155	22,741	114,896	85,064	22,111	107,175
Amortisation charges on intangible assets	715	3,209	3,924	786	2,869	3,655
	$ 343,949	$ 366,382	$ 710,331	$ 326,204	$ 380,552	$ 706,756

(22) Employee benefit expenses

	Years ended December 31,					
	2015			2014		
	Recognised in operating costs	Recognised in operating expenses	Total	Recognised in operating costs	Recognised in operating expenses	Total
Wages and salaries	$ 198,367	$ 280,176	$ 478,543	$ 192,332	$ 305,000	$ 497,332
Labour and health insurance expenses	19,490	23,510	43,000	18,840	23,601	42,441
Pension costs	21,952	27,160	49,112	18,036	16,787	34,823
Other personnel expenses	11,270	9,586	20,856	11,146	10,184	21,330
	$ 251,079	$ 340,432	$ 591,511	$ 240,354	$ 355,572	$ 595,926

A. As of December 31, 2015 and 2014, the Company had 743 and 729 employees, respectively.

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

(a) Pay all taxes.

(b) Cover accumulated deficit.

(c) Appropriate 10% as legal reserve.

(d) Appropriate or reverse special reserve if needed.

(e) Appropriate 1% of the remainder of (a)~(d) as employees' bonus.

(f) Appropriate 3% of the remainder of (a)~(d) as directors' and supervisors' remuneration.

However, in accordance with the Company Act amended on May 20, 2015, the Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on December 18, 2015. According to the amended articles, a ratio of profit of the current year distributable (pre-tax profit before deducting employees' compensation and directors' and supervisors' remuneration), after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1%~10% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. Employees' compensation will be distributed in the form of shares or cash. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, are entitled to receive aforementioned stock or cash. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The amended articles will be resolved in the shareholders' meeting in 2016.

C. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) and directors' and supervisors' remuneration were accrued at $12,872 and $12,924, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on a certain percentage prescribed in the Articles of Incorporation and profit of current year distributable for the year ended December 31, 2015. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors was $12,699, and the employees' compensation will be distributed in the form of cash. The difference between the aforementioned amount and the amount of $12,872 recognised in the 2015 financial statements by ($173), mainly caused by estimated differences, had been adjusted in the profit or loss for 2016. The expenses recognised for 2014 were accrued based on the net income for 2014 and the percentage prescribed in the Articles of Incorporation for employees and directors/supervisors, respectively, taking into account other factors such as legal reserve. The difference between employees' bonus and directors' and supervisors' remuneration amounting to $12,924 as resolved by the shareholders during their meeting and the amount of $13,169 recognised in the 2014 financial statements by $245, mainly caused by estimated differences, had been adjusted in the profit or loss for 2015. Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense:

(a) Components of income tax expense:

	Years ended December 31, 2015	Years ended December 31, 2014
Current tax:		
Current tax on profits for the year	$ 54,317	$ 55,208
Additional 10% tax on undistributed earnings	23,987	-
Over provision of prior year's income tax	(1,175)	(6,958)
Total current tax	77,129	48,250
Deferred tax:		
Origination and reversal of temporary differences	(14,610)	(3,743)
Total income tax expense	$ 62,519	$ 44,507

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

	Years ended December 31, 2015	Years ended December 31, 2014
Remeasurement of defined benefit obligation	$ 6,869	($ 1,360)

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2015	Years ended December 31, 2014
Tax calculated based on profit before tax and statutory tax rate	$ 69,770	$ 71,186
Effect of amount not allowed to recognise under regulations	(21,960)	(16,141)
Effect from tax-exempt income	(8,103)	(3,580)
Additional 10% tax on undistributed earnings	23,987	-
Over provision of prior year's income tax	(1,175)	(6,958)
Income tax expense	$ 62,519	$ 44,507

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

	Year ended December 31, 2015			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Bad debts	$ 3,137	$ -	$ -	$ 3,137
Unrealised loss on inventories from market value decline	2,428	1,176	-	3,604
Investment loss	4,209	8,026	-	12,235
Unrealised sales discount and allowances	1,460	129	-	1,589
Investment loss	3,361	341	-	3,702
Unused compensated absences	73,319	3,566	(6,869)	70,016
Pensions	$ 87,914	$ 13,238	($ 6,869)	$ 94,283
Deferred tax liabilities:				
Temporary differences:				
Provision for land value increment tax	(61,992)	-	-	(61,992)
Unrealised exchange gains	(1,987)	1,372	-	(615)
	($ 63,979)	$ 1,372	$ -	($ 62,607)
	$ 23,935	$ 14,610	($ 6,869)	$ 31,676

	Year ended December 31, 2014			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Bad debts	$ 2,263	$ 874	$ -	$ 3,137
Unrealised loss on inventories from market value decline	3,367	(939)	-	2,428
Investment loss	177	4,032	-	4,209
Unrealised sales discount and allowances	2,428	(968)	-	1,460
Unused compensated absences	3,446	(85)	-	3,361
Pensions	69,733	2,226	1,360	73,319
	$ 81,414	$ 5,140	$ 1,360	$ 87,914
Deferred tax liabilities:				
Temporary differences:				
Provision for land value increment tax	(61,992)	-	-	(61,992)
Unrealised exchange gains	(590)	(1,397)	-	(1,987)
	($ 62,582)	($ 1,397)	$ -	($ 63,979)
	$ 18,832	$ 3,743	$ 1,360	$ 23,935

D. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of March 25, 2016.

E. Unappropriated retained earnings:

	December 31, 2015	December 31, 2014
Earnings generated in and before 1997	$ 5,177	$ 5,177
Earnings generated in and after 1998	686,310	431,967
	$ 691,487	$ 437,144

F. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was $83,371 and $32,915, respectively. As dividends were approved at the shareholders' meeting on June 16, 2015 and June 17, 2014 and with the dividend distribution date set on August 8, 2015 and August 5, 2014 by the Board of Directors, the creditable tax rates for the unappropriated retained earnings of 2014 and 2013 are 17.41% and 21.17%, respectively. The creditable tax rate is estimated to be 19.52% for 2015. The creditable tax rate will be based on the actual imputation tax credit account on the distribution date for the earnings of 2015; thus, the credit account may be subject to appropriate adjustments according to tax regulations.

(24) Earnings per share

	Year ended December 31, 2015				
	Amount after tax		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
Basic earnings per share					
Profit attributable to ordinary shareholders of the company	$	347,894	178,696	$	1.95
Diluted earnings per share					
Profit attributable to ordinary shareholders of the company	$	347,894	178,696		
Assumed conversion of all dilutive potential ordinary shares					
Employees' compensation		-	151		
Profit attributable to ordinary shareholders of the company plus assumed conversion of all dilutive potential ordinary shares	$	347,894	178,847	$	1.95

	Year ended December 31, 2014				
	Amount after tax		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
Basic earnings per share					
Profit attributable to ordinary shareholders of the company	$	374,235	178,696	$	2.09
Diluted earnings per share					
Profit attributable to ordinary shareholders of the company	$	374,235	178,696		
Assumed conversion of all dilutive potential ordinary shares					
Employees' bonus		-	92		
Profit attributable to ordinary shareholders of the company plus assumed conversion of all dilutive potential ordinary shares	$	374,235	178,788	$	2.09

As employees' compensation (bonus) could be distributed in the form of stock, the diluted earnings per share computation shall assume that distribution will be in the form of stocks in the calculation of the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effects of stock bonus on potential common shares. The calculation of basic earnings per share computation shall account for the amount of shares, which were distributed as compensation (bonus) to employees as determined by the shareholders in the prior year, into the weighted-average number of common shares outstanding. As capitalisation of employee' compensation (bonus) is no longer considered as stock dividend issuance, thus, basic and diluted earnings per share computations are not adjusted retrospectively.

(25) Non-cash transaction

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2015	2014
Purchases of property, plant and equipment	$ 57,972	$ 32,617
Add: Opening balance of notes payable	3,846	13,299
Opening balance of payable on equipment (shown as "other payables")	3,928	7,257
Less: Ending balance of notes payable	(863)	(3,846)
Ending balance of payable on equipment (shown as "other payables")	(15,414)	(3,928)
Capitalized interest payments	(244)	(269)
Cash paid for acquisition of property, plant and equipment	$ 49,225	$ 45,130

B. Operating, investing and financing activities with no cash flow effects:

	Years ended December 31,	
	2015	2014
(1) Elimination of amount of allowance for bad debts	$ 200	$ 784

	Years ended December 31,	
	2015	2014
(2) Prepayments for equipment transferred to property, plant and equipment	$ 45,109	$ 29,421

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

A. Sales of goods

	Years ended December 31,	
	2015	2014
Subsidiaries	$ 4,897	$ 40,268
Associates	11,361	12,709
Other associates	8,264	8,845
	$ 24,522	$ 61,822

Prices of goods sold to related parties are determined each time when delivering goods. The payment term of the subsidiaries is to obtain cheques with 3~4 months. For other related parties, terms of transactions are similar with those to third parties, which is cash payment in 2 months after billing, or to obtain cheques with a maturity of 6 months upon billing.

B. Purchases of goods

	Years ended December 31,	
	2015	2014
Subsidiaries	$ 77,344	$ 104,741
Other associates	54,552	48,806
	$ 131,896	$ 153,547

Goods are purchased based on the price lists in force and terms that would be available to regular suppliers. Payment terms are cheques with a maturity of 3~4 months after inspection has passed.

C. Other expenses

	Years ended December 31,	
	2015	2014
Advertisement expense:		
Subsidiaries	$ 22,455	$ 10,242
Associates	4,125	-
	$ 26,580	$ 10,242
Miscellaneous expenditure:		
Subsidiaries	$ 1,866	$ 1,550

D. Rental income

			Years ended December 31,	
	Leased assets	Rent collection	2015	2014
Subsidiaries	Land, Buildings	Monthly	$ 4,422	$ 4,400

E. Other income

	Years ended December 31,	
	2015	2014
Subsidiaries	$ 2,428	$ 5,249
Other associates	578	399
	$ 3,006	$ 5,648

F. Equity transactions

(a) The Company participated in the cash capital increase of the subsidiary, Standard Pharmaceutical Co., Ltd., by investing $31,790 in January 2015.

(b) The Company participated in the cash capital increase of the subsidiary, Syngen Biotech Co., Ltd., by investing $24,387 in June 2015.

(c) The Company participated in the cash capital increase of the subsidiary, Chia Scheng Investment Co., Ltd., by investing $83,000 in December 2015.

(d) The Company participated in cash capital increase of an investee accounted for using equity method – We Can Medicines Co., Ltd. by investing $40,359 in April 2014.

(e) The Company participated in cash capital increase of available-for-sale financial assets –

non-current – SYN-TECH CHEM & PHARM CO., LTD. by investing $20,226 in October 2014.

G. Ending balance of goods sold

	December 31, 2015	December 31, 2014
Receivables from related parties:		
Subsidiaries	$ 1,923	$ 3,014
Associates	721	1,003
Other associates	4,187	5,295
	$ 6,831	$ 9,312

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

H. Ending balance of payment on behalf of others (Shown as ‘other receivables－related parties’)

	December 31, 2015	December 31, 2014
Receivables from related parties:		
Subsidiaries	$ 205	$ 198
Other associates	–	461
	$ 205	$ 659

I. Ending balance of goods purchased

	December 31, 2015	December 31, 2014
Payables to related parties:		
Subsidiaries	$ 22,586	$ 25,494
Other associates	18,642	14,748
	$ 41,228	$ 40,242

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

J. Property transactions

Disposal of property, plant and equipment:

	Year ended December 31, 2015		Year ended December 31, 2014	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
Subsidiaries	$ –	$ –	$ 50,325	$ 293

In response to future operating development and based on valuation report of independent appraisers, on December 27, 2013, the Board of Directors has approved the sale of plant and equipment of bio segment to the Company’s subsidiary – Syngen Biotech Co., Ltd. The transfer was effective on January 1, 2014.

K. Financing

Receivables from related parties (Shown as 'other receivables－related parties'):

	Year ended December 31, 2015				
	Date of maximum balance	Maximum balance	Ending balance	Annual rate	Interest income
Standard Pharmaceutical Co., Ltd.	2015.12.31	$ 98,490	$ 98,490	2.5%	$ 2,374

	Year ended December 31, 2014				
	Date of maximum balance	Maximum balance	Ending balance	Annual rate	Interest income
Standard Pharmaceutical Co., Ltd.	2014.12.31	$ 94,950	$ 94,950	2.5%	$ 2,227

L. Endorsements and guarantees provided to related parties

Endorser/ guarantor	Endorsee/guarantee	December 31, 2015	December 31, 2014	Purpose
Standard Chem & Pharm. Co., Ltd.	Syngen Biotech Co., Ltd.	$ 200,000	$ 200,000	Secured borrowings
Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	98,490	94,950	Secured borrowings
		$ 298,490	$ 294,950	

As of December 31, 2015 and 2014, the actual endorsement/guarantee amount provided by the Company for its subsidiaries – Syngen Biotech Co., Ltd. and Standard Pharmaceutical Co., Ltd. was both nil.

(2) Key management compensation

	Years ended December 31,	
	2015	2014
Salaries and other short-term employee benefits	$ 23,898	$ 22,631

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2015	December 31, 2014	Purposes
Investment accounted for using equity method (Note 1 and 2)	$ 132,905	$ 224,827	Long-term borrowings
Land (Note 3)	288,489	259,043	Short-term and long-term borrowings
Buildings － net (Note 3)	126,392	126,861	Short-term and long-term borrowings
	$ 547,786	$ 610,731	

(Note 1) As of December 31, 2015 and 2014, the Company provided 22,980 thousand shares in its subsidiaries – Advpharma Inc. for both years. As of December 31, 2015 and 2014, the carrying value of Advpharma Inc. was $132,905 and $132,316, respectively. The shares were pledged as collateral for short-term and long-term borrowings.

(Note 2) As of December 31, 2014, the Company pledged 6,184 thousand shares of Syngen Biotech Co., Ltd.'s shares amounting to $92,511 as collateral for short-term and long-term loan facilities.

(Note 3) Shown as 'property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of December 31, 2015 and 2014, the balances for contracts that the Company entered into for the purchase of property, plant and equipment, but not yet due were $21,415 and $11,702, respectively.

(2) Significant contingent liabilities and unrecognised contract commitments between related parties are provided in Note 7, Related party.

(3) The Company leases in land in Tuku Vil., Xinying Dist., Tainan City under non-cancellable operating lease agreements. Lease agreements are renewable at the market price at the end of the lease period. The lease terms are from October 1, 2007 to September 30, 2016. The Company recognised rental expenses under "Operating costs and Operating expenses" amounting to $630 and $630 for the years ended December 31, 2015 and 2014, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2015	December 31, 2014
Within 1 year	$ 473	$ 630
Between 2 and 5 years	-	473
	$ 473	$ 1,103

(4) The Company has signed a transfer of technical skill contract 'Antiviral drug acyclovir and New transdermal absorption external gel preparation' for 7 years with National Science Council of R.O.C. and professor You-Pu Hu in June 1998. The Company should complete production of all products using the technical skill and consulting provided by professor You-Pu Hu within 4 years after the effectiveness of the contract. Except for paying a fixed royalty to National Science Council of R.O.C. and professor You-Pu Hu, the Company should pay 5% of the total sales from the product using the technical skill as royalty for technical skill transfer. The Company started to sell the product from April 2000. As of December 31, 2015 and 2014, the royalty for technical skill transfer paid was $5,994 and $4,941, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. For the financial instruments fair value information

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties), guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable (including related parties), accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits) received are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3), Fair value estimation for the financial instruments fair value information.

B. Financial risk management policies

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

ii. The Company has certain sales and purchases denominated in USD and other foreign currencies. Changes in market exchange rates would affect the fair value. However, the payment and collection periods of asset and liability positions in foreign currencies are close, market risk can be offset. The Company does not expect significant interest rate risk.

iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. However, the net investments of foreign operations are strategic investments, thus the Company does not hedge the investments.

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

	December 31, 2015		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 10,597	32.83	$ 347,900
Investments accounted for using equity method			
USD: NTD	6,687	32.83	219,534
PHP: NTD	8,417	0.7172	6,037
Financial liabilities			
Monetary items			
USD: NTD	155	32.83	5,089

	December 31, 2014			
	Foreign currency amount (In thousands)		Exchange rate	Book value
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD: NTD	$	9,988	31.65	$ 316,120
Investments accounted for using equity method				
USD: NTD		10,460	31.65	331,059
PHP: NTD		8,947	0.7238	6,476
Financial liabilities				
Monetary items				
USD: NTD		536	31.65	16,964

With regard to sensitivity analysis of foreign currency exchange rate risk, as of December 31, 2015 and 2014, if the exchange rates of NTD to all foreign currencies had appreciated/depreciated by 1%, with all other factors remaining constant, the Company's net incom for the years ended December 31, 2015 and 2014 would have increased/decreased by $5,537 and $5,285, respectively.

v. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2015 and 2014 amounted $18,104 and $20,790, respectively.

Price risk

i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the parent company only balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company has set various stop-loss points to ensure not to be exposed to significant risks. Accordingly, no material market risk was expected.

ii. The Company's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity would have increased/decreased by $1,501 and $1,142, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

i. The Company's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the years ended December 31, 2015 and 2014, the Company's borrowings at variable rate were denominated in the NTD.

ii. With regard to sensitivity analysis of interest rate risk, at December 31, 2015 and 2014, if interest rates on borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have been $26 and $31 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and 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 utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and outstanding receivables.

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

iii. The Company provides endorsements and guarantees based on the Company's policies and procedures on endorsements and guarantees. The Company only provides endorsement or guarantee for subsidiaries that the Company directly holds more than 50% ownership, or for entities that the Company holds more than 50% ownership, either directly or indirectly, as well as the power to govern the policies. No collateral is requested for the endorsements and guarantees as the Company can control the credit risk of the subsidiary. The maximum credit risk is the guaranteed amount.

iv. The credit quality information of financial assets that are neither past due nor impaired is provided in the statement for each type of financial assets in Note 6.

v. The ageing analysis of financial assets that were past due but not impaired is provided in the statement for each type of financial assets in Note 6.

vi. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets in Note 6.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

ii. Surplus cash held by the Company over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. The table below analyses the Company'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 table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

December 31, 2015	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 80,073	$ -	$ -	$ -
Short-term notes and bills payable	110,000	-	-	-
Notes payable	137,483	-	-	-
Notes payable-related parties	32,683	-	-	-
Accounts payable	62,635	-	-	-
Other payables	202,405	-	-	-
Long-term borrowings (including current portion)	100,771	-	-	-
Guarantee deposits received	-	5,293	-	-

December 31, 2014	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 50,047	$ -	$ -	$ -
Short-term notes and bills payable	100,000	-	-	-
Notes payable	171,476	-	-	-
Notes payable-related parties	36,480	-	-	-
Accounts payable	56,354	-	-	-
Other payables	176,082	-	-	-
Long-term borrowings (including current portion)	-	101,971	-	-
Guarantee deposits received	-	1,057	-	-

iv. For non-derivative financial liabilities, the Company's non-derivative financial liabilities that do not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation for the financial instruments fair value information

A. Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A, Fair value information of financial instruments.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, emerging shares with active markets and beneficiary certificates is included in Level 1

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2015 and 2014 is as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$264,251	$ -	$108,108	$372,359

December 31, 2014	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$184,220	$ -	$122,568	$306,788

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

(a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund	Unlisted shares
Market quoted price	Closing price	Net asset value	Last closing price on the balance sheet date

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

(c) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

F. The following chart is the movement of Level 3 for the years ended December 31, 2015 and 2014:

	Years ended December 31,	
	2015	2014
At January 1, 2014	$ 122,568	$ 96,058
Recognised in other comprehensive income (Note)	(14,460)	26,510
At December 31	$ 108,108	$ 122,568

Note: Recorded as unrealised valuation gain or (loss) on available-for-sale financial assets.

G. For the years ended December 31, 2015 and 2014, there was no transfer into or out from Level 3.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model.

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

	Fair value at December 31, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument：					
Unlisted shares	$ 24,461	Market comparable companies	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
	83,647	Discounted cash flow	Discount rate	1.79%	The higher the discount rate, the lower the fair value

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2015			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ －	$ －	$ 655	($ 655)
	Discount rate	± 10%	－	－	190	(190)
			$ －	$ －	$ 845	($ 845)

	Input	Change	December 31, 2014 Recognised in profit or loss Favourable change	Unfavourable change	Recognised in other comprehensive income Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	± 10%	$ –	$ –	$ 987	($ 987)
	Discount rate	± 10%	–	–	48	(48)
			$ –	$ –	$ 1,035	($ 1,035)

13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2015. The financial information of investees was audited by the independent accountants. The information was based on each consolidated entity prior to elimination during the consolidation.)

(1) Significant transactions information

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

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

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

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

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

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

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

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

14. SEGMENT INFORMATION

None.

STANDARD CHEM & PHARM. CO., LTD.

Loans to others

Year ended December 31, 2015

Table 1 Expressed in thousands of NTD

Number (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2015	Balance at December 31, 2015	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	Ceiling on total loans granted	Note
													Item	Value			
0	Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	Other receivables	Yes	$ 98,490	$ 98,490	$ 98,490	2.5%	2	$ -	Operating capital	$ -	—	$ -	$ 177,231	$ 354,462	Notes 2 and 3
1	Standard Pharmaceutical Co., Ltd.	Jiangsu Standard Biotech Pharmaceutical	Other receivables	Yes	98,490	98,490	98,490	2.5%	2	-	Operating capital	-	—	-	177,231	354,462	Notes 2 and 3
2	Multipower Enterprise Corp.	Souriree Biotech & Pharm. Co., Ltd.	Other receivables	Yes	9,000	9,000	2,000	2.896%	2	-	Operating capital	-	—	-	10,935	43,740	Notes 2 and 3

Note 1: The code represents the nature of financing activities as follows:

(1) Trading partner.

(2) Short-term financing.

Note 2: Calculation of limit on loans granted to a single party and ceiling on total loans granted:

(1) Limit on loans granted to a single party:

(a) For the companies having business relationship with the Company, limit on loans granted to a single party is the higher value of purchasing and selling during current or latest year on the year of financing.

(b) For short-term financing, limit on loans granted to a single party is 5% of the Company’s net assets based on the latest audited or reviewed consolidated financial statements.

(c) Limit on loans granted by Standard Pharmaceutical Co., Ltd. to a single party is 5% of the parent company’s net assets based on the latest audited or reviewed consolidated financial statements.

(d) Limit on loans granted by Multipower Enterprise Corp. to a single party is 5% of the creditor’s paid-in capital.

(2) Ceiling on total loans granted: Except total loans granted by Multipower Enterprise Corp. is limited to 20% of the creditor’s paid-in capital, others are limited to 10% of the Company’s net assets.

(3) For short-term financing, ceiling on total loans granted to all direct or indirect wholly-owned domestic and foreign subsidiaries of the Company is not limited to 40% of the creditors’ net assets.

Note 3: Ending balance is the ceiling approved by the Board of Directors.

Note 4: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2015 as follows: USD: NTD 1:32.83.

STANDARD CHEM & PHARM. CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2015

Table 2

Expressed in thousands of NTD

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	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
0	Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical. Co., Ltd.	Note 1	$ 708,925	$ 98,490	$ 98,490	$ -	$ -	2.78%	$ 1,772,312	Y	N	N	-
0	Standard Chem & Pharm. Co., Ltd.	Syngen Biotech Co,. Ltd.	Note 1	708,925	200,000	200,000	-	-	5.64%	1,772,312	Y	N	N	-

Note 1: The Company directly owned more than 50% ownership of the subsidiary.
Note 2: Under “Procedures for Provision of Endorsements and Guarantees”, the total endorsement and guarantee provided shall not exceed 50% of the Company’s net assets; the amount provided for each counterparty shall not exceed 20% of the Company's net assets.
Note 3: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2015 as follows: USD: NTD 1:32.83.

STANDARD CHEM & PHARM. CO., LTD.

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

December 31, 2015

Table 3

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015 shares	Book value	Ownership (%)	Fair value	Note
Standard Chem & Pharm. Co., Ltd.	Stocks (investment certificate):							
	Original BioMedicals Co., Ltd.	—	3	200	$ 10,200	0.82%	$ 10,200	-
	SUN YOU BIOTECH PHARM CO., LTD.	The Company's legal representative is SUN YOU BIOTECH PHARM CO., LTD.'s chairman (Note 3)	4	2,863	24,461	18.43%	24,461	-
	HER-SING CO., LTD.	The Company is HER-SING Co., Ltd.'s corporate director	4	3,055	83,647	17.71%	83,647	-
	SYN-TECH CHEM & PHARM CO.,	Same chairman	4	2,923	254,051	9.73%	254,051	-
	Green Management International Co., Ltd.	—	5	70	800	5.14%	-	-
	NCKU Venture Capital Co., Ltd.	The Company is NCKU Venture Capital Co., Ltd.'s corporate director	5	1,000	10,000	4.17%	-	-
	NTU Innovation & Incubation Co., Ltd.	—	5	480	4,800	3.76%	-	-
	JENKEN BIOSCIENCES, INC.	—	5	198	1,485	2.68%	-	-
Chia Scheng Investment Co., Ltd.	Beneficiary certificates:							
	Taishin 1699 Money Market Fund	—	2	1,159	15,482	-	15,482	-
	Hua Nan Kirin Money Market Fund	—	2	869	10,284	-	10,284	-
	Taishin Ta-Chong Money Market Fund	—	2	368	5,163	-	5,163	-
	Stocks:							
	SUN YOU BIOTECH PHARM CO., LTD.	The Company's legal representative is SUN YOU BIOTECH PHARM CO., LTD.'s chairman (Note 3)	4	204	1,739	1.30%	1,739	-
Inforight Technology Co., Ltd.	Beneficiary certificates:							
	Capital Money Market Fund	—	2	122	1,943	-	1,943	-
Advpharma Inc.	Bonds with repurchase agreement:							
	China Bills Finance Corporation	—	1	-	15,178	-	15,178	-
	Ta Ching Bills Finance Corporation	—	1	-	15,147	-	15,147	-
	Beneficiary certificates:							
	Taiwan Cooperative Bank Money Market Fund	—	2	4,000	40,135	-	40,135	-
	Mega Diamond Money Market Fund	—	2	3,167	39,193	-	39,193	-
	Eastspring Inv Well Pool Money Market Fund	—	2	1,529	20,536	-	20,536	-
	Manulife Asia Pacific Bond A TWD	—	2	428	4,993	-	4,993	-
	Shin Kong Multi Return Fund of Funds	—	2	485	4,776	-	4,776	-
	Eastspring Investments Asian Inc Bal TWD A	—	2	520	4,501	-	4,501	-

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015 shares	Book value	Ownership (%)	Fair value	Note
Advpharma Inc.	Eastspring Investments Asian Inc Bal TWD A	—	2	300	$ 2,911	-	$ 2,911	-
	Stocks:							
	SYN-TECH CHEM & PHARM CO.,	Same chairman	4	577	50,141	1.92%	50,141	
	Der Yang Biotechnology Venture Capital Co., Ltd.	—	5	350	3,496	3.70%	-	-
	JENKEN BIOSCIENCES, INC.	—	5	8	70	0.11%	-	-
Syngen Biotech Co,. Ltd.	Beneficiary certificates:							
	FSITC Taiwan Money Market Fund	—	2	606	10,003	-	10,003	-
	Stocks:							
	NCKU Venture Capital Co., Ltd.	The Company is NCKU Venture Capital Co., Ltd.'s corporate director.	5	1,000	10,000	4.17%	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: The general ledger account is classified into the following five categories:

1. Cash and cash equivalents
2. Financial assets at fair value through profit or loss - current
3. Available-for-sale financial assets - current
4. Available-for-sale financial assets - noncurrent
5. Financial assets measured at cost - noncurrent

Note 3: SUN YOU BIOTECH PHARM CO., LTD.’s chairman is no longer a legal representative of the Company after the re-election of directors at the shareholders’ meeting on June 16, 2015.

Note 4: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2015 as follows: USD: NTD 1:32.83 .

STANDARD CHEM & PHARM. CO., LTD.

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

Year ended December 31, 2015

Table 4

Expressed in thousands of NTD

							If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below						
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	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
Syngen Biotech Co,. Ltd.	Plant and equipments on land number 0018-0000 in Southern Taiwan Science Park	2015.2.16	$ 240,952	Deposit of $43,000	Tuck-More Biotechnology Co., Ltd.	—	—	—	—	$ -	Based on valuation report issued by CCIS Real Estate Appraisers Firm and China Credit Information Service, Ltd.	For operation use and is under inspection	Registration of transfers of real estate will be completed on February 15, 2017.

STANDARD CHEM & PHARM. CO., LTD.

Significant inter-company transactions during the reporting period

Year ended December 31, 2015

Table 5

Expressed in thousands of NTD

				Transaction			
Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	1	Other receivables	$ 98,695	—	2%
				Endorsements and guarantee	98,490	—	2%
		Souriree Biotech & Pharm. Co., Ltd	1	Purchases	17,999	Pay cheques with a maturity of 3~4 months after inspection had passed	1%
		Multipower Enterprise Corp.	1	Advertisement expense	22,455	—	1%
		Syngen Biotech Co,. Ltd.	1	Purchases	59,345	Pay cheques with a maturity of 3~4 months after inspection had passed	2%
				Notes payable	16,717	—	—
				Endorsements and guarantee	200,000	—	3%
1	Standard Pharmaceutical Co., Ltd.	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	3	Other receivables	98,490	—	2%
2	Syngen Biotech Co.,. Ltd.	Multipower Enterprise Corp.	3	Sales revenue	21,934	Promissory notes with 3~4 months after the acceptance of inspection	1%
3	Multipower Enterprise Corp.	Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	3	Sales revenue	12,419	90 days after delivery, T/T	—

Note 1: As the amounts and counterparties of significant inter-company transactions are the same from the opposite transaction sides, no disclosure is required. Only transactions amounting to more than $10,000 are disclosed.

Note 2: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

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

Note 3: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 4: 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 5: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2015 as follows: USD: NTD 1:32.83.

STANDARD CHEM & PHARM. CO., LTD.

Information on investees

Year ended December 31, 2015

Table 6 | Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2015	Initial investment amount: Balance as at December 31, 2014	Shares held as at December 31, 2015: Number of shares	Shares held as at December 31, 2015: Ownership (%)	Shares held as at December 31, 2015: Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Note
Standard Chem & Pharm. Co., Ltd.	Standard Pharmaceutical Co., Ltd.	Samoa	Research and development, trading, investment and other business of medical products	$ 271,790	$ 240,000	9,000,000	100.00	$ 219,517	($ 47,211)	($ 47,211)	Subsidiary
Standard Chem & Pharm. Co., Ltd.	Chia Scheng Investment Co., Ltd.	Taiwan	General investment	161,030	159,726	16,103,000	100.00	159,942	(1,547)	(1,547)	Subsidiary
Standard Chem & Pharm. Co., Ltd.	STANDARD CHEM. & PHARM. PHILIPPINES,INC.	Philippines	Import and export of various medical products, medicine, supplements	6,802	6,802	192,195	100.00	6,037	(324)	(324)	Subsidiary
Standard Chem & Pharm. Co., Ltd.	Inforight Technology Co., Ltd.	Taiwan	Wholesale of multi-function printers and information software	5,000	5,000	500,000	100.00	4,366	253	253	Subsidiary
Standard Chem & Pharm. Co., Ltd.	Souriree Biotech & Pharm. Co., Ltd	Taiwan	Manufacturing of western medicine and retail and wholesale of various medicine	62,889	62,889	11,936,374	91.82	18,427	(1,673)	(2,922)	Subsidiary
Standard Chem & Pharm. Co., Ltd.	Multipower Enterprise Corp.	Taiwan	Import and export of western medicine, nourishment and function food, processing, manufacturing and sale of food	293,057	293,057	19,840,600	90.72	480,534	48,513	43,247	Subsidiary
Standard Chem & Pharm. Co., Ltd.	Advpharma Inc.	Taiwan	Research and development, manufacturing and sale of various medicine	507,332	507,332	50,746,706	84.58	293,495	(8,423)	(7,061)	Subsidiary (Note 1)
Standard Chem & Pharm. Co., Ltd.	Syngen Biotech Co., Ltd	Taiwan	Manufacturing, wholesale and property rights of various chemical materials within various medicine	240,822	216,331	9,922,146	53.46	197,935	66,955	35,586	Subsidiary
Standard Chem & Pharm. Co., Ltd.	WE CAN MEDICINES CO., LTD.	Taiwan	Wholesale of various medicine	177,201	177,201	10,273,272	33.10	180,586	(103,008)	(34,096)	-
Chia Scheng Investment Co., Ltd.	SANTOS BIOTECH INDUSTRIES, INC.	America	Research and development, trading, investment and other business of medical products	95,713	95,713	3,101,500	100.00	17,245	(15,844)	-	Subsidiary (Note 2)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2015	Initial investment amount: Balance as at December 31, 2014	Shares held as at December 31, 2015: Number of shares	Shares held as at December 31, 2015: Ownership (%)	Shares held as at December 31, 2015: Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Note
Chia Scheng Investment Co., Ltd.	SAWAI USA, INC.	America	Research and development of various medicines	$ 657	$ 657	20,000	20.00	$ 122	($ 438)	$ -	(Note 2)
Advpharma Inc.	CNH TECHNOLOGIES INC.	America	Research and development of various medicines	13,245	13,245	400,000	35.60	12,782	750	-	(Note 2)

Note 1: Including 22,980 thousand shares amounting to $132,905 are pledged as collateral for long-term borrowings.
Note 2: Not required to disclose income (loss) recognized by the Company.
Note 3: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2015 as follows: USD: NTD 1:32.83 .

STANDARD CHEM & PHARM. CO., LTD.

Information on investments in Mainland China - Basic information

Year ended December 31, 2015

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2015: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2015: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income (loss) of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Note
Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Research and development, technical consulting and technical services of medicine	$ 262,640	Note 1	$ 229,810	$ 32,830	$ -	$ 262,640	($ 48,172)	100.00	($ 48,172)	$ 182,024	$ -	Note 3
Jiangsu Standard Biotech Pharmaceutical Co., Ltd.	Research and development, manufacturing and sale of various medicine	211,763	Note 2	-	-	-	-	(31,092)	55.00	(17,101)	66,198	-	Note 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Standard Chem & Pharm. Co., Ltd.	$ 262,032	$ 295,470	$ 2,332,153

Note 1: Indirect investment in Mainland China through an existing company (Standard Pharmaceutical Co., Ltd.) located in the third area.
Note 2: Indirect investment in Mainland China through an existing company (Jiangsu Standard Biotech Pharmaceutical Co., Ltd.) located in Mainland China.
Note 3: Recognition is based on investees' financial statements audited and attested by independent accountants.
Note 4: Ceiling is the higher of net assets or 60% of consolidated equity.
Note 5: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2015 as follows: USD: NTD 1:32.83 and RMB: NTD 1:4.995.